
Year End Planning- December 2014

As the weather begins to turn cold, daylight shortens and the holiday season rapidly approaches, we know that the end of the year will be upon us very soon. Thus, we have come up with a checklist of things to think about as the year end approaches.

1. Did you meet your financial goals for 2014? If not, why? Do these goals need to be changed/update? Review one's investments to help ensure you are meeting your **financial goals**.
2. If you need an accountant or are thinking of changing accountants, now is the time to search for a new one. Check out our blog on "**Tax Preparation—Do Not wait Until After Year End to Select an Accountant**" (http://bowenasset.com/sq_userfiles/Sept_2013-Tax_Prep.pdf) for a description on the different types of accounts.
3. **Tax gain/loss harvesting**. Higher capital gains tax rates make buy-and-hold strategies more attractive; the higher the tax rate, the more valuable the strategy. Similarly, it becomes more important to harvest tax losses to shelter gains that would otherwise be taxed at the higher rate. Consult with your accountant on how to structure tax losses to offset gains for the year.
4. **Year end income planning**. Examine any income remaining income that can be deferred from one taxable year to the following year. Oftentimes year-end bonuses and discretionary investment income can be shifted one year to the next.
5. Max out your **401K/IRA** contributions including any catch-up contributions. You have until April 15, 2015 to fund your IRA for 2014. If you have an employer sponsored retirement account, you should review where your money is invested and make changes to this account. Consult your investment advisor/tax accountant for any help. If you left a job and your 401K behind, take the time to consolidate accounts.
6. If you are turning 70.5, you must begin to take **Required Minimum Distributions (RMD)** from traditional IRA's and 401K's. It is advisable to come up with a strategy on how best to take these distributions.
7. If you inherited any type of retirement account, you need to check and see if you need to take an **RMD** and if so, whose life is it based on: yours or the decedents.
8. During the last quarter of the year, many **health care policies** (including Obamacare and Medicare) and insurance policies allow changes
9. If you are considering making any year-end charitable contributions, you may want to do the research now. Check out our blog on "**Charities—Sorting through the Good, the Bad and the Ugly**" (http://bowenasset.com/sq_userfiles/Charities-Sorting_through_the_Good_the_Bad_and_the_Ugly_July_2014.pdf) to help you make the most efficient use of your money.
10. If you have any type of **flexible spending accounts**, you may want to check and see how much money is left in them to make sure you use it up before the year is over.

11. If you have a dependent child who will be a freshman in college in fall of the following year, you will want to fill out your taxes as soon as possible so that you can fill out the **FASFA form**. If your dependent child is a returning college student, your taxes need to still be filed early, but not as early as those for an incoming freshman. See **College Age Demystified** (http://bowenasset.com/sq_userfiles/MArch_2013-Financial_Aid.pdf).
12. Consider redeploying assets to a **variable annuity**. In a rising tax environment, the tax-deferral feature of annuities becomes increasingly attractive. Diversifying your retirement portfolio with a variable annuity may provide tax-deferred growth potential, guaranteed lifetime income, increased retirement savings, equity upside potential and a death benefit for named beneficiaries. Remember, though: Withdrawals from variable annuities will be taxed as ordinary income?
13. Did you have any life changes during the year that would need to be addressed at year end:
 - a. Sell/transfer/purchase a major financial asset?
 - b. Change in marital status.
 - c. Did you add to your family?
 - d. Did you receive a gift/inheritance?

Despite the answers to the above questions, all **beneficiaries** on life insurance policies and retirement account should be checked to make sure these are accurate. These types of investment accounts pass to the beneficiary when the owner dies despite/regardless of what the will states. So you want to make sure the beneficiaries are correct.

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