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Seven money moves to make before the end of the year

By: Jonnelle Marte
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The end of the year is a natural time to reflect on goals and set resolutions.

But some of the tasks you should get out of the way this month will have little to do with reading more or heading to the gym. December can be a good time to reassess saving strategies, get paperwork in order for your tax return and make other preparations. Here is a list of money moves to make this month:

Prepay bills. Do you have a kid in college? Still paying off your mortgage? Certain bills that may not be due technically until January can be paid this month to maximize tax breaks on your 2015 tax return. For example, paying January's mortgage bill now can increase the amount of [mortgage interest you deduct](#) on your 2015 tax return, says Kay Bell, a Bankrate.com tax specialist.

And some parents may be able to pay the spring semester of their child's college tuition in December instead of waiting until next year so that they can take advantage of the [American Opportunity Tax Credit](#). Taxpayers need to spend up to \$4,000 a year on qualified education costs to receive the maximum annual credit of \$2,500, which would reduce a person's tax bill. Up to \$1,000 of the credit is refundable, which means it can be added to your refund if you don't owe any taxes.



Sign up for health insurance. If you're buying health insurance through the state or federal insurance markets, you need to sign up by Dec. 15 to have coverage by Jan. 1. Signing up before the deadline can reduce the risk that you'll need to pay the [penalty for being uninsured](#), which next year goes up to \$695 per adult, or up to 2.5 percent of household income, says Mark Steber, a chief tax officer for Jackson Hewitt Tax Service. That's up from \$325 this year, or 2 percent of household income. Open enrollment is still going on for many employers as well.

Go to the doctor. If you haven't used up all of the money in your flexible spending account, a tax-deferred account that can be used for co-payments, prescription drugs and other medical expenses, then do that now. The account has a use-it-or-lose-it feature, which means people who don't spend the money now cannot roll the money over to next year. Some plans allow a grace period, giving people until mid-March to spend down the money, but now is the time to figure out how much money is left so that you can book those appointments, Steber says.

If you have faced a lot of medical bills this year but haven't spent enough to claim the medical deduction, think about taking care of other medical expenses now, such as dental work or other appointments you plan to have next year. Front loading those costs may help you qualify for the medical expense deduction, which requires that those costs add up to more than 10 percent of adjusted gross income, Bell says.

Up your retirement savings. If you haven't saved as much as you want to in your [401\(k\) plan](#) this year, contact your human resources department to see if you can sneak in one more large contribution before the end of the month, says Tommy Gletner, a senior vice president with SunTrust Private Wealth Management. The move can help lower your overall taxable income for 2015 and may lead to a bigger tax refund, he says.



If you can't make another contribution, or if you've already maxed out your account, you have until April 15 to contribute up to **\$5,500 to an IRA** and still have it be tax deductible on your 2015 tax return. December can also be a good time to assess your disposable income to see if you can afford to increase your retirement contribution rate for next year.

Push back your bonus. It's always nice to get some extra cash in time for the holidays, but for people on the high end of an income tax bracket, a bonus might lead to a higher tax bill. Check with your employer to see if you could receive the extra cash in January so that it would count as next year's income, Gletner says. Some employers may offer that flexibility.

Make charitable donations. Donations need to be made by Dec. 31 to be deductible on your 2015 tax return, so waiting until Christmas to make a contribution may be cutting it close, says Scott Bishop, director of financial planning for STA Wealth Advisors. Put checks in the mail now and ask organizations to deposit the money sooner rather than later, Bishop says. If you want to make larger commitments, say of several thousand dollars, but aren't sure exactly whom to donate to, consider opening a donor advised fund. It would allow you to take the charitable deduction for this tax year for the money put into the fund, but you can disperse the money to charities later on, Bishop says.

Review investments. Despite some dramatic movements over the summer, U.S. stock markets are pretty much flat from where they were at the beginning of the year. Still, that doesn't mean that some individual stocks or mutual funds aren't faring much better, or worse, than they were when you first purchased them. Investors should review their taxable portfolios outside of their retirement accounts to scan for stocks or funds they don't want to hold anymore.



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Those investments that have dropped in value and are sold can be used to offset any gains seen with other investments or to reduce your overall taxable income, says Zachary Cohen, vice president at US Trust Bank of America private wealth management. The end of the year can also be a good time to rebalance your portfolio to the target level of stocks versus bonds and other assets, which may have changed over the course of the year, Gletner says