



## **Tax Strategies**

Planning ahead to reduce your federal income tax is a smart financial strategy. Below are some general categories and descriptions for common strategies utilized by United States taxpayers. It's important to consult with a tax professional or financial advisor who can provide personalized advice based on your specific financial situation.

### **Contribute to Retirement Accounts:**

Maximize contributions to tax-advantaged retirement accounts like a 401(k) or an IRA. These contributions can reduce your taxable income.

### **Use Health Savings Accounts (HSAs):**

Contribute to an HSA if you have a high-deductible health plan. Contributions are tax-deductible, and withdrawals for qualified medical expenses are tax-free.

### **Utilize Tax Credits:**

Look for tax credits you may qualify for, such as the Earned Income Tax Credit (EITC), Child Tax Credit, and Education Credits.

### **Itemize Deductions or Use Standard Deduction:**

Evaluate whether itemizing deductions (e.g., mortgage interest, property taxes, charitable contributions) or taking the standard deduction provides a greater tax benefit.

### **Invest Wisely:**

Consider long-term capital gains tax rates, which are typically lower than short-term rates. Hold investments for at least a year to qualify for these lower rates.

### **Tax-Efficient Investing:**

Use tax-efficient investment strategies, such as investing in tax-efficient mutual funds or ETFs and minimizing taxable events within your portfolio.

### **Tax-Loss Harvesting:**

Offset capital gains by selling investments with capital losses. Be mindful of the wash-sale rule.

### **Gift Tax Planning:**

Take advantage of the annual gift tax exclusion to transfer assets to family members without incurring gift taxes.

### **Maximize Business Deductions:**

If you have a business, explore eligible deductions, including business expenses, home office deductions, and retirement plan contributions for self-employed individuals.

### **529 Plans for Education:**

Contribute to a 529 plan to save for educational expenses, and in some states, you may receive a state income tax deduction for contributions.

### **Tax-Efficient Charitable Giving:**

Consider donating appreciated assets to charities, which can provide a deduction for the fair market value of the asset while avoiding capital gains taxes.

### **Tax-Efficient Withdrawal Strategies:**

Plan your retirement withdrawals strategically to minimize tax implications. This might involve a combination of taxable and tax-deferred accounts including the use of annuities.

### **Manage Taxable Income:**

Timing income, such as bonuses or capital gains, to minimize the tax impact in high-income years.

### **Roth Conversions:**

Convert traditional IRA or 401(k) funds to Roth accounts strategically over time to potentially reduce future tax liabilities.

### **Use Tax Professionals:**

Consult with tax professionals who can provide guidance on specific tax-saving strategies and ensure compliance with tax laws. If you need help finding a tax planner or CPA, we can help you locate this professional advice.

### **Stay Informed:**

Keep abreast of changes in tax laws and regulations to adapt your tax planning accordingly.

Remember that tax laws can change, and your individual circumstances may vary. Regularly review your financial situation and consult with a tax advisor to create a tax-efficient strategy tailored to your needs.

## **Disclosures**

The tax strategies discussed above shall not be interpreted as tax advice and there is no representation that such strategies will result in any particular tax consequence.

Before deciding on any approach, be sure to consider potential benefits and limitations of all options. These include total fees and expenses, range of investment options available, penalty-free withdrawals, availability of services, protection from creditors, RMD planning, and taxation of employer stock. Discuss rollover options with your tax advisor for tax considerations.

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