WEALTH MANAGEMENT, LLC

1325 Franklin Avenue, Suite 335
Garden City, NY 11530

(516) 294-8200 | www.vertexwm.com

Each year with the changing of Daylight Savings we receive public service announcements to change our smoke detector batteries. With the same enthusiasm financial professionals encourage their clients to review a checklist of year end planning items. Below is a summary of financial issues that you should consider reviewing taking action on.

Consider any opportunities you have to defer income to 2017. For example, you may be able to defer a year-end bonus, or delay the collection of business debts, rents, and payments for services. Doing so may allow you to postpone paying tax on the income until next year. If there's a chance that you'll be in a lower income tax bracket next year, deferring income could mean paying less tax on the income as well.

Similarly, consider ways to accelerate deductions into 2016. If you itemize deductions, you might accelerate some deductible expenses like medical expenses, qualifying interest, or state and local taxes by making payments before year-end. Or you might consider making next year's charitable contribution this year instead.

Sometimes, however, it may make sense to take the opposite approach — accelerating income into 2016 and postponing deductible expenses to 2017.

Family tax planning
•Determine whether you can shift income to family members who are in lower tax brackets in order to minimize overall taxes.
•Consider making gifts of up to $14,000 per person federal gift tax free under the annual gift tax exclusion. Use assets that are likely to appreciate significantly for optimum income tax savings.
•If you have qualified student loans, you may be entitled to take a deduction for the interest you paid during the year. The maximum amount you can deduct is $2,500.

Financial investments
•Try to sell only assets held for more than 12 months.
•Consider selling stock if you have capital losses this year that you need to offset with capital gain income.
•If you plan to sell some of your investments this year, consider selling the investments that produce the smallest gain.
•Manage year end mutual fund capital gain distributions from Non-Qualified accounts.

Retirement contributions
•Make the maximum deductible contribution to your IRA. Try to avoid premature IRA payouts to avoid the 10 percent early withdrawal penalty (unless you meet an exception). Contribute the full amount to a spousal IRA, if possible. If you meet all of the requirements, you may be able to

deduct annual contributions of $5,500 to your traditional IRA and $5,500 to your spouse's IRA. You may be able to contribute and deduct more if you're at least age 50.
•Set up a retirement plan for yourself, if you are a self-employed taxpayer.
•Set up an IRA for each of your children who have earned income.

Charitable donations
•Make a charitable donation by the end of the year. Remember to keep all of your receipts from the recipient charity. Consider using appreciated stock rather than cash when contributing to charities. Use a credit card to make contributions in order to ensure that they can be deducted in the current year.

IRAs and retirement plans
•Take full advantage of tax-advantaged retirement savings vehicles. For 2016, you can contribute up to $18,000 to a 401(k) plan ($24,000 if you're age 50 or older) and up to $5,500 to a traditional IRA or Roth IRA ($6,500 if you're age 50 or older). The window to make 2016 contributions to an employer plan typically closes at the end of the year, while you generally have until the April tax return filing deadline to make 2016 IRA contributions.

Roth conversions
•Year-end is a good time to evaluate whether it makes sense to convert a tax-deferred savings vehicle like a traditional IRA or a 401(k) account to a Roth account.

Required minimum distributions
•Once you reach age 70½, you're generally required to start taking required minimum distributions (RMDs) from traditional IRAs and employer-sponsored retirement plans.

College Savings Plans
•Consider funding College Savings or 529 plans for your children, grandchildren or other family members.

Qualifying Health Insurance Coverage
If you didn't have qualifying health insurance coverage in 2016, you are generally responsible for the "individual shared responsibility payment" (unless you qualified for an exemption).

Company Benefits
Consult with your company's human resource department for a better understanding of your benefits and enrollment deadline dates.

Beneficiary Review
Review with your financial institution and employer that you have your appropriately designated beneficiary on your retirement plan, investment accounts, banks accounts and life insurance.

Flexible Spending Accounts
Be sure to use your Flexible Spending account reserves prior to deadline date. Review IRS Publication 502 for allowed expenses.

Be sure to consult with your accountant or tax professional. Your tax professional will also, should advise you on the best filing status for your family structure, itemized, employee and medical deductions, property sales business income and expensing. This information is not intended to be a substitute for specific individualized tax advice.

We at Vertex Wealth Management, LLC are proud to be a resource to you. For more detailed information about Year End Planning and other financial subjects; kindly visit our website [Vertex Resources and Benefits] or contact our office for a personalized consultation.