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Lynn's Top Five SMART PLANNING FOR TAX MANAGEMENT

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Just got the kids back in school? Still working on last year's tax return because you are on extension? Well, but believe it or not, there's no rest for you, because it's time to do your year-end tax planning and strategic tax moves! Here are a few to think about:
1) Have you paid in enough taxes to the IRS and FTB to avoid penalties? If not, it's time to adjust your withholding or supplement your estimated taxes. If you are paying in enough to avoid penalties, but still expect to owe more in April, do you have a game plan for having the cash on hand?
2) Many of you are employees who must fund your tax deductible plans via payroll deductions. If you are 50 or over, you may have neglected to elect the additional catch-up funding available to you ($5000 extra/year). Check how much you are putting into your 401(k) and annualize what you are on track to do between now and year end. If you are not meeting the maximum, adjust your systematic contributions to be sure you hit your target for maximum deduction.
3) Check out your year-to-date capital gains and losses. Might this be the last year we see such preferential gain rates? Do you want to take more gains this year? Or perhaps you have losses that it would make sense to harvest? After netting gains and losses you can use excess losses up to $3000/ year against ordinary income (carry forward the balance of losses to future years). Don't forget to include estimates of year-end mutual fund distributions in your after tax accounts in your planning.
4) Do you have the opportunity to have your 401(k) funds be ROTH vs. traditional contributions? If so, think about how much retirement income you'll have coming in from pre-tax sources. Maybe it's time to think about beefing up your future tax-free retirement income. The cost? You lose the deduction today on contributions. The benefit? Not only will your capital come back to you tax free during retirement, but so will all the growth on that capital!
5) Many of you gift stock at the end of the year to your favorite charities. Think about the timing and don't just wait until December. If your favorite stock to donate is hitting all time highs now, lock in the deduction at these higher values and donate before the mad crush at the end of the year! Your charities will thank you, too, for helping them out now and helping them avoid the paperwork and administrative overload that typically hits them in December. So, don't be shy! Jump into the planning pool now. Do be careful of those sharks, though --- especially our favorite version of Jaws: the Alternative Minimum Tax! Not sure you have the time or expertise to chart this course alone? Your tax pro and financial advisor can help you navigate these waters. Happy planning!

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