

'Tis the season: Yearend tax tips help those in retirement

By Scott M. Dougan

The holiday season is here, and as we get ready to spend time with family and friends it is also the time to make some strategic financial moves before yearend.

With proper planning, Boomers and retirees can take advantage of these tips to ring in the New Year with significant tax savings:

Consider a Roth IRA Conversion—If you have recently retired and have lower income to report than in previous years, now may be a good time to consider a conversion. You can convert small, partial amounts over a multi-year approach to stay within a comfortable tax bracket.

Utilize a Health Savings Account (HSA) – You may be eligible for a one-time rollover from a traditional IRA into a health savings account. The converted amount does not have to be claimed as income on current taxes, and the HSA will provide future tax-free income for any qualified medical expenses. You must have an eligible health insurance plan, and can only convert up to the annual contribution limit for 2014.

Max Out Contributions. At age 50, contribution limits to qualified retirement plans will go up to allow “catch-up contributions.” This includes up to \$23,000 to most 401(k) plans as well as \$6,500 to a Roth IRA or traditional IRA for you and for a spouse. Income limits will impact your options, so be sure to speak with a tax professional to identify the best strategy for your unique needs.

Correctly Calculating Required Minimum Distribution. If you turned 70 in or before the first six months of 2014, be sure to correctly calculate required minimum distributions for all qualified retirement accounts. Taking a withdraw late or for a lesser amount than required will result in a stiff 50 percent tax penalty in addition



to regular income tax on the amount that should have been withdrawn.

Qualified Charitable Distributions (QCDs). This provision allows anyone with Required Minimum Distributions to gift part or all of the mandatory withdraw to a qualified charity without claiming the income; plus, the charity receives the full amount. This provision expired at the end of 2013 but historically has been approved by Congress as a last-minute offering at yearend. And, while there is no guarantee that it will actually happen, you could still benefit from gifting as if the provision is already in place. If the QCD is not reinstated, you'll have to claim the distribution as income on your return and claim the contribution to charity as an itemized deduction.

By considering these tips as a part of your total financial plan, you will be well on your way to keeping and enjoying more of your hard-earned money in 2015.

Note: Information is not intended to provide specific legal or tax advice. You are encouraged to consult your tax or legal professional for guidance on your individual situation. BT

Scott Dougan is the founder and principal of Global Plains Advisory Group, a Prairie Village-based independent comprehensive wealth management firm.

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Al Lemieux
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Korea, Marines, rifleman in 5th Marines, 1st Marine Division, sergeant, 1950-1954. Served at capture of Punch Bowl above 38th Parallel, Combat Action Ribbon, other medals.

Buell Hoyt
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Cold War, pre-Vietnam, stateside, Army Special Services, 325th Base Post Office, sergeant, Played baseball on Army base team at Fort Leonard Wood. Served six years active and reserves.

Dave Walker
Lenexa



Cold War, pre-Vietnam, Army Medical Corps, stateside, E5, medical lab technician at Yuma Proving Grounds. Served from 1961-1963.

Jim Martin
Overland Park



Korean War, Fort Chaffee, AR, Army Medical Service Corps, pharmacy officer, first lieutenant. Served 1953-1955.

Phil Feehan
Overland Park



Korea, in country 1953-1954, Infantry, 45th Inf. Div., 180th Regiment, F Company, Purple Heart.

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