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SPECIALIZING IN INVESTMENT & RETIREMENT PLANNING
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Fall Financial Reminders

The year is coming to a close. Have you thought about these financial ideas yet?

As every calendar year ends, the window slowly closes on a set of financial opportunities. Here are several you might want to explore before 2015 arrives.

Don't forget that IRA RMD. If you own one or more traditional IRAs, you have to take your annual required minimum distribution (RMD) from one or more of those IRAs by December 31. If you are being asked to take your very first RMD, you actually have until April 15, 2015 to take it – but your 2015 income taxes may be substantially greater as a result. (Note: original owners of Roth IRAs never have to take RMDs from those accounts.)

Did you recently inherit an IRA? If you have and you weren't married to the person who started that IRA, you must take the first RMD from that IRA by December 31 of the year after the death of that original IRA owner. You have to do it whether the account is a traditional IRA or a Roth IRA.

Here's another thing you might want to do with that newly inherited IRA before New Year's Eve, though: you might want to divide it into multiple inherited IRAs, thereby promoting a lengthier payout schedule for younger inheritors of those assets. Otherwise, any co-beneficiaries receive distributions per the life expectancy of the oldest beneficiary. If you want to make this move, it must be done by the end of the year that follows the year in which the original IRA owner died.

Can you max out your contribution to your workplace retirement plan? Your employer likely sponsors a 401(k) or 403(b) plan, and you have until December 31 to boost your 2014 contribution. This year, the contribution limit on both plans is $17,500 for those under 50, $23,000 for those 50 and older.

Can you do the same with your IRA? Again, December 31 is your deadline for tax year 2014. This year, the traditional and Roth IRA contribution limit is $5,500 for those under 50, $6,500 for those 50 and older. High earners may face a lower Roth IRA contribution ceiling per their adjusted gross income level – above $129,000 AGI, an individual filing as single or head of household can't make a Roth contribution for 2014, and neither can joint filers with AGI exceeding $191,000.

Ever looked into a Solo(k) or a SEP plan? If you have income from self-employment, you can save for the future using a self-directed retirement plan, such as a Simplified Employee Pension (SEP) plan or a one-person 401(k), the so-called Solo(k). You don't have to be exclusively self-employed to set one of these up – you can work full-time for someone else and contribute to one of these while also deferring some of your salary into the retirement plan sponsored by your employer.

Contributions to SEPs and Solo(k)s are tax-deductible. December 31 is the deadline to set one up for 2014, and if you meet that deadline, you can make your contributions for 2014 as late as April 15, 2015 (or October 15, 2015 with a federal extension). You can contribute up to $52,000 to a SEP for 2014, $57,500 if you are 50 or older. For a Solo(k), the same limits apply but they break down to $17,500 + up to 20% of your net self-employment income and $23,000 + 20% net self-employment income if you are 50 or older. If you contribute to a 401(k) at work, the sum of your employee salary deferrals plus your Solo(k) contributions can't be greater than the afore-mentioned $17,500/$23,000 limits – but even so, you can still pour up to 20% of your net self-employment income into a Solo(k).

Do you need to file IRS Form 706? A sad occasion leads to this – the death of a spouse. Form 706, which should be filed no later than nine months after his or her passing, notifies the IRS that some or all of a decedent's estate tax exemption is being carried over to the surviving spouse per the portability allowance. If your spouse passed in 2011, 2012, or 2013, the IRS is allowing you until December 31, 2014 to file the pertinent Form 706, which will transfer that estate planning portability to your estate if your spouse was a U.S. citizen or resident.

Are you feeling generous? You may want to donate appreciated securities to charity before the year ends (you may take a deduction amounting to their current market value at the time of the donation, and you can use it to counterbalance up to 30% of your AGI). Or, you may want to gift a child, relative or friend and take advantage of the annual gift tax exclusion. An individual can gift up to $14,000 this year to as many other individuals as he or she desires; a couple may jointly gift up to $28,000 to as many individuals as you wish. Whether you choose to gift singly or jointly, you've probably got a long way to go before using up the current $5.34 million/$10.68 million lifetime exemption. Wealthy grandparents often fund 529 plans this way, so it is worth noting that December 31 is the 529 funding deadline for the 2014 tax year.

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