ADVISOR VIEWS

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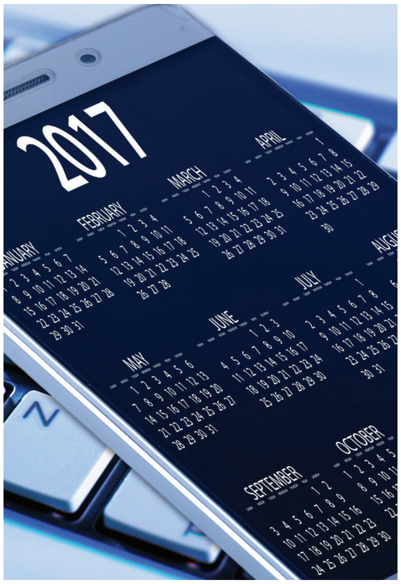
FINANCIAL SERVICES



A feature from **Eide Bailly**. *Advisor Views* offers timely investment news and market updates designed to keep you informed, while attempting to enhance your overall investment experience.

AS YEAR-END APPROACHES...

If you're like many, the last months of the year may have you thinking of colder weather, holiday traditions, and spending time with family and friends. But year-end is also a good time to take a look at your finances. Before the ball drops on New Year's Eve, consider implementing some strategies that may help you to be better positioned financially for 2018, and potentially beyond.

Maximize Retirement Account Contributions

In our opinion, one of the easiest ways to potentially reduce taxes, while helping to build wealth over time, is by maximizing contributions to your employer sponsored qualified retirement plan. For 2017, participants can contribute up to $18,000 to their plan, while those age 50 or older are eligible for additional catch-up contributions of $6,000,[1] for a maximum contribution of $24,000.

For those with Individual Retirement Accounts (IRA), contributions of up to $5,500 may be made for 2017 with additional catch-up contributions of $1,000 for those 50 or older.[2] Unlike 401(k) plan contributions that must be made prior to year-end, IRA contributions may be made up until the April 2018 deadline for filing your 2017 tax forms. While IRAs may be a great way for many to save for the future, bear in mind that deductions for contributions may be limited if you or your spouse are covered by a retirement plan at work, and if your income exceeds certain levels.

Benefit from an HSA

For those who participate in high deductible health care plans, a companion Health Savings Account, or HSA, can help them save for out-of-pocket health expenses in a tax advantaged way. For 2018, HSA participants can make pre-tax contributions of up to $3,450 for individuals, and $6,900 for families. Those age 55 or older can contribute an additional $1,000.[3] When participating in an HSA, your contributions help reduce your current taxable income, and earnings on the contributions grow tax-free over time. Withdrawals may be made tax-free, as well, provided they are used to pay for qualifying medical expenses. Lastly, there is no timeframe in which HSA contributions must be used; contributions can continue to accumulate in the accounts to cover medical expenses that may be incurred in the future.

Let Long-Term Capital Gain Rates Work for You

When selling securities in a taxable account, consider the securities you've held for a year or more. While the gains on securities held for less than a year are taxed at ordinary income tax rates, the gains on securities held for at least one year may benefit from more favorable long-term capital gains tax treatment, thereby reducing the amount of tax that may be owed on the gain.

For example, based on current capital gain tax rates, investors in the lowest tax brackets may not pay any tax on the gains when selling securities that have been held for a year or more. Similarly, those in higher tax brackets will typically pay a 15% long-term capital gain rate, while those in the highest tax bracket are subject to a 20% rate. While still a taxable event, the rates may be lower than the ordinary income tax rates that may be applicable if a security was held for less than a year.[4]

Look for Tax Losses

With the year coming to a close, this may be a prudent time to work with us to identify opportunities for tax loss harvesting. With tax loss harvesting, capital losses can be used to offset any realized gains in your portfolio in a given year, thereby eliminating the tax that may be owed on the gain. Additionally, if your portfolio has no gains, $3,000 of capital loss can be used each year to offset ordinary income. If, however, after offsetting any capital gains or eligible ordinary income you still have "unused" losses, you can carry them forward indefinitely to lessen taxes in subsequent years.[5]

continued...

[1] www.irs.gov
[2] Ibid.
[3] https://www.fidelity.com/viewpoints/personal-finance/2017-year-end-financial-housekeeping
[4] http://www.schwab.com/public/schwab/nn/articles/Taxes-Whats-New
[5] http://moneyover55.about.com/od/taxtips/a/losscarryover.htm

Consider Charitable Giving

Donating to a favorite charity before year end may also help to shrink your tax bill in 2017 while supporting a cause or organization that may be important to you. While many think of charitable giving in terms of monetary donations, a donation of low basis stock may help to lower your current tax obligation, while also disposing of an asset that may be subject to capital gain taxation in the future. Regardless of whether your gift is in the form of cash or a security, be sure the group you are supporting is considered a qualified organization by the IRS in order to be able to benefit from a tax deduction.

Manage Your RMDs

For those age 701/2 or older, required minimum distributions or "RMDs," are typically required to be taken each year prior to December 31st. If you just turned 701/2 in 2017, however, you can delay your first RMD until April 1, 2018, but if you choose to do so, you will be required to take a second distribution by Dec. 31, 2018.

It's important to manage your RMDs in order to avoid missing the deadline for withdrawals. Unfortunately, missing the deadline can be a costly error given that the IRS can charge a penalty of up to 50% of the amount that should have been withdrawn.

Review Medicare Coverage

When considering Medicare coverage, there are two important time periods to keep in mind: when you are eligible to initially enroll in the program, and the annual period known as open enrollment.

The period for initial enrollment is a seven month window that opens three months prior to the month you turn 65, and extends for the three months that follow. Unless you have coverage through an employer sponsored health care plan, or you are covered under a spouse's plan, you will likely want to enroll during this initial period in order to avoid a potential penalty for late enrollment.[6]

During initial enrollment, you can sign up for original Medicare, which includes Medicare Part A, a free part of the program that covers hospital costs, and Part B that has a monthly premium, that covers outpatient services. You can also choose a Medicare Part D prescription drug plan.[7] Many also choose to purchase Medicare Supplement Insurance – also known as a Medigap policy- that can help pay for some of the costs that original Medicare doesn't cover, such as copayments and deductibles.

Yet another option is a Medicare Advantage Plan, also known as Medicare C. This plan covers hospital and outpatient service costs, and may cover prescription medication costs, as well as costs for vision and dental services. While Advantage plans may be less expensive than original Medicare, participants will likely be restricted to service providers within the network.[8]

Once enrolled, be mindful of the annual Open Enrollment Period that runs from Oct. 15th – Dec. 7th. Because insurance companies may make changes to Medicare plans that could affect costs or coverages, we believe you should review your plan each year during open enrollment. Use this time to review your current plan - whether original Medicare with a Medigap policy, or an Advantage Plan - to ensure you have adequate coverage at an acceptable cost. If you find that you would be better off with a different plan in the coming year, open enrollment is the time to make any changes that you feel will better meet your future health care needs.

While year-end can be a busy time for many, we believe it's important to pause and consider what you may need to do from a financial perspective, so that you have a greater chance of achieving success in the new year, and in all the years that follow. Please contact us with questions, or if you require assistance in any way.

[6] http://www.investmentnews.com/article/20171002/FREE/171009992/stay-up-on-medicare-enrollment-with-annual-reviews
[7] Ibid.
[8] Ibid.