

Top Ten List of Tax Planning Ideas, Techniques and Precautions Which We Recommended and Used During the Past Tax Planning and Return Season

by Michael J. Knight

10. Why not have the grandparents pay for the grandchildren's college education? There is no annual gift limitation that applies, and you can successfully reduce the grandparents' estate while providing the children with the requisite education they'll need for the future.
9. Don't overlook utilization of passive real estate losses for real estate professionals. You may not be subject to current limitations.
8. What will you do if you become disabled? So often we hear that individuals have adequate life insurance, but have failed to obtain disability insurance. This may be something you can't afford to be without.
7. I know I have that receipt somewhere! Documentation, documentation, documentation - you better have those cancelled checks and confirmation letters from your charities.
6. What's an AMT? Alternative Minimum Tax. How did this happen on my tax return? I had so many deductions for employee business expenses, and I made certain that I prepaid all my real estate, property, and state income taxes, because I knew my income was going to be higher than in years past after I exercised all those incentive stock options. This little known tax could surprise high income earners with many deductions.
5. Check your federal and state withholding early in the year to avoid significant under- or over-withheld tax situations.
4. I wish there were a way for me to save more on a tax-free basis. My employer won't let me contribute any more to my 401(k), and I do the maximum nondeductible IRA. Answer - Variable Annuity (Of course, this is done with after tax dollars.)
3. No one told me that I would owe so much in taxes! Tax planning done well in advance of the end of the year or in the event of a major financial decision, will eliminate the surprise factor on April 15.
2. WE LOVE PENSION PLANS. Yes, we love pension plans, and it's important to understand that there are many options available. Many of these plans need to be established by year's end.
1. Talk to your CPA all year long. We can help guide you through a myriad of financial decisions.

What's Hot?

Does your employer or company grant stock options with rights which are transferable to members of your family? If so, you can give them away to members of your family, and there may be opportunities to defer income tax until the recipient exercises the options, or you can remove the options from your taxable estate at low gift tax cost.