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On Course

November 29, 2016

Volume 16, #11

Welcome and we hope you had a great Thanksgiving! We're tackling tax prep earlier than usual this year so you can be sure you don't miss potential strategies that you must take advantage of before December 31. In addition, you'll find a good primer on getting organized now and making sure you don't miss the tax reporting forms on their way to you in early 2017.

If you want support with your 2016 tax planning, remember we're here to help you stay *On Course!*

Jenfee

-Jennifer Lane, CFP

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Jennifer's Hint

Check [Topic 501](#) on the IRS website for info and assistance deciding if you should itemize your deductions. Common itemized deductions include home mortgage interest, state and local taxes, medical and dental expenses, charitable contributions, home office

2016 Tax Preparation

Before 2016 is over

- Check on how much you've contributed to your 401(k) or 403(b) retirement plans to ensure you will reach your maximum contribution. For those under 50, that's \$18,000, and if you are over 50, you can contribute an extra \$6,000 per year.
- Donate to charity - cash, property, or appreciated stock -- before 12/31.
- Take pulse of your estimated tax liability. If you anticipate a shortfall, the next estimated payment deadline is January 15, 2017.
- If you are self-employed, make sure you have a SEP or Self-employed 401(k). The Self-employed 401(k) account must be opened

by 12/31. You have until your filing deadline with extension to open your SEP IRA and contribute to either account.

- Check your portfolio to see if you have any losses you can take advantage of. Be aware of the wash rule that will wipe out the loss if you buy a substantially identical stock within 30 days.
- If you turned 70 1/2 this year, check on the required minimum distribution (RMD) for your IRAs.
- Sign up for flexible spending accounts if available to you.

IRA contributions

- If you are eligible for IRA contributions, you need to make them by April 17, 2017. Maximum contribution for those under 50 is \$5,500 per year; and for those over 50, \$6,500.
- If you are eligible for a ROTH IRA, then chose that option over the traditional IRA.

Get organized

- Gather your pay stubs, especially the last one you receive in 2016.
- Grab your 2015 tax return to use as a guideline for what forms you need to gather.
- Decide if you need the help of a CPA or enrolled agent or if you can do it on your own with Turbo Tax.
- It's always a good idea to do your return on your own even if you use outside help because you get a good read on where you are and might uncover things you need to double check.

Tax reporting forms should arrive in early 2017

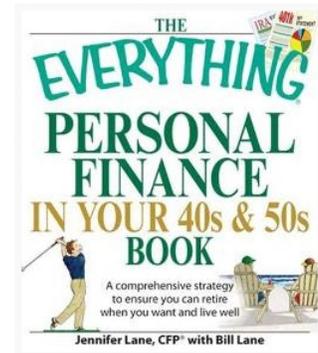
- Check your mail carefully to ensure you don't toss any of your forms. Look for "TAX DOCUMENT ENCLOSED" printed on envelopes.
- Many documents are now available online so just because you didn't get them in the mail, doesn't mean they don't exist!

Filing

- If you're going to e-file, order a filing PIN number on the IRS website.
- If your adjusted gross income (AGI - line 37 on the 1040 form) is \$62,000 or less, you can file your federal tax return for free at www.freefile.irs.gov. The website opens in January 2017.
- Anyone can use the fillable forms on the IRS website.

expenses, and educational expenses .

Get more tips in Jennifer's book



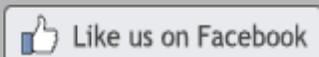
[\(click here for link \)](#)

Helpful Websites

[IRS Tax Topics: Alternative Minimum Tax](#)

[IRS Tax Topics: Itemized Deductions](#)

[IRS Withholding Calculator](#)



Q&A

Q: What is the alternative minimum tax and what items on my return can trigger it?

– Jonathan, Springfield

A: Jonathan, Congress created the alternative minimum tax, or AMT, in 1969 to ensure that wealthy people were paying at least a minimum amount of tax based on their income. Because the AMT wasn't properly indexed for inflation, some middle-class taxpayers now have to pay it. Check page two of your 1040 tax form to see if you are paying it. Deductions that might (but not always) trigger the tax include personal exemptions, standard

deductions, deducting state and local taxes paid, interest deduction on second mortgages, or deductible medical expenses. You can read [Tax Topic 556](#) for more detailed info.

What's New

- Jennifer contributed to *The Wall Street Journal* article "The Biggest Money Mistakes We Make -- Decade by Decade." Click [here](#) to read the article.
- Jennifer recently answered NECN viewer questions about *post-election investments*. Click [here](#) to watch the segment on her blog.
- Follow us on Facebook! Visit www.facebook.com/AskJennifer and like us!
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 6:30 pm appearance.

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