Re: Year-end letter for individual clients

As this year is ending, now is the time to take a closer look at your current tax strategies to make sure they are still meeting your needs and take any last-minute steps that could save you money come tax time. Now is also a good time to start planning for next year.

Here's a look at some of the issues we're recommending clients consider as they begin their end-of-year review.

Key tax considerations you should be aware of

By now, we're in full swing under new tax laws. The Tax Cuts and Jobs Act (TCJA) was signed into law at the end of 2017, with taxpayers seeing the real affects when they filed their returns in 2019. This legislation has made a profound impact on many taxpayers and has created new planning opportunities. Here are a few items to note:

- Deductions — Due to the increase in the standard deduction, many individuals did not itemize their deductions last year. While this may seem like a simplification for some, there are still strategies to consider. For example, we can help you navigate whether it makes sense to "bunch" deductions, such as charitable contributions.
- Withholdings — You may have experienced a surprise when you filed your tax return. This was likely because your withholding adjustment may not have reflected your actual tax situation. Now is a great time to look at your projected tax. Doing this will help avoid unwanted penalties/interest as well as help you plan for cashflow needs. There is time to adjust your withholding before the end of the year.
- Qualified business income deduction — If you own a business or a rental property, you likely discussed this deduction (a potential 20% deduction on business income) with us last year. There are several reasons why year-end planning is particularly important for this deduction. The deduction can be limited based on taxable income, which means that planning for minimizing income can be important. Also, for rental property owners, there

are requirements that may need to be satisfied before the end of the year for you to take this deduction. We can help you navigate this complexity.

- Divorce settlements — If you had a divorce or separation that recently was finalized, any alimony paid or received will not be deducted or included in income. Contact us if you have questions about how this will affect your tax liability.
- Kiddie tax — Based on changes in the tax law, the tax on children's investment income (known as "kiddie tax") is now calculated at the trust and estate tax rates. There can be alternatives to filing a separate tax return based on the amount and type of income, and we can help you determine the best strategy.

Fraudulent activity remains a significant threat.

Our firm takes security very seriously and we think you should as well. Fraudsters continue to refine their techniques and tax identity theft remains a significant concern. Beware if you:

- Receive a notice or letter from the Internal Revenue Service (IRS) regarding a tax return, tax bill or income that doesn't apply to you
- Get an unsolicited email or another form of communication asking for your bank account number or other financial details or personal information
- Receive a robocall insisting you must call back and settle your tax bill

Make sure you're taking steps to keep your personal financial information safe. Let us know if you have questions or concerns about how to go about this.

The Affordable Care Act (ACA) and your taxes

Recent tax law changes repealed the penalty that the ACA imposes on individuals who do not have health insurance. However, other aspects of the ACA still are in place. Contact us if you have questions about how this affects you.

Be sure your retirement planning is up to date.

We recommend you review your retirement situation at least annually. That includes making the most of tax-advantaged retirement saving options, such as traditional IRAs, Roth IRAs and company retirement plans. We can help you determine whether you're on target to reach your retirement goals.

Year-end planning equals fewer surprises.

There are many other opportunities to talk about as year-end approaches. And, many times, there may be strategies such as deferral of income, prepayment of expenses, etc., that can help you save taxes. We are here to help.

Whether it’s working toward retirement or getting answers to your tax and financial questions, we’re here for you. Please contact our office today at 615.206.0360 if you have any questions. As always, planning ahead can help you minimize your tax bill and position you for greater success.

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