

As we enter the fourth quarter, it is time to review tax planning strategies and prudent to-dos. Listed below are several broad tax planning ideas and actions to consider before year-end:

Take Advantage of Tax-Deferred Growth

- Attempt to defer income to years of potentially lower tax rates or income and accelerating deductions in an attempt to reduce overall tax liability.
- Take full advantage of available retirement plans (401k, IRA, SEP-IRA, defined benefit, etc.) and other non-qualified plans (executive bonus, carve-out plans, deferred compensation, etc.) to defer and/or minimize income taxes over the long term.

Revisit your Charitable Giving Strategy

- Charitable giving has the potential of reducing your overall tax burden and also can provide a sense of satisfaction by benefiting a cause you care about.
- Consider gifting appreciated securities to avoid potential capital gains tax.
- Use a Donor Advised Fund to make a future donation to charity but receive a current income tax deduction.
- Be aware of the phase-out imposed on itemized deductions for high income families and individuals.

Estate and Gift Taxes

- The maximum estate tax rate is 40% and the estate tax exemption is \$5.43 million in 2015.
- Be aware that the annual federal gift tax exclusion allows you to give away up to \$14,000 in 2015 to as many people as you wish without those gifts counting against your lifetime estate tax exemption.
- Direct tuition and medical expense payments made on behalf of another person do not count against the \$14,000 gift tax exclusion.
- Consider wealth transfer strategies to reduce your taxable estate and ensure that your assets will be utilized according to your wishes, both now and in the future. We recommend discussing estate planning with us and your estate attorney prior to year-end if interested in these strategies.

Identity Theft a Growing Problem

- Check your credit report regularly. Go to annualcreditreport.com to access your free credit report.
- Contact the credit reporting agencies immediately if you have a breach. Go to identitytheft.gov for guidance.
- Protect your information. Use robust, complex passwords and store them in a password vault such as LastPass or Dashlane.
- Install the most up-to-date antivirus and antispyware programs on PCs, laptops, tablets & smartphones.
- Delete any emails that include detailed financial information beyond the time that it is needed.
- Be aware of “phishing” emails. Do not click on links or open files in unexpected emails and do not provide sensitive information to someone who contacted you.
- Do not respond to anyone who calls claiming to be from the IRS. The IRS corresponds only by mail.
- Contact the IRS if tax fraud is suspected. Call 800-908-4490 and/or file Form 14039 available at IRS.gov.

Miscellaneous

- Consider the tax efficiency of a Roth conversion (must complete by December 31st).
- Harvest capital losses to offset gains on appreciated securities. Be aware of wash sale rules.
- Coordinate deductible expenses. Pay real estate taxes in January and December one year, and none the next year if this brings itemized deductions above the standard deduction (\$12,600 in 2015 for MFJ).
- Take Required Minimum Distributions if over age 70^{1/2}.
- Check beneficiary designations on retirement accounts and life insurance policies, especially if you have had a major life change (marriage, divorce, death of spouse).
- Pay estimated tax payments, double-check tax withholdings and adjust if not on target.