

# ACT BEFORE YEAR END TO MINIMIZE YOUR TAX BURDEN

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## Charitable contributions.

It is said that giving is better than receiving. In the case of charitable contributions, giving can also be receiving. By making an end-of-year donation to an IRS-approved charity, taxpayers are eligible to deduct the donation on their taxes. Some rules do apply:

- The Internal Revenue Service requires you to maintain a bank record or receipt of the gift.
- For any contribution of \$250 or more, you must obtain and keep records or written acknowledgement from the charity.

## Retirement contributions.

Opening a traditional retirement account can be an easy way to reduce your tax liability. Traditional account types include an Individual Retirement Account (IRA), 401(k), 403(b), savings incentive match plan for employees (SIMPLE) IRA or simplified employee pension plan (SEP).

Make sure you know when the yearly contribution ends for your plan. Employer associated plans like 401(k) and SIMPLE IRA have contribution years ending with the calendar year, while traditional and Roth IRAs and SEP plans allow you to contribute up to April 15, 2019.

Contribution limits for each type of retirement account are different based on circumstances, so talk to your financial advisor to see how much you are able to contribute to your plan.



 **Give a gift.**

You can gift your child up to \$15,000 per year without having to pay tax on the gift and most of the time, the child receiving the gift does not have to pay taxes on the gift either. If you're married, you may gift your child \$30,000 per year as a married couple. Further, if you have multiple children, you may gift up to \$15,000 per year (or \$30,000 per couple) to each without being subject to the Federal Gift Tax.

 **Review tax credits.**

Currently, the IRS offers numerous tax credits for businesses and individuals to reimburse them for qualified spending throughout the year. And every possible tax deduction can help reduce your tax burden, yet many available legal deductions go unclaimed each year simply because most taxpayers still don't know the breaks exist. From eyeglasses to airline baggage fees, you might qualify for at least one often-forgotten deduction and maybe more than one.

The Internal Revenue Service allows you to take the cost of certain items, known as itemized deductions, off your tax bill if you qualify. You should itemize deductions if they add up to more than your standard deduction, the IRS advises.

Itemizing also makes sense if you can't use the standard deduction. Do you have student loan interest or alimony payments? Maybe you needed to buy crutches or hearing aids this past year or paid hospital fees for physical therapy? Or you had casualty or theft losses? Or had large unreimbursed employee business expenses?

To get the most out of your tax deductions, stay organized and do your research. No one likes getting audited, although if the IRS does red flag you, some costs of professional advice to defend yourself are, in fact, deductible.

 **Don't worry about 2019 tax changes.**

Between now and the end of the year, plenty of ink will continue to be spilled about what Congress will do to deal with our tax rates for 2019 and beyond.

The truth is that no one knows whether rates will actually change or by how much. But with the calendar year coming to a close, it's time to focus on reducing your tax outlays.

**Consult your financial advisor.**

Don't hesitate to reach out to me. I'm always available to discuss your options because your tax strategies play an integral role in your overall financial planning.