

5 WAYS TO REDUCE YOUR 2015 TAX BILL

FOLLOW THESE SIMPLE, DO-IT-RIGHT-NOW WAYS TO KEEP YOUR MONEY
IN YOUR WALLET

By: Claire Charlton - November 8, 2015

There are 40-something days until Dec. 31, just enough time to save a bundle in taxes come April 15.

"In October and November, everyone should be looking at plans they put together a year ago, make sure they implemented them or took advantage of changes and put together a plan for next year," says certified financial planner Russell Jones, managing member and owner of RMJ Financial in Canton.

What can you do right now to ease your tax burden? Here are some tips to get you started:

SPEND NOW, COLLECT LATER

"A general rule is to defer income until after Jan. 1 but accelerate deductible expenses," says Andrew J. Goldberg, attorney in private practice in Bloomfield Hills. Pay property taxes, make an additional mortgage payment and have deductible medical procedures. Do you have a January birthday? Renew vehicle plates in December. Put off collecting pay, commissions and bonuses that will contribute to this year's taxable income.

MIND YOUR RMDs

By April 1 after you turn 70 and a half, you must take required minimum distributions from your IRA or else face a stout 50 percent tax penalty. "As a simple tool, we encourage clients to set up RMDs on autopilot," says Marc Labadie, vice president and cofounder of CR Myers & Associates in Southfield. "Then, if you are on vacation or sick or have a life event, you don't get hit with a penalty if you forget."

GIVE GENEROUSLY

"Charitable contributions can always be used as a tax deduction," Jones says. Big names and most churches are 501(c)(3), but if you are unsure, then ask about tax status or do some research.

MAX OUT

Still working? Contribute up to \$18,000 pretax to your employ-

er-sponsored plan, plus an additional \$6,000 if you are 50 or older. "This reduces your taxable income dollar for dollar and beefs up your savings. If your employer matches, at least contribute up to that level," Labadie says.

KNOW YOUR BRACKET

Retirees benefit from a low tax bracket. If you travel or buy a car, for example, then draw the money from your retirement account, not savings account. "Chip away at those accounts when you are in a low tax bracket. Don't wait; chip away," says elder law attorney and retirement income planner Patrick Simasko, partner with Simasko Law in Mount Clemens.



Marc Labadie, co-founder and vice president of CR Myers & Associates, is a financial services expert specializing in wealth transfer from one generation to the next. Marc has more than 15 years of proven experience helping clients accumulate, preserve and pass on wealth.

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