

KNOW YOUR 1040

Financial planning is important in every stage of your life, but if you're nearing retirement, it's more crucial than ever. There are investment decisions to make, retirement income plans to establish and the needs of loved ones to address.

Your tax return is one of the few places where all your important information comes together. Review your 1040 with your financial advisor to see the big picture and identify potential retirement opportunities. Check out the tips on the following pages and work with your advisor to see where your 1040 might guide your financial plans.¹

Make Your Tax Season Easier

You only file a tax return once a year, but taxes affect you year-round. By preparing now for this year's taxes, you can make the next tax season a smoother ride.

- **DECIDE WHETHER TO ADJUST YOUR TAX WITHHOLDING.** What the government takes from your paychecks depends on how much you earn and how many tax allowances you've claimed (more allowances means less money taken). The IRS withholding calculator can help you determine how many allowances you should claim. Change your allowances at any time by submitting a new W-4 form to your employer.
- **KEEP TRACK OF DEDUCTIBLE EXPENSES.** Anyone can qualify for deductions such as charitable contributions and medical expenses that exceed more than 10% of your adjusted gross income (AGI). Just make sure you have proof to back them up. Keep a folder with your receipts and all paperwork related to your tax deductions or scan all your receipts and tax documents to make digital copies.
- **GET FAMILIAR WITH THE LATEST TAX LAW CHANGES.** Tax brackets often change slightly, as do the value and qualifications required for some tax deductions and credits. If you're on the bubble between two tax brackets, you may want to contribute more to tax-deferred retirement savings or make some charitable contributions to stay within the lower tax bracket and lose a smaller percentage of your income to the government.
- **SELF-EMPLOYED TIPS.** If you were self-employed in 2018, your 2018 tax return should indicate how much you should pay in each quarter based on your 2018 earnings, but you may need to set aside more or less if you expect your earnings to be higher or lower in 2019. Also, don't forget to deduct office expenses, travel, and office-related expenses.

Source | The Motley Fool, Take These Steps Now to Make the 2020 Tax Season Much Easier, April 2019

Talk with your advisor about these and other tax adjustments that may affect you.

¹ Representatives are not tax advisors. For information regarding your specific tax situation, consult a tax professional.

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