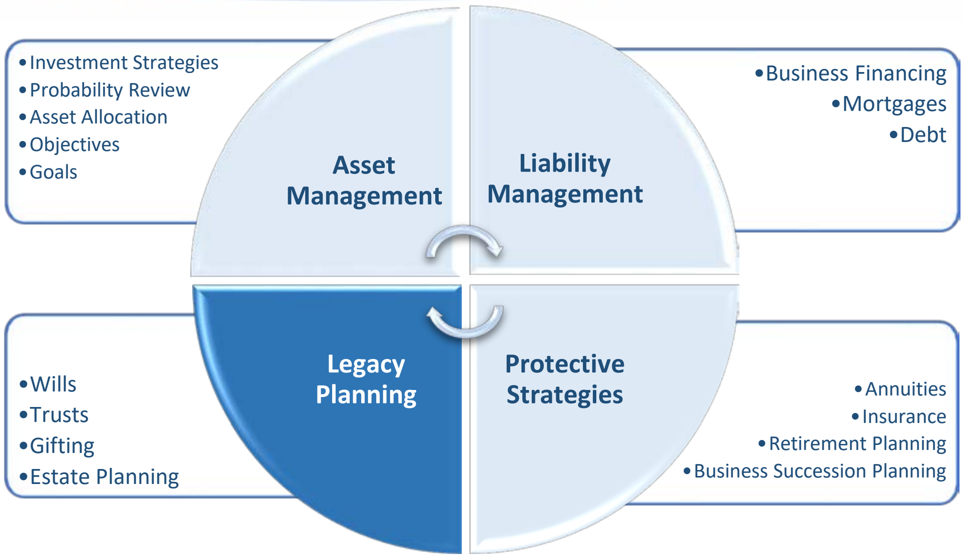
The Russell Group

4th Quarter 2018

THE QUARTERLY THEMATIC



Focus On What You Can Control

Over the past year, we here at The Russell Group have spent a lot of time discussing potential changes to the rules and regulations we deal with regularly, and how changes might affect our business and/or that of our clients. While different rule changes affect different individuals, our general advice to clients has been to *focus on what you can control* and let us worry about the rest. Given all of the recent and proposed future changes in regulatory policy and its interpretation, we thought we would recap some valid strategies that we know are available today versus postponing and potentially not being able to take advantage of them in the (ultimately unpredictable) future.

9 Year-End Action Items to Consider

With the holiday season in mind, we thought we would share the following reminders of year-end best practices to benefit your overall financial health. We have ready access to expanded materials on each of the following topics and would be happy to discuss them with you in further detail individually.

1). Top-off HSA

All contributions added to a *Health Savings Account* are 100% deductible, as long as they're made by the end of the calendar year.

- Individuals can save up to **$4,450** in 2018
- Families can save up to **$6,900** in 2018
- Individuals and families over the age of 55 can save an extra **$1,000** in 2018

2). Use all FSA Savings

If your company does not offer a grace period or allow the funds to carry-over, any money left in the *Flexible Spending Account* at the end of the year will be lost.

- Procedures to Consider:
  - LASIK Surgery
  - Chiropractic Care
  - Weight Loss Programs
    - Doctor Recommended
  - Non-Cosmetic Dental Care

3). Adjust Tax Withholding

If you got married, divorced, widowed or had a child in 2018, you should consider adjusting the *tax withholding* on your W-4.

- By withholding too much, you end up giving the government an interest-free loan.
- By withholding too little, you will owe the government more in April for not paying enough in taxes throughout the year.

4). Update Beneficiary Designations

You likely have multiple *beneficiaries* (primary, contingent) for multiple different assets and accounts. To protect yourself and your assets from the threat of an unexpected life event:

- Double-check all designations for accuracy.
- Confirm beneficiaries are aware of their positions (if desired).
- Submit updated beneficiary information electronically (for filing purposes).

5). Consider a Roth Conversion

The quickest way to get a significant sum into a Roth IRA is by converting a traditional IRA to Roth status. The conversion is treated as a taxable distribution from your traditional IRA, because you're deemed to receive a payout from the traditional account with the money then going into the new Roth account. So, doing a conversion before year-end will trigger a bigger federal income tax bill for this year (and maybe a bigger state income tax bill too).
However, today's federal income tax rates might be the lowest you'll see for the rest of your life - thanks to the TCJA (Tax Cuts and Jobs Act), In 2026, the pre-TCJA rates and brackets are scheduled to come back into force.

5). Max-out 401(k) Contributions

In order for 401(k), TSP, 403(b) or 457 Plan contributions to be tax deductible, they must be made by December 31st.

- Workers under age 50 can save up to **$18,500** in 2018
- Workers age 50+ can save up to **$24,500** in 2018
- At the very least, make sure you contribute enough to receive any employer match that might be offered by your firm
    - Don't leave *free money* on the table!

7). Donate to Charity

All *charitable contributions* for 2018 are due by (you guessed it!) December 31st.

- If you would prefer not to donate cash, consider gifting appreciated stocks.

8). Contribute to a 529 Plan

This holiday season, why not give the gift that keeps on giving? After all, an investment in education is still one of the best investments you can make.

- Any money contributed to a *529 plan* will grow tax-free and go toward helping your child or grandchild pay for qualified education expenses.

9). Use the IRS Saver's Credit

If you contribute to a qualifying retirement account, you may be eligible to claim the *Saver's Credit* – a tax credit worth up to 50% of contributions to a retirement plan or IRA.

- Individuals can save up to **$2,000** in 2018
- Families can save up to **$4,000** in 2018

As always, if you have any thoughts, questions or feedback, please don't hesitate to give us a call. We are always happy to hear from (and more than willing to meet with) you. **Thanks, and have a great 2019!**

The Russell Group

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