

Near the end of the year, we should begin end-of-the-year tax planning, including IRA required minimum distributions, and estimated taxes. If you are 70 1/2 years old or older, you are required by the Federal government to begin taking money out of your IRA. This is a very complex tax law that must be followed in order to avoid a 50% penalty. At Magnolia, we handle the end-of-the-year tax planning for our clients.

Also, the end of the year is your last chance to pay necessary estimated taxes if you own your own business or have had capital gains during the year. If you do not pay the required estimated taxes, you will also be faced with a penalty.

Some other tax tips:

1. Consider starting a Roth or Traditional IRA. You can deduct up to \$3000 for each spouse per year from your taxes by investing in an IRA. Contact us, and we will help you get started.
2. Consider a SEP or SIMPLE IRA plan if you are a small business owner. You can deduct up to 25% of your income from these plans. We can also help you set these up.
3. Start or increase the amount allocated to your company 401(k) plan. This money is invested before taxes. We can help you analyze which investments in your 401(K) plan are best for your goals.
4. If you think that you will have more income next year, you can shift your bonus checks or other discretionary income into this year in hopes of lowering your tax bracket for next year. Or shift deductible expenses into next year. If you think you will make less next year, do the opposite.

A Certified Financial Planner can help you in ways that an accountant can't because we see your whole financial picture. We have clients who can testify that we have found tax breaks that their accountant missed. At Magnolia, we conduct these tax planning processes for our financial planning clients automatically. If you're not a client and would like help with this, please contact us.