TAX NEWS YOU NEED TO KNOW

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We can't believe how quickly 2018 has flown by! As we reflect on the past year, we are especially grateful for our clients. Thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time.

We are also very grateful for our growing team, associates, friends and family. We wish everyone love, peace and happiness during this holiday season and in the New Year!

If you have additional questions about the information in this newsletter, **contact us.** We appreciate you forwarding this newsletter to associates and friends who would benefit from the monthly news we provide and are looking for tax preparation and planning resources from a CPA firm.

Regards,
Rebecca Luers, CPA and Jan Dyer, CPA

Tax Filing Reminders

January 15

- 4th quarter estimated payments due

January 31

- Deadline to file Form 1099s

Take final year-end actions:

- Deductible gifts
- Capital gains/losses
- Charitable giving
- Dividend income

Last-Second Money-Saving Tax Moves

As 2018 winds down, there is still time to reduce your potential tax obligation. Here are some ideas to make your 2018 tax return less of a burden on your wallet:

1. **Accelerate expenses.** Individual taxpayers are on the cash basis for income tax purposes. This means your income is taxable when you receive it and expenses count when you pay them. Depending on your situation, shifting deductions between years can make a big difference on your tax bill. With this knowledge, making additional deductible payments prior to the end of the year may be a good idea. Examples include property tax payments, mortgage interest payments and charitable donations.
2. **Make effective use of capital losses.** Up to $3,000 in capital losses can be claimed each year to reduce your ordinary income. This loss limitation is calculated after netting all your capital losses against any capital gains. When

you have more losses than gains, up to $3,000 can be used to reduce your other income. With careful planning you can take advantage of this loss amount each year.

3. **Fund tax-deferred retirement accounts**. An easy way to reduce your taxable income is to fully fund retirement accounts that have tax-deferred status. The most common accounts are 401(k)s, 403(b)s and various IRAs (traditional, SEP and SIMPLE).
4. **Take advantage of the annual gift exclusion.** For 2018, you may provide gifts up to $15,000 to as many individuals as you wish without tax consequences. This could include gifts of cash or property, including investments. Taking advantage of the annual exclusion is a great way to lower your taxable estate.
5. **Give to charities.** Consider making end-of-year donations to eligible charities. Donations of property in good or better condition and your charitable mileage are also deductible. Receiving proper documentation that acknowledges your contributions is important to ensure you obtain the full deduction. Have a plan by knowing your total deductions for the year to help you decide how much to donate. Pulling some donations planned for 2019 into 2018 may be a good strategy.
6. **Donate appreciated stock.** By donating appreciated stock owned one year or longer to a favorite charity, you receive two benefits. First, you will not have to claim the capital gain on the appreciation of your investment. Second, you can claim the higher market value of the stock as your contribution amount. The procedure you need to follow to qualify your donation of appreciated stock is fairly strict. Ask for help from your broker and the charitable organization to ensure it is done correctly.

This is a short list of some of the ideas you can use to lower your tax obligation in 2018. If interested, please contact us for help with reviewing your situation.

Retirement Contributions Get a

Boost in 2019

For the first time since 2013, the IRS is raising the contributions limits for IRAs. The maximum contribution for 401(k) accounts and IRAs is increasing by $500 for 2019. If you have not already done so, now is the time to plan for contributions into your retirement accounts in 2019. Check out the tables below for the new contribution limits and Social Security increases:

Retirement Contribution Limits

Retirement Program	2019	2018	Change	Age 50 or older catch up
401(k), 403(b), 457 plans	$19,000	$18,500	+$500	add: $6,000
IRA: Roth	$6,000	$5,500	+$500	add: $1,000
IRA: SIMPLE	$13,000	$12,500	+$500	add: $3,000
IRA: Traditional	$6,000	$5,500	+$500	add: $1,000

Social Security

Item	2019	2018	Change	
Wages subject to Social Security	$132,900	$128,400	+$4,500	Annual Social Security employee tax: $8,239.80
Average estimated monthly retirement benefit	$1,461	$1,422	+$39	

Don't forget to account for any matching programs offered by your employer as you determine your various funding levels for next year.

Contact us for more information or help.

It's Your Money. Get it Back NOW!

According to Credit Karma, over $40 BILLION of unclaimed property is currently being held by state governments. That's a staggering amount of money - enough to buy half of the National Football League franchises. Not included in that figure is property sitting with federal agencies and other organizations. So what exactly is unclaimed property and how do you find out if you have any? Here is what you need to know:

What is considered unclaimed property?

There are two main types of unclaimed property:

(1) IOUs. Money that is owed to you that you haven't claimed.
(**2) Forgotten funds.** Money sitting untouched in an account for an extended amount of time.

Specific types of unclaimed property include back wages, life insurance, pensions, tax refunds, bank accounts, money orders, gift certificates and security deposits. For example, many states require banks to turn over funds from checking accounts that have been dormant for over three years.

Tips for managing unclaimed property

1. **Search state and federal databases.** Unfortunately, there is no master database to search for unclaimed property. There is a website called Missing Moneyendorsed by the National Association of Unclaimed Property Administrators (NAUPA) that can search most states at once, but each state maintains their own database. Be sure to check all states where you have been a resident. More information is provided online by the US government to help track down additional types of unclaimed property.
2. **Don't pay a company to search for you.** Companies are willing to search for unclaimed property for you, but will charge a fee. All unclaimed property data is public information, so anything a search company can find, you can find as well. In most cases, it's best to conduct the search yourself.
3. **Watch out for scams.** Be wary of any notices alerting you to unclaimed property that can be yours for a fee. Often times these scams will ask you to send them money with the promise of more money in return. The Federal Trade Commission (FTC) has some tips to help you spot an imposter.
4. **Take steps to avoid having your property become unclaimed.** The best way to keep your property is to prevent it from becoming unclaimed in the first place. Some ways to do this is to actively manage bank accounts, notify companies when you move, close old accounts, and read all of your mail so you don't miss a claim notice.
5. **File your tax returns.** Consider filing a tax return even if your income is below the requirements to file. Unclaimed refunds with the IRS usually happen when a tax return isn't filed with one of two situations: your employer withheld income tax from your wages or you qualify for a refundable portion of the Earned Income Tax Credit. The only way to know for sure is by filing a tax return for the year in question. If you have past tax returns to file, don't wait - overdue tax returns need to be filed within three years.

Any unclaimed property due to you is rightfully yours and should already be in your pocket. Perform regular searches to ensure that your funds aren't sitting in a government account.

Contact us for more information or help.

This newsletter provides business, financial and tax information to clients and friends of Luers & Dyer CPAs, LLP. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.

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