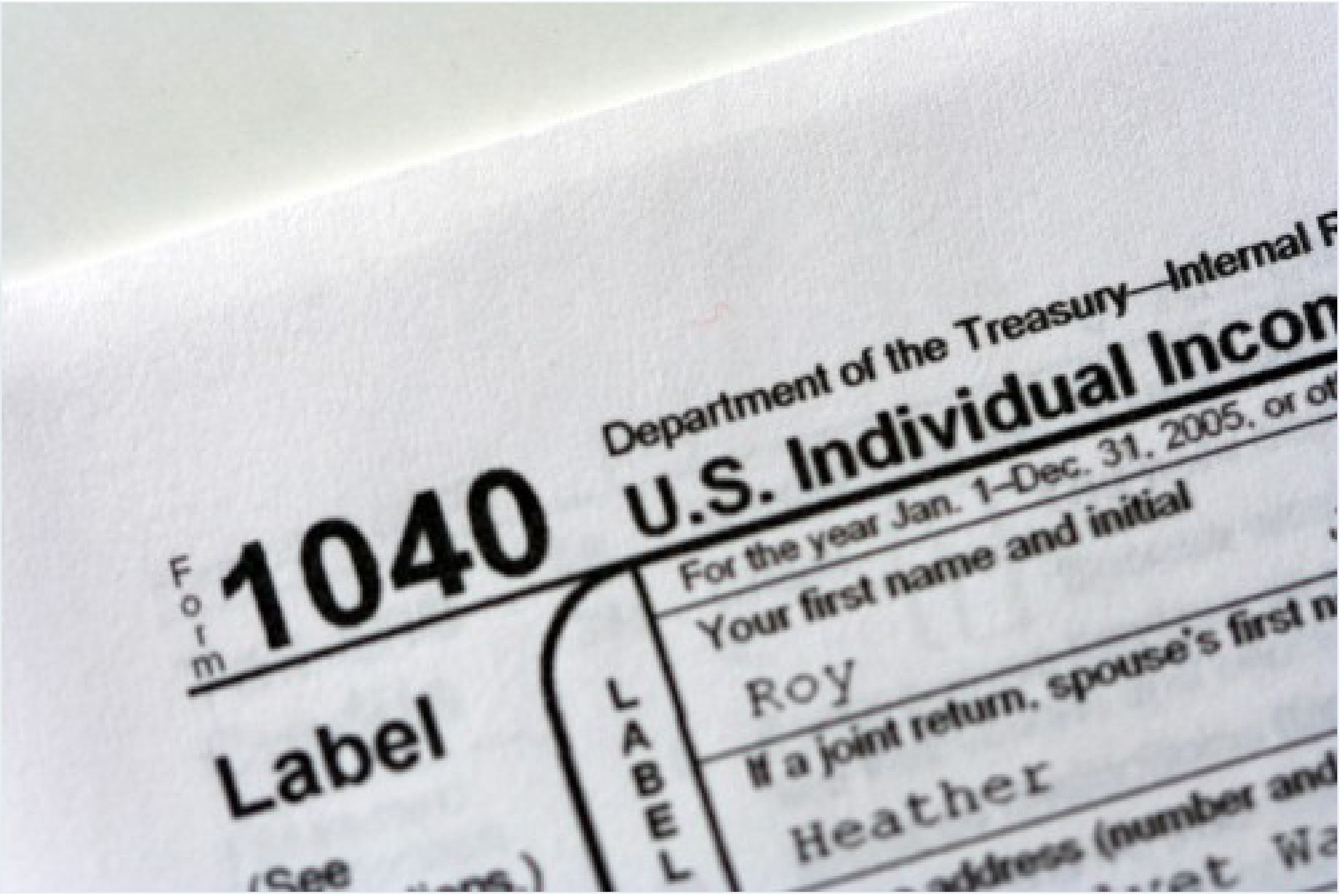
Dec. 05, 2018



As 2018 comes to an end, so does the window of opportunity to take advantage of certain tax and financial planning strategies. To help Americans be best positioned come Tax Day 2019, members of the American Institute of CPAs (AICPA) share the following 2018 year-end tax and financial planning tips. For members of the media, the AICPA has tax and financial planning experts ready to assist with stories to help Americans make proactive moves before the end of the year.

