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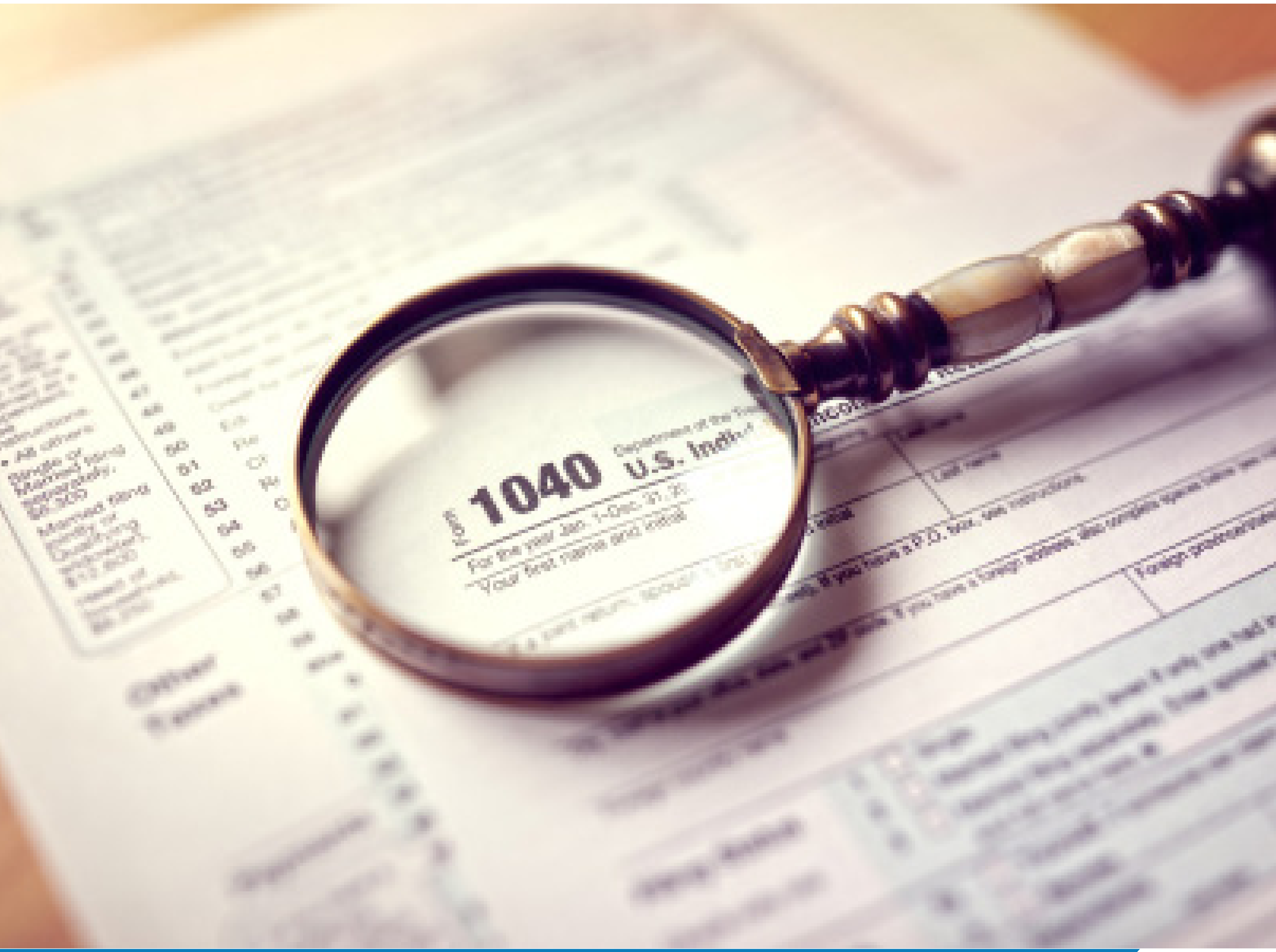


