

2017 Year-End Tax Saving Strategies For Individuals

- Taxpayers who can claim itemized deductions this year, but won't be able to next year because of the high floor should consider accelerating discretionary or elective medical procedures or expenses such as expensive eyewear or dental procedures.
- Consider using a credit card to pay deductible expenses before the end of the year, even if you don't pay your credit card bill until after year end.
- You may be able to save taxes this year and next by applying a bunching strategy to miscellaneous itemized deduction, medical expenses and other itemized deductions.
- Postpone income until 2018 and accelerate deductions into 2017 to help overcome the income level adjustments for certain deductions and credits.
- Realize losses on stock while substantially preserving your investment position.
- Evaluate if you should delay purchasing mutual fund shares until after January 1, 2018 to avoid capital gains tax on brand new investments.
- Consider increasing your 401(k) and retirement account contributions. If you are 50 or older, take advantage of catch up contributions to retirement accounts.
- Dispose of passive activity investments to free up suspended losses.
- Take your Required Minimum Distribution (RMD) if you are past age 70-1/2 to avoid penalties.
- Contribute all or a portion of your RMD directly to a qualified charity to help reduce tax on social security as well as help overcome the income level adjustments for certain deductions and credits. You can donate up to \$100,000 as of 2017.
- Contribute to charities using appreciated stock in place of cash to reduce capital gains in your portfolio while generating an income tax deduction.
- Set up a donor advised fund for an immediate income tax deduction and provide complete control over current and future charitable giving.
- Gift up to \$14,000 per individual in federal tax free gifts for 2017. In 2018, amount is increased to \$15,000.
- Maximize contributions to your Health Savings account before the filing of your tax return in 2018.
- If selling property, consider using the installment method.
- Contribute to an Indiana 529 plan and earn up to a \$1,000 credit on state tax.