

# **2019 YEAR-END TAX PLANNING TIPS**

1. If eligible to Itemize your deductions, then consider giving to charity
2. If over 70 ½ and have an IRA, you must take your RMD (Required Minimum Distribution). If you don't need this RMD then do a trustee-to-trustee transfer to a qualified charitable organization. You won't pay taxes on the distribution and it satisfies your RMD. There is a maximum donation of \$100,000.
3. Sell investments that create losses to offset gains recognized by year end.
4. Open an IRA account or contribute to an existing IRA account by April 15, 2020 to lower your Adjusted Gross Income. Maximum is \$6,000 under age 50 and \$7,000 if age 50 and over. Please first consult with your tax advisor to see if your contributions will be deductible or non-deductible. If Non-deductible then consider a ROTH IRA.
5. If you work for an employer, then try and maximize your 401(k) contributions to lower your taxable wages on your W-2.
6. Evaluate your FSA (Flex Spending Accounts) with your employer to see if any of them can benefit you before year-end.
7. If you own an HSA (Health Savings Account), check the total pre-tax deductions and adjust to maximize them to reduce your taxable wages. If you have an HSA outside of work, then contribute the maximum to lower your Adjusted Gross Income on your tax return.
8. If eligible, the advantage to funding your ROTH IRA, Traditional IRA or 401 (K) is to tax advantage of the SAVER's Credit. Please consult with your tax advisor on the phase out ranges for this credit.
9. If you have rental or business income you may be eligible for a 20% QBID (Qualified business income deduction). To qualify you need to have NET business income. But there are limitations based on the nature of the business, income, filing status and whether you are a SSTB (Specified Service trade or business). Please consult with your Tax advisor on the various limitations and if the QBID applies to you.
10. Make energy-savings improvements to your principle residence to qualify for the RESIDENTIAL ENERGY CREDIT. But these improvements would have to be qualified upgrades to power systems that are solar power, wind energy and geothermal heat pumps.
11. If you own and operate a business, consider making large machinery and equipment purchases to take advantage of the depreciation deduction to offset your gross income.