

# EVERYONE LOVES A SURPRISE AT CHRISTMAS

## But Not So Much at Tax Time! A Few End of the Year Strategies to Keep You Off the Naughty List



### Required Minimum Distributions – RMD's

If you've reached the age of 70 ½ in 2017, be aware, you need to withdraw from your IRA's and also 401(k) plans if you're no longer working by the end of the tax year to avoid a 50% penalty tax.

### Qualified Charitable Distributions – QCD's

For those, age 70 ½ and already giving to charity at this time of the year, you could make a direct charitable contribution from your IRA to your favorite charity and meet some or all of your required minimum distribution requirements. By electing your IRA custodian to pay the charity of choice directly, this may satisfy your RMD and also you would not receive a taxable distribution to report on your tax return.

### Tax Loss Harvesting

The market has been extremely generous this year, so the opportunity for loss harvesting may not even be an option. However, if you own an investment that has declined in value, you can sell it before the end of the year and reinvest into something comparable, if it makes good sense to

do so. This way, you take advantage of the tax loss on your return, while maintaining your position in the market. Please note, you cannot repurchase the same security within 31 days or it would be considered a "wash sale" and you would not get to declare the loss.

### Roth IRA Conversions

Assuming you've had less income through 2017, this may present an opportunity to do a Roth IRA Conversion. By recognizing some tax on IRA money now (assuming a lower tax rate than in the future), you could convert some, or all of those funds to a Roth IRA, which after 5 years or age 59 ½, whichever is longer, all of the growth would be considered completely tax free when withdrawn.

### Recognize Expenses This Year

If you have a business and had a really good year, don't wait to make those business purchases until January. Spend, spend, spend on business items to offset some of that income for this year.

### Delay Expenses Until Next Year

If, on the other hand, business was slow or you didn't have normal income, but expect 2018 to be more prosperous, you may want to wait until January to make any additional business purchases. The same goes for your property tax bill. If you aren't able to itemize, you may want to delay payment, which could help increase your itemizations for next year by

writing off 2 year's worth of property taxes on one tax return.

### December 31st Deadline to Set Up a Solo 401(k) Plan for Self Employed

Solo 401(k)'s allow for up to \$18,000 of elective salary deferral and another \$6,000 if you're over the age of 50. On top of that, a profit sharing contribution can be made up to 25% of salary. Both aggregated contributions cannot exceed \$54,000 for the year (\$60,000 age 50+).

### HSA – Contribute to a Health Savings Account

If you have a high deductible health insurance plan, you may be able to set up an HSA (Health Savings Account) and make a tax deductible contribution for this year. HSA's can be invested and used for future medical expenses, tax free from the account. The 2017 maximum individual contribution is \$3,400 and for a family plan, it's \$6,750.



\*Please visit <https://www.irs.gov/> for specifics on all of the aforementioned end of the year tax strategies and consult with your own tax advisor for specific tax advice.



Hopefully, you shared a wonderful Thanksgiving with family and friends. The month of December is here, believe it or not! Yet another year has come and gone, too quickly. I hope you've stayed off of Santa's naughty list because he'll be coming soon. December 7th signifies Pearl Harbor Remembrance Day, Hanukkah begins on December 12th, winter officially begins on December 21st and of course Christmas is December 25th followed by New Year's Eve on December 31st. May this holiday season bring you an abundance of joy, great prosperity and memorable times with your loved ones. Thank you for allowing us to serve your financial needs for yet another wonderful year and blessings to you and your family for many years to come.

Respectfully,  
Scott Weidman, CFP®



## Useful Holiday Thoughts



1. Save Used Coffee Containers to Store Breakable Christmas Decorations. They stack well and will keep things organized and safe throughout the rest of the year.



2. Start a Christmas Village. Every year, when we would travel or do something a little different during the holidays, we'd try to find a Christmas village piece that signifies what we had done that year. Then each Christmas, when we put our village back up, we reflect on those great memories from Christmases past.



3. Use a Cash Back Credit Card as a Little Christmas Stash. Many credit card companies offer cash back on purchases of 1.5%. These cash back rewards can add up and be used at Christmas time.

Just make sure to pay off the balance in full each month to avoid interest.



4. Set up a Christmas Spending Account. If you find yourself playing catch up after spending too much at the holidays, consider starting a Christmas spending account. Begin making small contributions weekly to help relieve the stress of next year's season.



5. Start a Christmas Savings Jar. Cash has become a thing of the past for many people. But if you find yourself with leftover change, encourage the entire family to throw it in a Christmas savings jar and let the kids spend this at Christmas on gifts for one another. It will help encourage them to save money for a reason and also reward them at the holidays, by allowing them to spend money they've worked hard to save all year.



6. Acceptance Will Set You

Free. If you find yourself cringing all throughout the holiday season, spending more money than you know you can afford on friends and family, consider accepting the fact that we all have limitations to our budgets and focus more on the quality of the gift and the thought that goes into it, instead of its cost.

Here are a few ideas...

1. Ebay- For the avid gardener in your life, order exotic plant seeds, like Russian black tomatoes or a carnivorous spike pitcher plant from Ebay and put together a nice little, homemade gardener's gift basket. After all, spring is right around the corner.

2. Get a Canvas Wall Hanging of Your Favorite Memories. Showcase family memories with a customized canvas collage of your favorite pictures. Any local print shop should be able to produce a beautiful piece of art that you can give as a gift.

3. Time Spent With Your Children or Grandchildren is Worth More Than Any Money You Can Give Them. Spend a day making homemade gifts to give to other family members at the holidays. Some great ideas are baking cookies and hand decorating them. Dipped caramel apples or chocolate dipped strawberries and pretzel rods make a great addition to a gift basket.

Hopefully, these little tips will help you through a stress free and enjoyable holiday season, making great memories with friends and family.



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