Nine Year-End Tax Planning Strategies

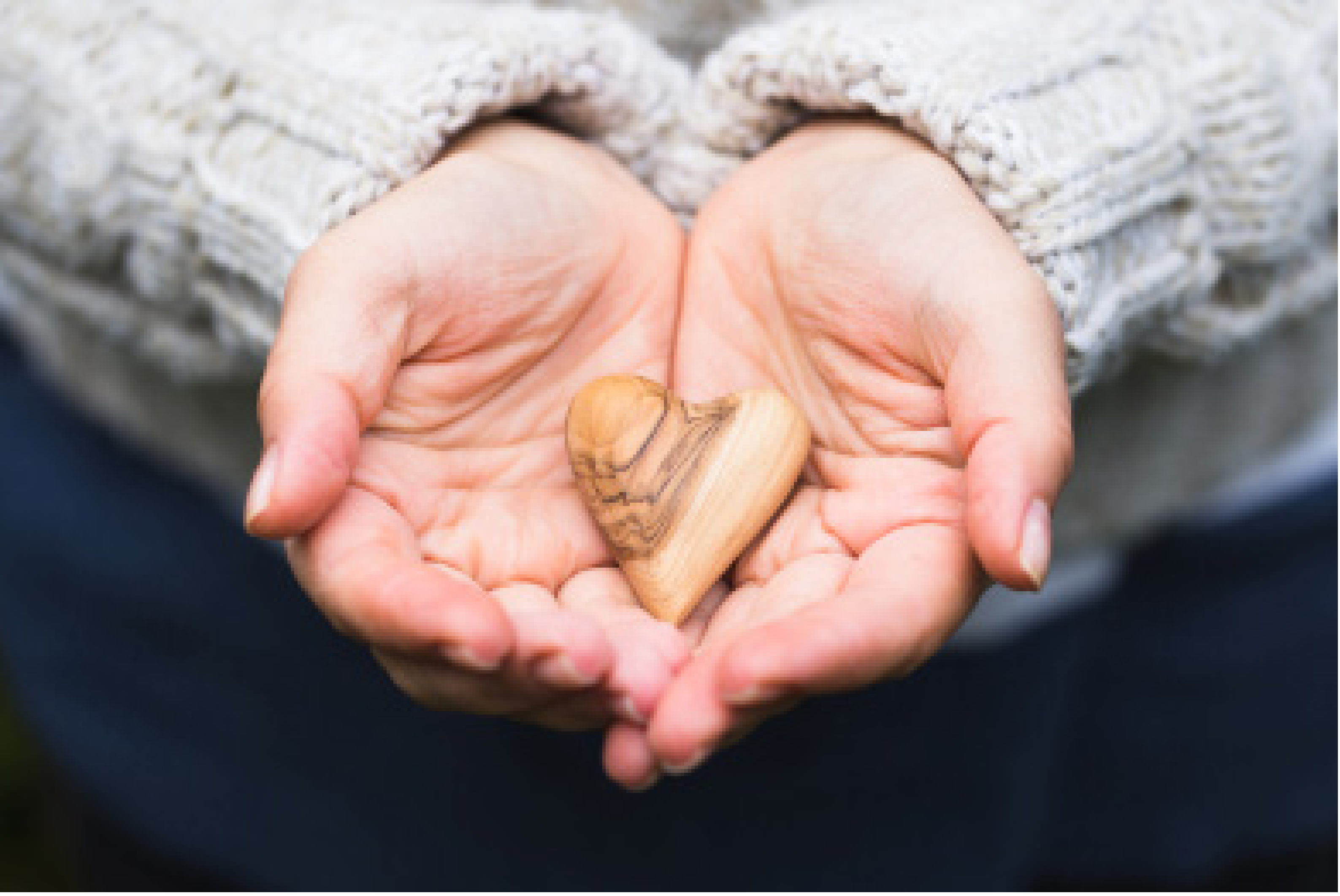
Like most years, 2019 has flown by. Between now and the end of the year, you still have a chance to minimize your tax liabilities. This article covers 9 of the strategies you can use to help reduce your taxes.

#1 Manage Gains & Losses in Your Investment Accounts

If you have investments whose values have fallen below your original purchase price, you can sell the losing investments to reduce capital gains taxes. If the investment was held for less than a year, then the loss can be applied to your short-term capital gains, which are taxed at a higher rate than long-term capital gains. Further, if your capital losses exceed your capital gains, you may be able to apply up to $3,000 of losses to your ordinary income, which generally carries the highest tax rate. Now, if you plan on selling any investment for the tax losses, please be aware that the IRS does not allow you to repurchase the same stock or a substantially identical security within 30 days.

