TIME-SENSITIVE Tax Saving Opportunity Before December 31.

THE 6 "HIDDEN" TAX SAVING OPPORTUNITIES OPENED UP BY NEW TAX RULES

A Free Guide to the Hidden Opportunities in Your Tax Return

Dear Taxpayer,

The new tax rules passed at the end of 2017 (formally called the Tax Cut and Jobs Act) radically changed your tax picture for the next few years.[1] Most Americans are going to pay less in taxes under the tax brackets, and a few are going to use this great opportunity to permanently lower the taxes they pay.

I want to emphasize that this is a limited opportunity. The new rules are scheduled to expire in 2025 (if they don't disappear sooner under a new administration), and most taxpayers will see a tax hike.[2]

However, this sneaky IRS move means you'll probably pay more in taxes even before they expire.

To reduce the impact of the new tax laws on government revenue, the IRS changed how it increases things like thresholds, deductions, and credits for inflation.[3] It sounds like a minor procedural move, but it's actually a big deal. In plain English, this change means that many taxpayers will "creep" into higher tax brackets as their incomes grow because the tax brackets themselves won't increase as much as they used to for inflation.

Bottom line: many taxpayers will pay more in taxes over the next few years due to this hidden tax increase. It might be only a few hundred dollars every year, but over time, even small tax increases add up! Unless you take steps now to reduce your taxable income.

I created this guide to help my clients and people like you take advantage of the new tax rules and save every penny they can in taxes. I've had the privilege of helping many retirees, pre-retirees, and investors make sense of tax laws and use them to build their wealth.

The current tax rates might be the lowest you'll see for the rest of your life, and I want you to make the most of them.

All 6 opportunities in this guide are actions you can take right now to potentially lower your taxes this year and in the years to come. I strongly recommend that you take this list, along with your tax return, to your CPA and financial adviser to see which tax reduction opportunities have opened up for you.

1. Bunch Deductions Now and Take the Standard Deduction Later

The new tax rules nearly doubled the standard deduction and did away with many write-offs, removing the tax benefit of itemizing deductions for most taxpayers.[4] However, an old accounting trick means you can still optimize your deductions under the new rules by "bunching" itemized deductions in a single year to get over the standard deduction threshold and then taking the standard deduction the following year—potentially maximizing your tax savings multiple years in a row.

2. Pre-Pay Your Medical Expenses

Have major medical-related expenses coming up? You can potentially maximize the tax deduction by pre-paying your out-of-pocket medical expenses for the year to get above the standard deduction amount and meet the 10% AGI threshold (and maybe even get a discount for paying up front). What kind of medical expenses qualify? A surprising number, including unreimbursed doctor fees, long-term care premiums, certain Medicare plans, and some home modifications.[5]

3. Give Money to Your Favorite Charity Right from Your IRA (and Reduce Your Annual Income)

The new law preserves your right to make Qualified Charitable Distributions directly from your IRA to a qualifying charity once you're 70½ and older. It'll satisfy your annual Required Minimum Distribution and allow you to exclude up to $100,000 from your gross income.[6] If you have a passion for philanthropy, there are a number of ways to structure your giving for maximum tax and family benefit. Want to know more? Just send me an email and I'll explain.

4. Lower Your Taxable Income with a Roth Conversion (But Do-Overs Are Done)

A Roth conversion is one of the best ways to permanently lower your taxable income in retirement by converting tax-deferred assets into tax-free assets and paying taxes on the conversion in an optimal tax year (like under today's favorable tax brackets). For example, if you're a married couple filing jointly and your household earned $250,000 in 2018, your effective tax rate is 17.13%, while it was 19.67% under the old rules.[7] Unless you expect your taxes to be lower in future years, now may be your best opportunity for a Roth conversion.

Under the old rules, you could choose to reverse a Roth conversion (called recharacterization) and eliminate the tax bill. That loophole is gone, meaning once you convert that IRA to a Roth, you don't get a do-over.[8] So you really have to look at all the variables and pick the right time for the move. I can help you review your options and choose the optimal strategy for you.

5. Review How You're Paying Your Investment Fees

Prior to the TCJA, you could write off some of the fees you pay for investment management. The TCJA did away with that deduction, but there are still ways to pay fees with pre-tax dollars, if they make sense in light of your overall financial goals and investment performance. That's why I run the numbers with my clients to potentially maximize the after-tax return on their investments—not just the market return.

6. Optimize Your Retirement Contributions

The most important step you can take right now to reduce your taxes this year may be to review how and where you're making retirement contributions. Why? Because you may be missing out on critical tax savings (and investment growth) if you're not optimizing your contributions. Depending on how close you are to retirement and your overall financial picture, you might be better off splitting contributions between retirement accounts or even diverting your contributions elsewhere to reduce debt (such as mortgage interest that is no longer deductible). I can help you run the numbers, if you'd like a professional opinion.

I can help you make the most of your tax opportunities under the new rules.

I'm a wealth manager who helps clients use the new tax rules to uncover opportunities, identify risks, and keep more of their money working for them. I also help my clients plan for future taxes and create a retirement income plan to help minimize the taxes they will pay.

If you are currently working with a financial professional, are they looking at your tax return?

They should be. If they're not talking to your CPA, neither expert has the full picture and you're missing opportunities to optimize your portfolio and pay less in taxes. I'm happy to work collaboratively with your CPA to make sure that you're making the right moves to minimize taxes and grow your wealth. If you don't currently have one, I've got several I can personally recommend.

Everyone's situation is different, and today's tax and retirement environment is extremely complex. **You have a limited window of opportunity to use the new tax laws to radically improve your tax picture now and for the future.**

I use sophisticated financial modeling software to show you exactly how your overall picture is affected by the new tax rules. I can also help project your future income and the taxes you'll owe to find opportunities to potentially maximize your tax savings now and permanently reduce the taxes you pay in the future.

I'd like to invite you to a complimentary meeting where we review your taxes, portfolio, and current financial strategies. It's 100% free. Just send an email to the address below with the subject line "I'd like to schedule a tax reduction appointment." My team and I will take it from there.

Your tax reduction partner,

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P.S. I highly recommend you act on this now. This is a very limited opportunity to take full advantage of these potentially massive tax savings. If you have any questions or would like to meet with me personally, please email me or call my office.

Sources & Disclosures

[1] https://taxfoundation.org/final-tax-cuts-and-jobs-act-details-analysis/
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https://www.taxpolicycenter.org/taxvox/hidden-tax-increase-big-six-tax-outline
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