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Holiday shopping. Turkey cooking. Family entertaining. November and December are very busy (and stressful) months. But if you're one of the countless Americans with an IRA or 401(k), there are some critical items that ought to be on your to-do list before you ring in the New Year.

Joshua Kadish, AIF, RFC of RPG Life Transition Specialists, a holistic wealth management firm, says that there are five things every person should do before the end of the year to avoid penalties and protect their retirement interests. "Different retirement accounts have different deadlines, and it's difficult to keep them all straight," says Kadish. "But a little planning and diligence can go a long way to maximizing your returns and minimizing tax penalties."

- 1. Maximize 401(k) Contributions:** Contributions to your 401(k) are due by December 31st. And if you've been lax about contributing during the year, consider making up ground now. You can make an ad hoc payment, or contribute your full year-end bonus to your account. A person who maximizes their 401(k) contributions stands to save thousands on federal income taxes. For 2014, \$17,500 is the maximum you can contribute to your 401(k). If you are over age 50, then you can also take advantage of the "catch up" provision and add an additional \$5,500 for a maximum of \$23,000, which is pre-tax.
- 2. Take Minimum Required Distributions (RMDs):** If you're above the age of 70 ½, you are required to take a minimum distribution from your 401(k) or IRA and pay subsequent income tax on that distribution. While you have a slight buffer (distributions must be taken by April 1 the year following your 70 ½ birthday), missing the distribution deadline may result in a tax penalty of 50 percent.
- 3. Use Those RMDs to Pay Taxes:** Consider having your RMD withheld to cover your estimated tax bill. While those taxes are generally due on a quarterly basis, having

them withheld from an end-of-year RMD may help you avoid penalties associated

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Instructions become overwhelming with your end requests. So, if you wait until the very last minute, you run the risk of missing important deadlines. It's just not worth it.

A little retirement planning can go a long way. The best thing one can do is know the deadlines that apply to them and use that knowledge to avoid unnecessary penalties. After all, you have better things to spend your money on this time of year.

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