



Year-End Financial Checklist

By Year-End

- Take required minimum distributions (RMDs): If you're 70½ or older, you're required by the IRS to take RMDs from certain retirement accounts by December 31—or face a penalty equal to 50% of the sum you failed to withdraw. If you turned 70½ this year, you have until April 1, 2019, to take your first RMD, albeit with potential consequences (see “Take first RMD,” below).
- Reduce capital gains taxes: Any capital losses you realize before December 31 can be used to offset your gains. If your net losses exceed your gains, you can offset an additional \$3,000 of ordinary income; any losses beyond that limit can be carried forward to future tax years.
- Fund Health Savings Account (HSA): For 2018, those in high-deductible health-insurance plans can sock away as much as \$3,450 before taxes. For families, the figure is \$6,900, and those age 55 and older can contribute an additional \$1,000.
- Spend flex dollars: Unused funds in Flexible Spending Accounts are typically forfeited at year's end, so make sure to tap them for eligible health and medical expenses by December 31. Some plans offer a “grace period” of up to 2 ½ months to use FSA money. Other plans may allow you to carry over up to \$500 per year to use in the following year. Bottom line, check with your employer to confirm your plan's deadlines.
- Contribute to a 529: Such contributions must be made before the end of the year in order to take advantage of any state-income-tax benefits or to be eligible for the federal gift-tax exclusion.¹

By Next Spring

- Take first RMD: If you turned 70½ this year and decide to delay your first RMD, you have until April 1, 2019, to take it without penalty. Note that deferring your first RMD to the following year will mean taking two distributions in the second year, which could bump you into a higher tax bracket.
- File taxes: Tax Day falls on April 15 in 2019. Even if you're applying for an extension, you still must pay any taxes due by this date.
- Fund Individual Retirement Account (IRA): You also have until April 15, 2019, to max out your IRA for the 2018 tax year (\$5,500, or \$6,500 if you're age 50 or older).



Annually

- **Revisit tax withholding:** Changes in dependents, income and marital status can all affect your tax bill. Use the IRS's withholding calculator to ensure you're withholding enough—but not too much.
- **Confirm beneficiary designations:** Make sure your current designations are still in line with your estate plan.
- **Check your credit reports:** Under the Fair Credit Reporting Act, each of the national credit-reporting agencies is required to provide you with a free copy of your credit report, upon request, once every 12 months. Get yours at annualcreditreport.com.
- **If needed, restrict access to your credit report:** Under the Economic Growth, Regulatory Relief, and Consumer Protection Act, you can now place a freeze on your credit file for free with each of the three major credit reporting agencies. A credit freeze makes it harder for identity thieves to open new accounts in your name. It remains in place until you ask the credit bureau to temporarily lift or remove it altogether.
- **Review your insurance needs:** Make sure your loved ones and the things you've worked so hard for are protected. Ensure that there are no gaps in your home, auto, business insurance coverage. Check out Schwab's life insurance calculator.

The bottom line: Following a checklist of financial milestones can help set you up for success.

Source: Charles Schwab

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