



Year End Planning!

5 Nice Ways to Save Money on Taxes

By
Teresa Bear

CERTIFIED FINANCIAL PLANNER™, CPA
Investment Advisor Representative





Teresa Bear

Making a List – of Nice Things for your Finances.

In this busy time of year, it's tough to focus on money issues. However, some things just can't wait until January. Here are five things to do in December to take advantage of tax and financial rules to make next year a more prosperous year.

Take tax losses – As I write this article at the beginning of November, the stock market has reached another all time high last week. It is likely that if you've invested in stocks, you have made money this year. However, you may also have some losers in your portfolio. If this is the case, you

may want to investigate selling them to offset gains that you have elsewhere in your portfolio. If you like the company and believe that the long-term prospects are good, you can always buy the stock back in January. Just make sure that you wait at least 31 days to avoid the "wash sale" rules.

Say goodbye to estimated taxes with form W-4V!

One of the ironies of retired life is that paying your taxes may be more complicated than when you were working. When you were working, you likely had most of your tax liability withheld from your wages and reported on form W-2. When your employer is no longer paying taxes on your behalf, it's up to you to find another way to pay your federal taxes. Many CPAs use form 1040-ES, which requires taxpayers to send a quarterly payment to the IRS. This can be time consuming and cumbersome. To avoid this headache, I use the IRS Form W-4V to withhold the annual tax liability from my client's Social Security payments. To find out if this will work to simplify your life, check with your local Social Security office, your tax preparer, or visit www.irs.gov/w4v. It doesn't work for everybody, but many retirees can utilize this method of paying their taxes instead of having to worry about making those pesky estimated tax payments.



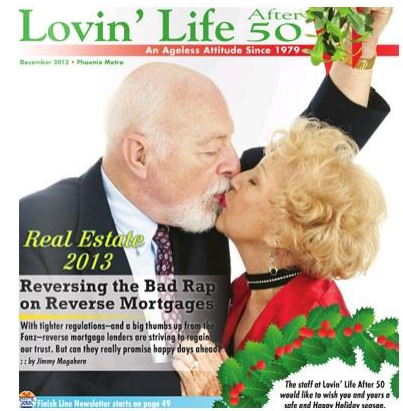
Make sure that Uncle Sam doesn't put coal in your

stocking next April. If you were born before July 1, 1943, and have a 401(k) or IRA account, you are subject to the rules regarding required minimum distributions. The penalties if you **DON'T** take your distribution out are **HIGH** – 50% of the distribution that you should have taken. So be sure to get the money out before the end of the year. Keep in mind that some administrators have a December 15th cutoff date for processing payments. Don't wait till New Year's Eve to get this done. Also, you may want to investigate setting up automatic required distributions from your account while you're setting up your required distribution this year. Some providers will automatically calculate and send you your RMD each year.

Be True to Your School –The Arizona state school tax credits are one of the best deals around. When my son graduated from the New School of Arts and Academics in Tempe (Yes, this is a shameless plug for the school), he asked me to continue to make donations to the school that he attended and loved. For those of you who have grandchildren or want to support a neighborhood school, this is a great way to provide additional funds to a school that you care about. You receive a federal tax deduction (if you itemize) and a direct dollar for dollar credit on your Arizona state taxes. There are credits for public as well as private schools.

Help Those Less Fortunate – This time of year is often the time when people focus on the needs of those less fortunate than themselves. Food banks and shelters are often overwhelmed with merchandise gifts this time of year, but green cash is always welcome. The State of Arizona assists in your philanthropy by allowing you to take a credit for charities that help the working poor. There are many charities that qualify. The complete 13 page list is found at <http://www.azdor.gov/TaxCredits/QualifyingCharitableOrganizations.aspx> Like the school credits, you will receive a dollar for dollar credit against your taxes. The State of Arizona is allowing you to be generous on their behalf. It's a win/win situation for you and the charity of your choice.

Best wishes for a joyous holiday season and have a prosperous New Year!



Originally appearing in
Lovin' Life After 50
December 2013 Issue

Teresa Bear, CFPTM, CPA, MBA, IAR



Teresa Bear specializes in retirement planning and asset preservation for retirees and their loved ones. She is president and CEO of JC Grason of Mesa LLC. Teresa works primarily in the Phoenix Metro area and has offices in Mesa and Chandler.

Teresa has been helping families and retirees reach their financial, tax, retirement planning, and estate planning goals for over 25 years. She is legally bound to uphold the highest level of fiduciary standards when providing investment advice to her clients.

Author of the book, *She Retired Happily Ever After*, Teresa is committed to educating clients and assisting them in reaching their financial goals.

www.TeresaBear.com

480-503-0050

Certified Financial Planner Board of Standards Inc. owns the certification marks CFP(R), CERTIFIED FINANCIAL PLANNER(tm) and federally registered CFP (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements. Investment advisory services provided by Brookstone Capital Management, LLC., a SEC registered Investment Advisor. In no way should this article be deemed as advice for any individual circumstance or situation