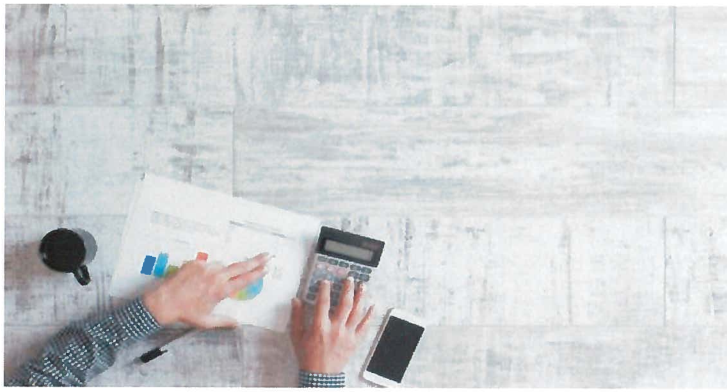
DISCOVER®

MONEY MOVES TO CONSIDER BEFORE THE END OF THE YEAR



By: Mark Henricks - October 11, 2017

Before watching the ball-drop, before singing Auld Lang Syne, in fact well before New Year's Eve approaches, consider taking care of these year-end personal financial to-dos.

If you itemize deductions on your income tax return and want to make charitable donations for next year's return, do it before Dec. 31. "I like to look around my house toward the end of the year and see what I can donate," said Brie Reyes, a certified financial planner with Estes Financial in Fort Worth, Texas. Get receipts or canceled checks for cash donations over $250, and receipts describing non-cash donations.

Like charitable deductions, deferring income must happen before Dec. 31. If you are a self-employed contractor, consider delaying payments until after Jan. 1. You'll postpone paying taxes on that income for a year, and potentially get the benefit of any upcoming tax cuts, advised Tim Estes, certified financial planner and Estes Financial president.

Make Any Required Minimum Distributions

People aged 70 1/2 or older with tax-deferred retirement accounts have a particularly important must-do. Federal law requires people that age to take minimum annual distributions from retirement plans or pay a 50 percent penalty, plus any taxes due on the withdrawn funds. "It can get real expensive real quick," warned Estes. This to-do also has a firm year-end deadline.

Members of health plans with flexible spending accounts (FSA) should check whether they must spend FSA funds during the current year. Some plans have a grace period of two and a half months into the next year. Others may allow for a $500 carryover to use next year. If yours is "use it or lose it," consider accelerating eligible health expenses.

If you own stocks, bonds, mutual funds or other investments that have lost value, consider asking your tax planner about selling them before year-end. This is sometimes referred to as tax-loss harvesting. The resulting loss may shelter gains on other investments from income taxes on next year's return — if you record losses by Dec. 31.

Optional Year-End To-Dos

In addition to these must-dos with firm year-end deadlines, there are might-dos. For instance, you should probably consider maxing out contributions to IRA and 401(k) accounts, but you have until next tax filing deadline to do so. "A lot of people think you have to make their IRA contributions by December 31 when actually you don't have to make it until April," noted Dolph Janis, owner of Clear Income Strategies in Charlotte, North Carolina.

As a general recommendation, Janis asks clients to do an annual financial checkup in December, evaluating progress toward spending, saving, investing and debt-reduction goals. "Do an end-of the year review and ask if you've accomplished the things you want to accomplish for this year and what you want to accomplish for next year," he suggested.

Consolidate Debt

If you have high interest debt sitting around that you've been meaning to address, a debt consolidation loan may be a consideration before the year is up.

It's one of many ways to save money, which is a common New Year's resolution.

Having as much of your debt in one place, with one payment, could help you keep track of payments and perhaps better manage your budget.

Other optional to-dos may include funding health savings accounts, updating beneficiaries on insurance policies and other documents, consolidating accounts and checking tax withholding selections. You can do these any time. But December 31 is, if nothing else, a marker for getting off to a good start in the new year.

Randall "Dolph" Janis, founder and owner of Clear Income Strategies Group, has been in the retirement services industry for more than 11 years, building a strong network of satisfied clients in Charlotte, N.C. and surrounding areas. Dolph's goal is to provide fulfillment for the visions, hopes and dreams from baby boomers to seniors by providing common sense solutions for their retirement needs.

To contact Dolph call (704) 919-0149 or visit www.clearincomeforlife.com.