

December 2018

3 Financial Hacks To Consider Before December 31st

Champagne is flowing, good friends are reminiscing, and close family is hugging. These are only some of the events that will take place between over-indulging in pumpkin pie and counting down the seconds until a shower of falling balloons hits you as the clock strikes midnight on December 31st.

Whether you are in sales trying to blow through your quota, in accounts wrapping up quarter close, in legal trying to get your clients their Christmas checks, or in medicine with everyone racing to see you before their new deductible begins, the end of the year is a challenge for us all.

However, the ultimate challenge begins when you add in the various family obligations, Christmas parties, and cross-country trips and realize you don't have much time to reflect and plan your year-end finances.

Before the balloons fall, let's commit to blocking off some time and finishing 2018 on a strong financial note.

As we approach this critical last month, I want to encourage everyone to consider these three easy objectives. Your 2019 self will be thrilled you did.

Clean out the closet!

Many of us recently transitioned our closets from summer to fall, and oh what a glorious transition! As we welcome the cooler weather and the colorful array of leaves, I want to encourage you to think of the less fortunate and how you can help during these colder months!

Undoubtedly, every year we notice certain items that we didn't wear all summer long. We may chuckle about our frivolous spending or conservative style and put these perfectly good clothes in the storage closet to simply repeat the process next year. Furthermore, as we unravel our winter clothes, we find items we haven't worn in years, yet for some reason, we tend to cling on.

We all know we will never wear these clothes, so why don't we let them go?

Not only does this practice take up much-needed closet space (I believe no one has ever said their closet is too big), but it clutters up our lives. More importantly, it is depriving others of wearing that same piece of clothing and eliminating an potential tax deduction that can help keep more money in our pockets come next April.

Before year's end, make certain to clean out your closets and donate unused items to the charity of your choice. Discuss these charitable donations and any potential deductions with your tax advisor.

As Zig Ziglar always said, "If you help enough people get what they want, you eventually will get what you want."

Use credit cards to your advantage

Breaking News — Christmas time is expensive!

From gifts and dinner parties to traveling, nothing is cheap about this time of year. However, with these challenges come some great financial opportunities.

The last thing we want to do is start 2019 in a hole of credit card debt, but if we can be strategic about our credit card use, maybe we can get the new year off to an exciting start.

I shouldn't have to tell you to "go shopping on Black Friday and take advantage of Cyber Monday," or "Remember, a heartfelt gift is more valuable than an expensive one." Instead, I'll let you decide how you show love for others, and I'll spend this time strategizing on different ways pay for this time year.

As mentioned in my previous article on the [credit cards](#), using credit cards wisely can be a great way to help build your credit score, protect from fraud, and earn points that might be redeemable as cash back or available to use for exciting perks like traveling.

Particularly this time of year, many credit card companies offer sign-up bonuses to compete for business. Consider applying for a credit card that may provide a significant sign-up bonus that can help you afford those round-trip tickets to Hawaii.

Before spending money on a credit card for the rewards points, make certain you can pay the credit cards off each month. Not doing so could potentially lead to high interest rates that can negate the benefits of the rewards points and potentially hurt your credit score.

Check in on your employee benefits and retirement funds

Hopefully, you have been contributing to your retirement accounts throughout the year but do take some time before year's end to make sure you are utilizing the appropriate tax-advantaged accounts. Depending on your unique situation, contributing up to what the company will match into your 401k can be an excellent way to build your net worth and help take large steps towards retirement.

Also take some time to analyze your HSA's, FSA's and Dependent Care FSA's. If you have an HSA and haven't maxed out the \$3,450 per person allotment, consider doing so to receive the tax savings I outlined in my last article on [employee benefits](#).

Also, be aware that any money in an FSA or Dependent Care FSA must be used before the end of 2018. Although some companies allow money to stay in the account for a certain period after the new year, it may be wise to go ahead and use those FSA funds quickly as it is often a "use it or lose it" condition.

For individual accounts, such as Roth and Traditional IRA's, you have until April of the following year to contribute to the prior year's account. Establishing these accounts now and contributing to them during Q1 of 2019 could be an appropriate strategy.

For business owners, examine if a SEP plan or a Solo K is the right option for you. Although contributions can be made into a Solo 401 (K) up until you file your taxes, you must have the plan documents signed by December 31st.

Do you have more questions?

Amid year-end craziness, take some time to help your future self and finish 2018 out on a strong financial note by considering these three action items.

If you found these tips valuable or would like some help starting, don't hesitate to [set up a free consultation with me](#) or shoot me an email with some of your financial questions. I am a financial advisor in Atlanta, but I can still help you if you live in other parts of the country as I am licensed in several states.

I look forward to talking with you!

Happy Holidays,

Alan

[Click here to schedule your financial planning meeting!](#)



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