



On Course

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Welcome! It's that time of year to think about year-end tax planning! This year, it's particularly important as the tax laws have changed! Read on for some strategies on how to optimize your filings under the new tax laws.

You may have missed our recent series on retirement. For Retirement, Part 1 - Retirement Savings, click [here](#). For Retirement, Part 2 - Social Security, click [here](#). For Retirement, Part 3 - The Retirement Paycheck, click [here](#).

Don't wait until January to begin your tax planning. If you need assistance, we are here to help you stay *On Course!*

-Jennifer Lane, CFP

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Year-end Tax Planning with the New Tax Law

Paycheck withholding

- Check to see if you need to make any adjustments to your paycheck withholding.
- Use the IRS paycheck calculator (updated with the new tax law!). Click [here](#).
- Make any adjustments you can while you still have a few paychecks left for the year.

Save Save Save

- Make the most of your 401(k) savings plan offered through work.
- If your budget allows, put the max in this year of \$18,500 (or \$24,500 if you're 50 or over).
- If you are behind for this year, make adjustments to have more put in the 401(k) between now and the end of the year.

Making sure your taxes are paid -- and not a penny overpaid -- is very important. If you're making great money, good tax planning will make sure your nest egg benefits you more than it does Uncle Sam. If you're in a life transition, careful planning will help you get the most from limited resources.

Get more tips in Jennifer's book

Rebalance

- Review your investment accounts to see if you need to rebalance.
- Are there any losses to take advantage of? You can deduct up to \$3,000 per year (unless you file Married, Filing Separate).
- Are there gains to take that can be offset by any losses to reduce your capital gain liability?

Optimize your FSA (Flexible Spending Account)

- Use up the money in your FSA before the end of the year so you don't lose any money in the account!
- Get those doctor appointments scheduled or buy new glasses.

Manage your itemized deductions

- Compare your itemized deductions to the new standard deduction -- \$12,000 for single filers and \$24,000 for joint.
- What you can take as an itemized deduction has changed -- you might not benefit from increasing your itemized deductions.
- Your state and local tax deduction is capped at \$10,000 now, including real estate taxes.
- Interest on HELOCs (home equity line of credit) will not be deductible unless used specifically for home improvement.
- Interest on a mortgage taken out after 2017 will be deductible only on the first \$750,000.
- Click [here](#) for more detailed information.

Charitable deductions

- The pressure to get the year-end charitable gifts might not make sense with the new standard deduction.
- Explore grouping your charitable deductions in one year into a Donor-advised Fund (DAF), and then do your gifting from there.
- If you are 70 1/2 and need to start taking your RMD (required minimum distribution), consider a Qualified Charitable Distribution (QCD) to help reduce your RMD for the year. Click [here](#) for a more detailed explanation.
- For additional information, click [here](#) and [here](#).

529 Plans

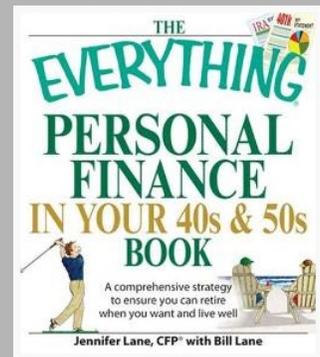
- If you have a child or grandchild attending private elementary or middle school, you can now use a 529 plan to pay for those costs.
- Check to see if you should be increasing your savings into a 529 plan.

Q&A

Q: I'm not sure how long I should keep my tax returns and records. Can you help?

-- Joe, Everett

A: Joe, keep your tax returns indefinitely -- you never know when you might need them. That doesn't mean that you need to keep all the supporting documents for more than three years. The IRS won't audit a return that is older than three years unless they suspect fraud. By keeping the return itself, you will have access to important information down the road. Your annual income can prove your social security



([click here for link](#))

Helpful Websites

[Certified Financial Planners](#)

[IRS - Tax Reform](#)

[IRS - Withholding](#)



benefit due; your reinvested dividends support your investment basis; and you'll need a record of your IRA contributions when you calculate your taxes in retirement. You can also make digital copies of your tax returns to save space -- just make sure you have them backed up safely.

Jennifer in the Media

Below are links to Jennifer's frequent contributions to financial planning articles.

- The ***New York Times*** featured Jennifer in an article titled, "**Balanced Funds Don't Inspire Fear or Greed. That's Why They Are So Useful.**" Click [here](#) to read the article.
- With a contrarian view, Jennifer contributed to an article, "**People are enraged by the idea that you should have twice your salary saved by the time you're 35!**" published recently by ***Business Insider***. Click [here](#) to read the article.
- Moving in together? Click [here](#) for the article from ***Business Insider***, "**Five questions you and your partner should answer before taking the biggest step in your relationship.**"
- ***Insider*** asked Jennifer to contribute to an article on old fashioned ways to manage your money, "**Six money-saving tips your grandma used that are way more effective than any budgeting app.**" Click [here](#) for the article.
- Jennifer contributed to an article on ***Business Insider***. Click [here](#) to read "**This is the best way to do your taxes online - according to experts.**"
- ***CNN Money's Money Moves*** featured Jennifer in an article on how to strike the right balance between retiring early and saving enough. Click [here](#) to read the article.
- Jennifer contributed to a ***CNN Money*** article "**When is the Right Time to See a Financial Advisor?**" Click [here](#) to read the article.
- Jennifer contributed to ***The Wall Street Journal*** article "**The Biggest Money Mistakes We Make -- Decade by Decade.**" Click [here](#) to read the article.

Compass Planning News

- AdvisoryHQ named **Compass Planning** as one of the ten best Boston financial advisors.
- Jennifer recently answered NECN viewer questions about ***Medicare premiums and IRMAA (income-related monthly adjustment amount)***. Click [here](#) to watch the segment on her blog.
- Jennifer appears on NECN every other Monday morning at 9:30 am in addition to her Tuesday 7:30 pm appearance.

Compass Planning Associates helps families, individuals, and small-business clients achieve financial security, knowledge, and control over their money. Our **fee-only, client-centered approach** provides education and guidance for

achieving financial goals and dreams.

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