1. Bunch Charitable Contributions
Deadline: December 31, 2018
Quote: "For those individuals who are considering the standard deduction instead of

itemizing, consider bunching your charitable contributions into alternate years if it

charity. This has the double benefit of a charitable deduction for the full market value of publicly traded stock (without recognizing the gain) and a partial rebalancing of your portfolio if you are over-weighted in stocks." – Lisa Featherngill, CPA/PFS member of the AICPA PFP Executive Committee

3. Donate Required Minimum Distribution to Charity
Deadline: Distribution made by December 31, 2018
Quote: "Taxpayers age 70 ½ or older who need to withdraw their required minimum distribution (RMD) for the year should consider leveraging a Qualified Charitable Distribution (QCD). The taxpayer may direct the distribution of up to $100,000 each year from their employer sponsored retirement plan or IRA to one or more qualified charitable organizations. This distribution counts toward satisfying their RMD and will not be taxable to the individual. This is a smart way to gain an effective deduction for charitable gifts without the need to have itemized deductions in excess of the newly increased standard deduction." – Robert Westley, CPA/PFS member of the AICPA PFS Credential Committee

4. Use-It – Don't Lose-It
Deadline: Check with your plan provider
Quote: "As we approach the end of 2018, it is important for taxpayers to focus on the use-it or-lose-it type planning opportunities. For example, taxpayers should strive to maximize contributions to their available retirement plans, keeping in mind the additional contributions that may be made if age 50 or older. Taxpayers should also take the time to review their flexible spending accounts (FSAs) and plan how to use the funds before year-end. Any funds not used by the end of the year or account deadline will be lost." – Robert Westley, CPA/PFS member of the AICPA PFS Credential Committee

5. Gift to Heirs Today to Reduce Future Estate Tax

Deadline: Make it routine.
Quote: "The end of the year is an opportune time to ensure that your financial house is in good working order and on track with your life and financial goals. Good financial housekeeping involves ensuring your emergency fund is sufficient, reviewing outstanding debt and thinking through whether it makes sense to pay some down, as well as reviewing insurance policies and confirming the coverage is adequate. Also, revisit estate planning documents to confirm they are still in line with your wishes." – Robert Westley, CPA/PFS member of the AICPA PFS Credential Committee

7. Maximize Employer 401(K) Match Opportunities
Deadline: Deferred from last paycheck or December 31, 2018
Quote: "Make sure you've taken advantage of your employer's match to your 401(k) plan. Better yet, make sure you've maxed out how much you can contribute. Leaving this benefit underutilized is the same as leaving money on the table." – David Desmarais, CPA/PFS member of the AICPA PFP Executive Committee

8. If Your Tax Bracket Is Low, Here's Where Your Retirement Money Should Go
Deadline: April 15, 2019
Quote: "For anyone who is early on in their career or in a lower tax bracket, consider Roth 401(k) contributions to build tax free assets. If you are able, be sure to contribute the maximum amount for the year in order to take full advantage of this year's opportunity to put away retirement savings dollars for tax free growth." – Leonard Wright, CPA/PFS member of the AICPA PFS Credential Committee

9. Make Your 529 Plan Contributions Now
Deadline: Check with your state.
Quote: "Remember that if your state allows a deduction for a contribution to a 529 plan, generally a contribution must be made in 2018 to get the deduction on the 2018

state tax return. This is unlike IRAs and HSAs that allow until the April 15 tax

11. Leverage Your Losses
Deadline: December 31, 2018
Quote: “Harvest your losses! It’s been a strong year for US equities, but international stocks and fixed income have had negative returns for the most part. Therefore, take advantage of tax loss harvesting to offset any of the gains you’ve taken throughout the year. Bear in mind, though, that you can’t buy back the same holding you sold at a loss within 30 days or else you’ll run afoul of ‘wash sale’ rules.” – Michael Landsberg, CPA/PFS member of the AICPA PFP Executive Committee

12. Financial Planning Tips for Small Business
Deadline: December 31, 2018
Quote: “Businesses should review equipment needs to determine if it makes sense to make the purchase and place the item(s) in service before December 31, 2018. Many businesses can write off 100 percent of equipment purchases with either bonus depreciation or Section 179 expensing.” – Julie Welch, CPA/PFS member of the AICPA Personal Financial Planning Executive Committee

EXTRA. For Divorce Proceedings Underway, A Big Change Is on Its Way
Deadline: December 31, 2018
Quote: “For most people going through a divorce, alimony has been both an incentive to the payor and a useful settlement tool to avoid trial. Soon, that will change. The elimination of the spousal support tax deduction will affect a lot of people – according to the IRS, more than 600,000 Americans claim it on their tax returns, totaling $12.3 billion. For divorces completed in 2019 or later, any alimony paid will no longer be deductible by the person paying, nor will it be taxable as income to the person receiving the money. Those in the process of finalizing their divorce should consider the date everything is finalized, as it will have a significant

impact on their future tax planning." – David Stolz, CPA/PFS, member of the AICPA