#2 Max Out Retirement Savings

You may want to contribute the maximum allowed to your retirement accounts. You can contribute up to $6,000 to your IRA in 2019 along with a $1,000 catch-up if you're aged 50 or older. Also, you can contribute up to $19,000 to your 401(k) in 2019 along with a $6,000 catch-up. Finally, be sure to contribute the maximum allowed in any employee-matched retirement program.



#3 Set up a Donar-Advised Fund

If you set up a donor advised fund, you're able to deduct the entire contribution made this tax year but decide later how you would like to distribute the funds. Donor-advised funds let you take control of your charitable contributions since the fund is managed by you. Once you establish the fund, you can grant funds to charities of your choice, whenever you decide. You can ultimately donate those funds to as many or as few charities as you like-but the funds must be used for a charitable purpose.

#4 Make a Qualified Charitable Distribution

If you are older than 70 ½ or older, you can transfer up to $100,000 from a traditional IRA to a charity each year. Your qualified charitable distribution will count as your IRA's required minimum distribution without being added to your taxable income. This tactic works best if you were planning on taking the standard deduction and not itemizing.

#5 Convert Traditional IRAs into Roth IRAs

When taking withdraws from a traditional IRA, you must pay taxes on the investment earnings and also on any contributions you originally deducted on your taxes. However, with a Roth IRA, all of your withdrawals are tax free, as long as you meet certain requirements. Therefore, consider transferring money from your traditional IRA to a Roth IRA. You may take a tax hit on the conversion, but you will save on future taxes. However, if you are within two years of signing up for Medicare you may not want to make a large conversion. If your adjusted gross income exceeds $85,000 (single) or $170,000 (married) you will have to pay extra for Medicare.

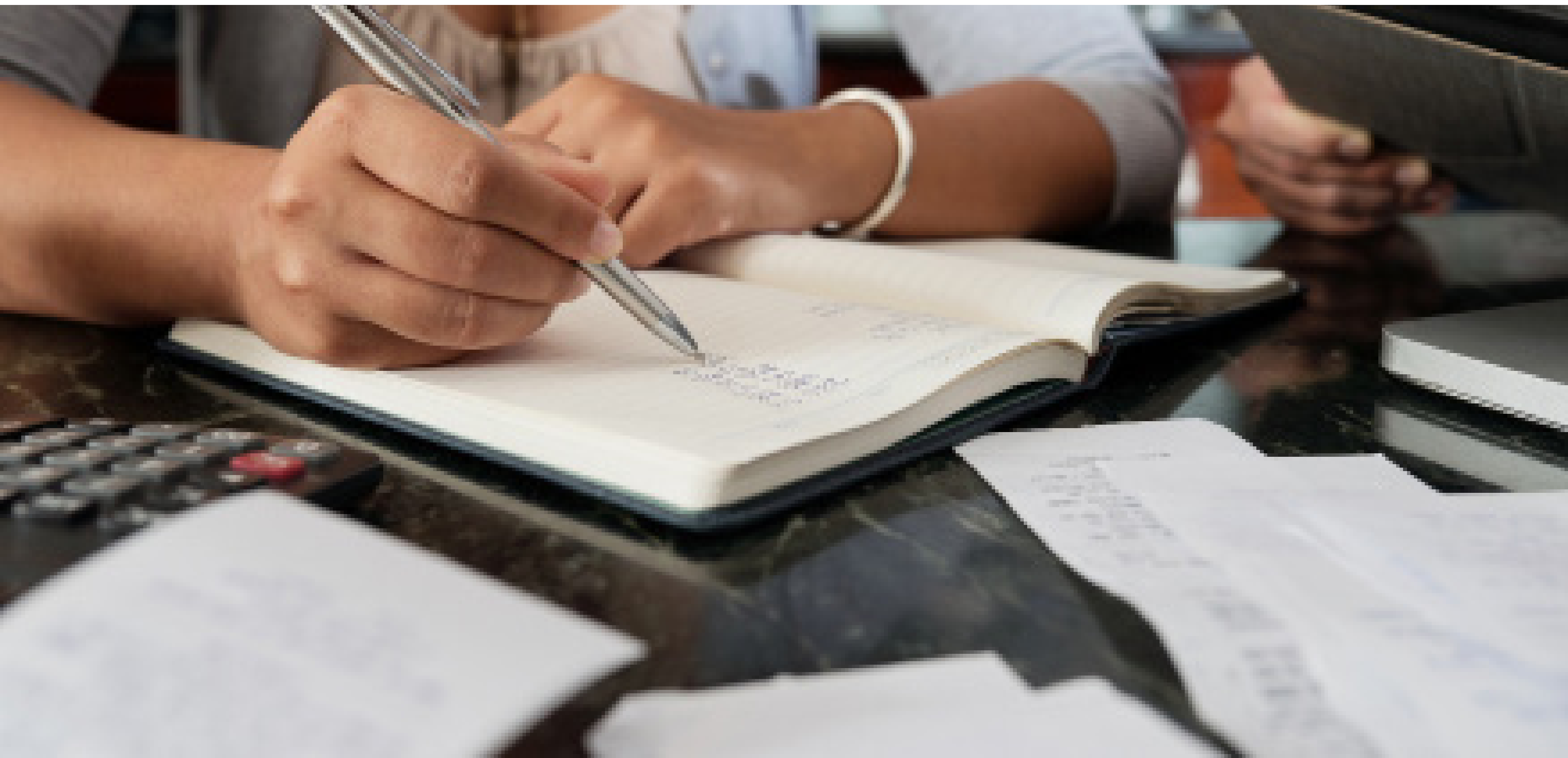
#6 Strategize Your Itemized and Standard Deductions

