

December 2017

## End of Year Check List – Naughty or Nice?

*He's making his list and checking it twice. Are you?*  
Make this year-end check list a gift to yourself.

### **Tax Overhaul – What you can do in 2017:**

In light of the latest tax overhaul, millions of Americans will change the way they calculate deductions when filing taxes. With state and local tax deductions being capped at \$10,000 and an increase in the standard deduction (\$12,000 for single filers and \$24,000 for married couples filing jointly), affected tax payers will not get value in itemizing deductions. Considering these changes, here are a few ways to be proactive with your tax bill in 2017:

- ✓ **Accelerate Donations:** Make charitable contributions in 2017 that you won't be able to itemize in 2018.
- ✓ **Bunch Future Donations:** This is for those who plan to make charitable contributions in 2018 and beyond. If your donation will not increase your deduction above the standard deduction, save your donations for a year in which your donations will allow you to deduct more than that of the standard deduction.
- ✓ **Utilize a Donor-Advised Funds:** An investment account for the sole purpose of contributing to charitable organizations you care about. You can contribute cash, securities or other assets (such as bitcoin) into a Donor-Advised Fund and grow your donation tax free before contributing to the 501(c)(3) of your choice. In most cases this would allow you to take an immediate tax deduction.
- ✓ **Gift Your Stock:** Considering recent market growth, donate appreciated investments such as appreciated shares of stock. The donor is able to immediately deduct the full market value (up to certain limits) without paying capital-gains tax on growth.
- ✓ **Make your Mortgage Payment in 2017:** If you will have a mortgage payment due January 1, 2018, pay it by December 31 for 2017 deduction purposes. This is in light of the future \$10,000 per return cap on state and local tax deductions (SALT).

### **Save:**

A qualified retirement account like a 401k allows you to save large sums of money on a tax deferred basis. For the year 2017 an individual can save up to \$18,000, with an additional catch up contribution of \$6,000 for those 50yr or older. Saving today is the most impactful means for you to



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grow your retirement savings, as a bonus you are able take advantage of the tax benefits that come with contributions. See the impact of saving using our retirement calculator - ([humaninvesting.com/calculator](http://humaninvesting.com/calculator))

### **Rebalance your portfolio:**

Avoid unnecessary risk, take a moment to rebalance your retirement accounts and reassess your investment allocation. With stocks<sup>1</sup> up 15.46% and bonds<sup>2</sup> up 2.02% annualized over the last 5 years (see graph), you could be taking on some additional risk with an out of balance retirement account. Taking the time to rebalance your portfolio can help disperse some of this risk.



This graph shows \$10,000 invested in both Vanguard Total Stock Market Index Fund Admiral (VTSAX)<sup>1</sup> and Vanguard Total Bond Market Index Fund Admiral (VBTLX)<sup>2</sup> in December 2012. \$10,000 invested in stocks would have grown to over \$20,000 while bonds would have grown to just over \$11,000.

Unsure about your investment portfolio? Want to make sure that it aligns with your goals and timeline? Human Investing has tools to help.

### **Contribute to your Health Savings Account (HSA):**

For those in high-deductible health insurance plans you can save \$3,400 pre-tax dollars to your HSA. Have a family? You can save \$6,750. Age 55 or older? Save an additional \$1,000. To learn more about the cost of health care at retirement and the advantage of the triple tax benefit of a Health Savings Account see here - (<http://humaninvesting.com/3-ways-to-plan-for-healthcare-in-retirement/>).

### **Contribute to a 529:**

Such contributions must be made before the end of the year to take advantage of any state-income-tax benefits or to be eligible for the federal gift-tax exclusion. Starting in 2018 per the tax overhaul, 529 accounts can be used not just for college education but also K-12 expenses.

### **Call Human Investing:**

Let's Talk. Human Investing is here to help. 503.905.3100

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