

Year-End Tax Checklist

The end of the year will be here before we know it. Your tax situation, charitable donations, health care and future plans need regular maintenance, and now is the perfect time to check, double check and think ahead on your plan. Use this checklist to help you plan for the end of the year – and get you started on the right track next year.

Check: _____

Review 2019 Itemized Deductions

As part of the Tax Cuts and Jobs Act, the standard deduction nearly doubled, so most Americans will not be getting a tax benefit from itemized deductions. But if you had significant changes from last year, like you bought a new home, had a lot of medical bills, or gave a lot to charity, it's possible you could benefit from itemized deductions this year.

Adjust or Max Out 401(k) Contribution

Are you taking full advantage of your employer match? Do you want to contribute more to lower your taxable income (or contribute to a Roth while your in a lower tax bracket)? Now's the time to do so.

Plan for Expected Income Next Year

This is an easy step if you're a salaried employee without much variation. However, for executives with bonus structures, business owners, or salespeople tied to commissions, you'll want to think through what your expected take-home pay will be.

Re-enroll in Employer Benefits

Enrollment periods for health and other employer benefits are usually in the last quarter. Make sure you have you and your family signed up for the correct plan, especially considering any major medical expenses you anticipate.

Tax-loss Harvesting

The IRS allows you to offset capital gains with capital losses that you realize in a year. Additionally, you can offset up to \$3,000 in ordinary income through capital losses per year. Do you have any losing stocks from this year you could get rid of?

Roth Conversion

Have you done a Roth IRA conversion this year? With the new tax law reducing tax rates for many Americans, it might be a good time to convert some money from an IRA to a Roth IRA. But to include that conversion in your 2019 income, you need to do it by the end of the year.

Required Minimum Distributions (RMDs)

Make sure you take your RMD for the year or you could face penalties. And this is no small penalty as the IRS can assess a 50% penalty on a missed RMD. If you inherited an IRA or other retirement account in 2018, you will likely need to take an RMD as well by the end of 2019.

Charitable Planning

If you want to give money to a charity and receive a tax deduction for 2019 you need to make this gift by the end of the year. But remember: This only applies if you itemize your deductions – not if you take the standard deduction.

529 Planning

While contributing to a 529 plan will not give you a federal income tax deduction, you could get a state income tax deduction depending on your state's rules. So if you're saving for your child's education, check with your advisor or tax professional to see if you're eligible for a deduction.

Pay Off or Refinance Home Equity Indebtedness

Home equity indebtedness – any mortgage interest on the debt principal that you borrowed that was not used to acquire or substantially improve a home – is no longer deductible after 2017. Instead, consider paying down the debt or refinancing, especially if you carry a high interest rate.

Double Check

Estate Plan

Does your estate plan reflect any new assets, like a car or property? The end of the year is a good time to evaluate your trusts, wills and other legal documents to ensure they are up to date.

Beneficiaries

Have you had any children or grandchildren in the last year? Look at updating your beneficiaries with any changes to your family, along with any charitable foundations.

Insurance Review

As your assets or expenses grow, so too can your insurance needs. Check that your insurance is up to date on your estate, including your life insurance policy.

Emergency Fund

Your emergency fund should be at least three months expenses. If your expenses increased last year, now is the time to think about adding to your savings to reflect the changes.

Asset Allocation

The end of the year is a good time to reassess your investment allocation. Look at your risk tolerance (there is a Risk Tolerance Questionnaire on our website) and make sure your investment allocation is in tune with your comfort level.

Set Up a Retirement Account

If you are self-employed or a small business owner, you might want to consider setting up a 401(k), defined benefit plan, IRA, SIMPLE IRA or SEP IRA.

Flexible Spending Accounts

A flexible spending account (FSA) is a tax-deductible account that can be used for a specific expense, like medical or child care. If you have an FSA, often funds have to be used by the end of the year. Talk to your employer to see how to best utilize your plan.

Think Ahead

New Year's Goals

The end of the year is a good time to do planning. This can be broader than just your financial planning goals. Think about savings goals, investing goals, retirement planning goals, career goals, and investing back into yourself.

Prepare for Tax Season

Many of your employer documents, investment forms and other important tax documents won't be mailed until January or February, but you can start getting receipts, bills, accounts and other documentation ready for tax season.

Speak with an Advisor

The end of the year is a great time to review your current situation and speak with a financial advisor. An advisor can help you pursue your goals, look for any gaps in your plan and make sure your investments are in line with your risk tolerance.

This guide is designed to provide accurate and authoritative information on the subjects covered. It is not, however, intended to provide specific legal, tax, or other professional advice. For specific professional assistance, the services of an appropriate professional should be sought.

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