Standard deductions increased with the Tax Cuts and Jobs Act. If the total amount of itemizable deductions is close to your standard deduction amount ($12,200 for singles; $24,400 for married couples) try to make some additional deductible payments. The standard deduction will be bigger in 2020 due to an inflation adjustment, so it's wiser to claim it next year and itemize this year.

In order to increase your deductions, consider the following:

- Pay your January 1st home mortgage payment this year in order to gain additional interest expense.
- Pay state and local income and property taxes that are due early next year.
- Make a larger charitable donations this year.

Be sure to consult with your accountant on limitations the IRS places on these strategies though.



#7 Fund a 529 College Savings Plan

More than 30 states allow you to deduct a portion of your 529 contributions from your state income taxes. If you don't have a child, many states also allow grandparents and other relatives to contribute to a child's plan. You can find your state's rules at www.savingforcollege.com.

#8 Pre-pay Tuition

If you have children or grandchildren in college, you may be able to prepay their first quarter tuition bill and take advantage of the American Opportunity Tax Credit. For each qualified student in their first four years of college, the tax credit may be worth up to $2,500.

#9 Gift to Relatives

You can gift family members up to $15,000 per year without reporting it to the IRS. The good news is there is no limit on the number of family members you can gift to in any given year. Your gifts will not be considered taxable income for the recipient. This gift exemption is often referred to as the annual exclusion, which has no bearing on your lifetime exemption. You may look at gifts as an early inheritance, because gifts bypass estate taxes.

Final Thoughts

Since the Tax Cuts and Jobs Act made significant changes to traditional deductions, it's particularly important to get up-to-date advice from a tax advisor. If you wait too long, your window of tax-saving opportunity will close on 2019. Consult with an experienced tax accountant now to take advantage of all the tax-saving strategies available to you.

About Your Firm LLC

We have hand-picked a team with tax, auditing, accounting, business and management advisory expertise in a multitude of fields, including healthcare, professional-services firms, commercial contractors, home builders, real estate companies, manufacturing and distribution companies, dealerships, non-profit organizations and pension funds.

We have the expertise and the resources to provide not only the critical services you need during these evolving economic times, but also, importantly, to build for the future. Our strategic alliances with professional organizations across the country allow us to bring our clients the talent and expertise of national firms with the high-touch service of a local firm. While we remain focused on the core services of tax, accounting and audit, we expand and offer you the business consulting needed to remain competitive. We believe the success of our clients is the greatest measure of our own.

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