

# 2018 YEAR-END AND 2019 NEW YEAR TAX PLANNING

As another year comes to a close and a new one is beginning, it is a good time to think about tax planning in order to maximize tax savings and stay on track to meet your wealth planning and management goals for the long-term. As a reminder, each individual's tax situation is unique and should be evaluated with the guidance of your trusted tax professional.

The following checklist will help you identify key activities to consider as part of your yearly tax planning.

## INCOME TAX

- Harvest capital losses to offset realized gains and rebalance your taxable investment accounts.
- Review charitable contributions to maximize income tax deductions.
- Consider bunching charitable gifts (perhaps using a donor advised fund) to take the standard deduction in one year and itemized deductions in another year.
- Consider donating appreciated capital gain assets that have been held for more than one year, rather than cash.
- Consider donating Traditional IRA required minimum distributions (RMDs) directly to charity.
- Consider accelerating deductions to 2018 and deferring income to 2019.
- Plan for Traditional IRA and Traditional 401 (k) required minimum distributions.
- Consider converting your Traditional IRA to a Roth IRA.

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## Key tax and wealth planning considerations

October 2018

- Maximize your retirement plan contributions (including "back-door" Roth strategies).
- Establish and contribute to a Simplified Employee Pension (SEP) IRA.
- Fully fund Health Savings Accounts (HSAs).
- Confirm that you have spent the entire balance in your Flexible Spending Accounts (FSAs) by the plan deadline.
- Fully fund 529 education savings accounts.
- Be aware of the Alternative Minimum Tax (AMT).
- Evaluate application of the 3.8% surtax on net investment income.
- Send capital gains and investment income information to your accountant for a more accurate year-end projection.
- Evaluate choice of business entity (C-corporation, S-corporation, partnership, etc.) in light of the new tax laws.
- Evaluate the states where you will be subject to tax.

**TRANSFER TAX**

- Review the use of annual \$15,000 per donee (\$30,000 married couple) exclusion gifts.
- Review the use of the unlimited gift exemption for direct payment of tuition and medical expenses.
- Review lifetime gift and GST gifting opportunities to use additional applicable exclusion and exemption amounts granted under the tax overhaul (\$11,180,000 per person and \$22,360,000 per married couple in 2018).
- Evaluate options for using trusts and other vehicles to benefit family and charities.
- Consider intra-family loans and opportunities to leverage the moderate interest rate environment.
- Consider intra-family loan forgiveness using the annual and lifetime gift tax exclusions.
- Revisit grantor retained annuity trusts (GRATs) for use in the current moderate interest rate environment.

**PLANNING FOR 2019**

- Discuss major life events with your trusted advisor, such as marriages or divorces, births or deaths in the family, job or employment changes, and significant planned expenditures (real estate purchases, college tuition payments, etc.).
- Review Medicare Part D for plan changes during 2019 open enrollment, which begins in October 2018.

- Review and update pre-tax and Roth contributions to retirement accounts.
- Review beneficiary designations and update as necessary.
- Anticipate quarterly estimated tax payments.

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