

Regroup & Refocus to Save Taxes Before Year-end

Cheer up tax procrastinators! November is not too late to regroup and refocus your tax planning efforts before year-end.

Start by examining your withholdings and estimated tax payments to make sure you are not heading toward a penalty.

Remember to consider any life changes this year; a change in marital status, dependents, or job can put your withholdings out of whack. Are your gifts to charity or retirement plan contributions on track? If you have been putting these off, there may still be time to get back on schedule.

Once you know where you stand, there are several things you can do to refocus your tax-saving efforts. For one, zero in on your taxable portfolio. Taxpayers with capital gains this year should consider harvesting some capital losses to offset those gains. This is particularly important with the new Medicare surtax on net investment income, which is a tax of 3.8% on the lower of net investment income or excess modified adjusted gross income above \$200,000 for singles and \$250,000 for joint filers. Taxpayers with long-term appreciated stock might consider donating some to charity to score a tax deduction equal to the stock's market value.

You can also help reduce taxable income by what you put into your portfolio. Tax-exempt municipal bonds pay interest that is excludable from taxable income and the Medicare surtax. Also be aware that many mutual funds pay their annual dividends in December, so before you purchase anything this time of the year, check to determine the impact on your taxes. Another strategy is to put some of your discretionary funds into your child's education savings account or Section 529 account.

This time of the year it's all about lowering taxable income and raising deductions. Taking some strategic steps now might pay big dividends come tax time.

If you are interested in professional assistance with tax planning, projection, or preparation, see our web site at <http://mangoldcpa.com/tax-services.asp> or call our office to request a free thirty-minute appointment to discuss if we can help you.