

Planning for the year-end

The end of the year is quickly approaching and your to-do list is probably growing. Along with holiday preparations, add tax planning to your year-end list, including charitable giving arrangements and planning for an IRA rollover if suitable for your personal situation. Although tax time isn't until April 2015, there are a number of smart steps you can take now to get ready.(1) Doing so, with the help of a tax advisor and financial advisor, will help you position yourself to meet your financial goals in the new year and beyond.

Here are a few year-end planning tips to think about:

TALLY UP. Determine whether short- or long-term gains and losses need to be addressed to help minimize your taxes. You and your advisor may be able to use tax-loss harvesting to offset realized gains. Remember, December 31 is the last trading day of the year.

REBALANCE. You may need to rebalance your asset allocation in light of recent market movements, life changes, updated goals or even just to keep in line with your original objectives.(2)

MAX OUT. Consider whether you are maxing out your contributions and catch-up contributions, if eligible, to retirement accounts as well as any educational savings contributions.

TO CONVERT OR NOT TO CONVERT. Talk to your advisor about whether a Roth IRA conversion makes sense.(3)

TAX CHANGES. The American Taxpayer Relief Act changed the tax landscape for just about everyone. Changes impacted income tax brackets, capital gains and dividend taxes, Medicare taxes, limitations on itemized deductions, the alternative minimum tax, and estate and gift tax exemptions. Talk to your tax advisor about what affects you.

A GIVING PLAN. Consider whether your charitable contributions of cash, securities or other tangibles are capitalizing on current tax laws, if you itemize deductions. If you don't have a charitable plan and would like to, work with a financial advisor to determine the best plan for you, such as a donor advised fund.

MIND YOUR BUSINESS. If you are a business owner, take time to determine whether you are eligible to make additional contributions to your retirement plan and how to best control income and deductions for 2014 tax purposes.

EXPIRING TAX PROVISIONS. A number of individual and business tax provisions - like the deduction of sales tax on major purchases - expired at the end of 2013. If appropriate for your personal situation, take advantage of the benefits for the 2014 tax year.

LOOK TO THE FUTURE. Use this time to take another look at your estate planning objectives, and think about whether you should gift assets to reduce future estate taxes. Don't forget to review any trusts, wills, retirement accounts and insurance policies, among other important documents, to make sure they are up to date and reflect any changes to beneficiaries.

ORGANIZE DOCUMENTS. Although your tax documents won't begin arriving until after the end of the year, get organized with folders to store your tax documents and make it easier for tax preparation time.

Year-end tax planning can be a complex process, particularly in today's environment. Don't fret. Act now and take it one step at a time. And while this isn't a comprehensive list, these year-end planning ideas are intended to help you launch the process and begin discussions with your financial advisor.

1Raymond James does not offer tax advice.

2The process of rebalancing may result in tax consequences.

3Rolling from a traditional IRA into a Roth IRA may involve additional taxation. Unless certain criteria are met, Roth IRA owners must be 59½ or older and have held the IRA for five years before tax-free withdrawals are permitted. Additionally, each converted amount is subject to its own five-year holding period. Please consult your tax advisor for questions regarding your tax situation.



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