

The INVESTMENT LETTER

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Year-End Financial Checkup

Before the ball drops on 2015, and we ring in the New Year, it's important to consider whether some of the following year-end money moves are appropriate for you. While time is running out, there are still a number of things you can do to improve your outcomes in terms of planning for the years ahead and from an investment and tax standpoint.

Our clients are never alone in this year-end push to improve outcomes. Investment Counsel works with our clients and their lawyers, CPAs and other professionals to achieve the best possible results. While our primary focus is, and always has been, on the investment side of the equation, the lines between investments and taxes often cross. There are a number of steps we take that also help lower your overall tax bill.

Our investment strategy is one of low turnover. That is we don't trade often. Trades typically lead to realizing capital gains and can increase taxes due, while also complicating your return. Sometimes trading is impossible to avoid and other times corporate actions like mergers, acquisitions or even dividends make some taxes unavoidable. We strive to manage these situations as best we can.

During the last part of each year we also seek out opportunities to offset realized gains with losses.

The idea being that capital gains taxes are decreased and in some cases avoided entirely. We typically start this process in late November or early December and where appropriate re-purchase the securities after the 30-day required period elapses.

Another, action that Investment Counsel takes is to make sure that our clients are not subject to unnecessary fees and penalties with regard to IRA accounts. Those clients that are over age seventy-and-a-half are subject to a required minimum distribution for 2015. Required minimum distributions, or RMDs, are withdrawals from certain retirement accounts that are mandated such that they can be taxed. We assist in making the actual money moves and also remind clients when they haven't met their annual RMD near the end of the year. Failing to take the minimum withdrawal can lead to penalties and taxes and the ire of the IRS.

The end of the year is also a good time to perform an annual financial checkup. Your financial health, just like your physical health, should be checked regularly to



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ensure such things as your insurance levels, debt, saving and spending habits are within acceptable levels. Checking your credit is also something we recommend you consider.

With technology advances the ability to steal credit card information has seemingly become easier than ever. Checking your credit report for inaccuracies and identity theft is a great way to combat that. There are many sites that can do this for you but **annualcreditreport.com** is free and includes all three major credit-reporting agencies.

In addition to your credit, also consider reviewing:

- Your emergency savings levels (3-6 months of expenses is typically recommended).
- Insurance coverage, particularly life insurance, and whether it is still adequate for your family's needs.
- Trust documents, living wills and other legal documents.
- Your family budget for the year ahead and review of the year past to identify any needed adjustments.
- Whether you are taking full advantage of IRA and 401(k) contributions.
- Charitable giving. Giving to charity can reduce your taxable income.
- Gifting to family members. There are annual limits of \$14,000 per recipient, but no limits on how many gifts a donor may make.

Taking a few minor steps, some of which we can assist with, can help close out the year in the best possible light from a financial standpoint. More importantly taking a few actions now will set you up for a great start to a prosperous and financially secure 2016! ■



INVESTMENT COUNSEL NEWS

Inside the Office

Recently we've been working to make sure our clients have taken their 2015 required minimum distributions (RMDs) from their IRAs. We've also minimized the capital gains that our client's taxable accounts have accumulated by maximizing the use of offsetting losses, where appropriate.

Outside the Office

Everyone at Investment Counsel wishes you and your family a happy, healthy and joyous holiday season and a very prosperous New Year!

