

## New Year Planning Checklist

The New Year brings new opportunities. Make this year your strongest and wisest financial year yet by making sure you hit all these important check points.



### **Contribute More to Your Retirement Plans this Year**

- Contribute up to \$18,500 to any kind of 401(k), 403(b), or 457 plan with a \$6,000 catch-up contribution if you are 50 or older.
- If you are self employed, look into whether you can establish and fund a solo 401(k) before the year end. You may direct \$55,000 into one of those plans.
- Make your current tax year contribution to a Roth or Traditional IRA as early as possible (\$5,500 or \$6,500 if age 50 or over).
- Consider making after tax contributions to your employer sponsored retirement plan up to \$55,000 in total.



### **Go Roth Now**

- Understand that if you are higher earner, income phase-out limits may affect your chance to make Roth IRA contributions.
  - Phase-outs kick in at \$189,000 for joint filers and \$120,000 for single filers and heads of households
- Contribute to a Traditional IRA and then convert to a Roth IRA if your income prevents you from initially contributing to a Roth IRA
- Don't forget that partial Roth conversions are always possible

Securities offered through Royal Alliance Associates, Inc. – Member FINRA/SIPC. Advisory services offered through Financial Dimensions Group, Inc. a Registered Investment Advisor, who is not affiliated with Royal Alliance Associates, Inc. Registered Branch Telephone number 763-416-8207. Registered Branch Address 11272 86<sup>th</sup> Ave N, Suite B, Maple Grove, MN 55369. Please advise that RAA does not provide tax or legal advice.



### **Make a Charitable Gift the Smart Way**

- Claim the charitable deduction on your tax return, provided you itemize your deductions on Schedule A
  - If you give cash, document it with a bank record or written communication from charity with the date and amount
  - If you gift appreciated securities that you have owned for more than a year, you will be in line to take a deduction for 100% of their fair market value, and avoid capital gains tax that would have resulted from simply selling the investment and donating the proceeds
- Consider a donor advised fund if you will not be itemizing your deductions.



### **Open a Health Savings Account (HSA)**

- Set up and fund a Health Savings Account if you are enrolled in a high-deductible health plan
  - Make fully tax-deductible HSA contributions of up to \$3,450 (singles) or \$6,900 (families); catch-up contributions of up to \$1,000 are permitted for those 55 or older



- HSA assets grow tax deferred and withdrawals from these accounts are tax free if used to pay for qualified health care expenses

### **Pay Attention to Asset Location**

- Make sure your least tax-efficient securities go in pre-tax accounts and your most tax-efficient securities should be held in taxable accounts



### **Review Your Withholding Status**

- Make sure to adjust your withholding status due to any of the following factors:
  - You pay a great deal of income tax each year
  - You get a big federal tax refund each year
  - You recently married or divorced
  - A family member recently passed away
  - You have a new job and are earning much more than before
  - You started a business venture or became self employed
  - You back-ended contributions to your employer sponsored retirement plan last year



### **If You're Getting Married**

- Make changes to the relevant beneficiary forms
- Adjust and revise your retirement savings and investments accounts



- Make sure to get a new Social Security card if your last name is going to change



**If You're Retired and Older than 70 ½, Remember your RMDs**

- Make sure you begin taking out Required Minimum Distributions from Traditional IRA's and 401(k), 403(b), and profit-sharing plans by December 31<sup>st</sup> of each year
  - IRS penalty for failing to take an RMD equals 50% of the RMD amount that is not withdrawn

If you turned 70 ½ this year, you can postpone your initial RMD from an account until April 1<sup>st</sup> of the following year.

**Consider the Tax Impact of Upcoming Transactions if You Are:**

- Planning to sell or buy real estate this year
- If you are going to exercise stock options in the upcoming months
- If any large commissions or bonuses are coming your way
- If you anticipate selling an investment that is held outside a tax-deferred account

**While this check list can start as a guide, speaking with our team is the best way to achieve your financial goals. Reach out to us today!**

**Michael Matheson, CFP, CFS, CRPC, CDFATM**

**763-416-8206**

[mmatheson@fdg-advisors.com](mailto:mmatheson@fdg-advisors.com)

[www.Michael-Matheson.com](http://www.Michael-Matheson.com)

Securities offered through Royal Alliance Associates, Inc. – Member FINRA/SIPC. Advisory services offered through Financial Dimensions Group, Inc. a Registered Investment Advisor, who is not affiliated with Royal Alliance Associates, Inc. Registered Branch Telephone number 763-416-8207. Registered Branch Address 11272 86<sup>th</sup> Ave N, Suite B, Maple Grove, MN 55369. Please advise that RAA does not provide tax or legal advice.