

As we enter the last quarter of the year, it is time to begin your year-end planning. Set aside some time to evaluate your financial plan and consider potential opportunities. Effective year-end planning not only includes a review of the activities in the past year, but also creates an opportunity to leverage tax and financial planning techniques as they relate to new developments in the law.

In thinking about how you can make the most of the current tax laws without overlooking the basics, we have compiled a checklist of actions that can potentially help you save tax dollars if you act before year-end.

2015 FEDERAL INCOME TAX RATES						
Marginal Rate	Single	Head of Household	Married Filing Jointly	Married Filing Separately	Long Term Capital Gains**	Qualified Dividends**
10%	\$0 – 9,225	\$0 – 13,150	\$0 – 18,450	\$0 – 9,225	0%	0%
15%	\$9,226 – 37,450	\$13,151 – 50,200	\$18,451 – 74,900	\$9,226 – 37,450	0%	0%
25%	\$37,451 – 90,750	\$50,201 – 129,600	\$74,901 – 151,200	\$37,451 – 75,600	15%	15%
28%	\$90,751 – 189,300	\$129,601 – 209,850	\$151,201 – 230,450	\$75,601 – 115,225	15%	15%
33%	\$189,301 – 411,500	\$209,851 – 411,500	\$230,451 – 411,500	\$115,226 – 205,750	15%*	15%*
35%	\$411,501 – 413,200	\$411,501 – 439,000	\$411,501 – 464,850	\$205,751 – 232,425	15%*	15%*
39.6%	Over \$413,200	Over \$439,000	Over \$464,850	Over \$232,425	20%*	20%*

* 3.8% Medicare surtax on net investment income will also be imposed for single taxpayers with MAGI > \$200,000 and MFJ with MAGI > \$250,000
 ** Short term capital gains (investments held less than one year) and non-qualified dividends are taxed at your marginal income tax rate

- Review your investment portfolio to make sure your allocation continues to align with your goals.
- If you changed jobs and left your old 401(k) behind (or if you have an orphan IRA somewhere), take the time now to consolidate accounts. Rollover your 401(k) to an IRA and/or combine IRAs. You'll have more control over your asset allocation, total contributions, paperwork and fees.
- Review your living trust and beneficiary designations and make any necessary adjustments due to revised goals and objectives or life changes (marriage, divorce, birth of child/grandchild, death, etc.).
- Determine whether the 0%, 15% or 20% capital gains rate will apply to you or other family members. Plan your gifts and subsequent sales to occur before the end of the year.
- Postpone income until 2016 and accelerate deductions into 2015 to lower 2015 tax bill. Arrange for a bonus or consulting income to be paid in 2016. Consider using a credit card to pay deductible expenses before the end of the year. This will increase your 2015 deductions even if you don't pay your credit card bill until after the end of the year.
- Develop a plan to complete charitable and family member gifts by year-end. If you're considering a contribution to a gift fund, the account must be open and the deposit made before December 31 to qualify as a 2015 contribution. For 2015, the annual gift tax exclusion is \$14,000 per person (\$28,000 for married couples).
- Gift your appreciated stock that you have held for more than one year to charity rather than cash. For a gift to a public charity, not only are you allowed to take the income tax deduction for the full value of the securities (subject to the 30% AGI deduction limit with overage carried over for 5 years), you also avoid the capital gains tax you would otherwise pay on the sale of those securities. The charity can sell the securities without paying tax and use the proceeds for its own purpose.
- Maximize your IRA and retirement plan contributions. The IRA funding limit for 2015 is \$5,500 (\$6,500 if over age 50) and the elective deferral limit to 401(k), 403(b) and 457 plans is \$18,000 (\$24,000 if over age 50).
- Take required minimum distributions (RMDs) before December 31st. RMDs from your IRA cannot be combined with RMDs from your employer plan. Each must be calculated and distributed separately.