

# CRITICAL TRANSITIONS WEALTH ADVISORS

## Lower Your Taxes this Year!

Although the year is quickly coming to an end, you still have time to reduce your tax burden. Here are several ideas that you may be able to use to save you money!

1. **Leverage pre-tax savings:** Check into the opportunities you have available to set aside income on a pre-tax basis. This may include; putting funds in your Health Savings Account (HSA), contributing to your employer's retirement program, checking out all employee benefits and reimbursements, etc.
2. **Accelerate Deductions and Defer Income:** Take some time to think about reducing your taxable income in this year or the next. It may make more sense to move more income into the current year and defer expenses if the tax rate is going to be higher next year. Some ways to reduce your taxable income include; delaying receipt of a bonus check, making a charitable contribution, making an extra house payment, etc.
3. **Minimize tax-exempt and tax-deferred investments:** If you are in a higher tax bracket, you will notice more tax savings from federally tax-exempt and tax-deferred contributions to 401(K)s, IRAs, 529 College Savings Plans, etc. Note that contributions may still be subject to state and/or local taxes.
4. **Harvest your gains and losses:** Any donation of appreciated stock can enable you to avoid paying tax on the capital gains of that donation. Additionally, you can offset ordinary income with investment losses up to \$3,000.
5. **Avoid Penalties:** Begin getting your tax records in order sooner than later to avoid costly penalties from the IRS! It is never too early to start planning.
6. **Make full use of your marginal tax:** Keep in mind that the US tax rates vary by dollar amount, so you should take advantage of a lower rate until you step into the next level. This is crucial to remember if you are taking money out of a retirement account.



This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.



## Making a Charitable Choice

The greatest benefit of charitable giving is the knowledge that you've helped make a difference in the lives of others. At the same time, charitable giving can also provide tax breaks, however be aware of the rules and keep track of what you've donated.

First, identify the charity you wish to support. With a little research, you'll soon find that there are many charitable organizations to choose from, supporting such causes as environmental protection, curing illness, or bettering the lives of children. What touches your heart the most? Next do some research. If you want to claim a tax deduction for your gift, you'll need to make sure that you're dealing with a registered charity to satisfy IRS rules. You can begin by contacting your local charity registration office (typically a division of your state attorney general's office) or your local Better Business Bureau (BBB). The BBB Wise Giving Alliance also provides independent evaluations of popular charities. These reports are available online at [www.give.org](http://www.give.org).

Rules for Giving - You're free to give as much to charity as you like. However, you'll need to follow IRS rules and keep records of your gifts to claim tax deductions. Monetary contributions are the easiest to report. Always pay via a check payable directly to the charity, not to the person soliciting the contribution or to a donation collection agency. Ask for a receipt, and save it along with your canceled check and your bank account statements.

A deduction is no longer allowed for monetary gifts unless accompanied by a bank record or a written receipt from the charity indicating the amount of the contribution, date of the donation, and name of the charity. If your contribution exceeds \$250 in value, either in cash, certain property, or out-of-pocket expenses that are attributable to volunteer work, you will also need to obtain a written description of your gift. This description must contain an acknowledgement from the charity of your contribution, a description of non-cash items donated, a statement of whether the charity provided goods or services in exchange for the donation, and - if goods or services were provided - a good-faith estimate of their value.

Charitable donations are an excellent way to reduce your taxes and make a difference in the lives of others. Remember, though, that charitable giving may be a year-round concern, not something you only think about during the holidays or at tax time.

For specific tax information regarding charitable giving, please refer to <https://www.irs.gov/charities-non-profits/charitable-contributions> or your qualified tax advisor.

## Peppermint Brownies!

Ingredients:

- 1 stick unsalted butter
- 1 cup granulated sugar
- 1/2 cup unsweetened cocoa powder
- 1/2 teaspoon sea salt
- 1/2 teaspoon peppermint extract or oil
- 2 large eggs
- 1/2 cup all purpose flour
- 1/2 cup chocolate chips (divided)
- 3 tablespoons peppermint crunch



1. Preheat oven to 325 degrees. Line a 9x9 baking dish with foil or parchment paper and set aside. Melt the butter in a medium sauce pan over medium low heat. Add sugar, cocoa powder, and salt. Stir well to combine. Continue to cook, stirring occasionally until the mixture is warm to the touch. Remove from heat and stir in the peppermint extract, then allow to cool for 5-10 minutes.
2. Add the eggs in one at a time, beating vigorously after each addition. Stir in the flour just until incorporated. Then, stir in the chocolate chips and peppermint crunch (save some for the top of the brownies).
3. Pour the batter into the prepared dish and spread evenly. Top with the saved chocolate chips and peppermint crunch. Bake for 20-25 minutes, or until the center is puffed. Cool completely on a wire rack. Enjoy!!!

## Merry Christmas!

On behalf of Critical Transitions Wealth Advisors, we want to wish you and your family happy holidays! We wish you and your loved ones health and happiness at this special time of year, and thank you for your friendship and trust all year round.

*"Christmas is a season for kindling the fire for hospitality in the hall, the genial flame of charity in the heart." - Washington Irving*





## Holiday Hours

- December 22, 23, 26 - Office closed for Christmas
- December 30 and January 2 - Office closed for New Year's



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