



# Tax planning

## Make Time for Mid-Year Tax Planning

by Lorraine R. Salvo, CFP®, CDFIA®

As Benjamin Franklin famously proclaimed, “In this world nothing can be said to be certain, except death and taxes.” That being said, while “Tax Day” may be a certainty, the amount you are obligated to pay is not.

Now is the perfect time to review your financial situation, holistically, to help ensure your taxes are minimized to the extent possible. Careful tax planning strategies may include:

### Tax Loss Harvesting

The IRS allows you to offset investment gains in taxable accounts with investment losses, providing the potential to reduce your capital gains tax obligation. If you happen to have a capital loss carryforward (i.e., an “unused” tax loss from a prior year), additional gains could potentially be realized to offset some of this “banked” loss. After conducting sales, your portfolio should be reevaluated and rebalanced to ensure your asset allocation and risk profile continue to meet your long-term goals and timeline. Your Palisade team can help create a strategy that is appropriate for your situation.

### Charitable Giving

A variety of giving strategies are possible, including the donation of appreciated stock and other assets, that can help reduce taxes and potentially the size of your taxable estate. For example, if you are over 72 years old, you can transfer your Required Minimum Distributions (RMDs) directly to a qualified charity (known as a Qualified Charitable Distribution, or QCD), within limits, and your RMDs will not count toward your income. [Watch this video](#) to learn more about how the SECURE Acts impacted charitable giving.

### A Roth IRA Conversion

If you think your income may be lower now than it will be in the future, a Roth IRA conversion should be considered. By converting a traditional IRA to a Roth IRA, you'll recognize gains at ordinary income tax rates in the year you make the transfer, however any Roth IRA balances will grow tax-free (thus avoiding higher taxes upon withdrawal later in life). Further, RMDs are never required from a Roth IRA. Your Palisade team can help you determine whether a Roth IRA makes sense for you and assist with other strategies for tax bracket management.

### Avoiding Penalties

IRA owners must take RMDs on time or donate them to charity (according to the current rules) to avoid incurring penalties. For an explanation of the current rules around RMDs, [watch this video](#). In addition,

double check your withholdings to avoid an underpayment penalty. This can occur in certain situations, such as when you earn extra income from consulting work.

### Work with Your Palisade Team

Our clients rely on Palisade for guidance on tax planning and complex financial strategies. We work closely with your tax accountant and other advisors to make sure your financial plan is on track, and review your complete financial picture, including assets held at other institutions.

When it comes to tax planning, mid-year is a great time to review your situation. Please reach out to us so we can collaborate with your accountant and outside advisors on your behalf. And if you're not yet working with Palisade, let's talk about how we can help you protect and enhance your wealth through tax planning.

## Not yet working with Palisade?

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WE CAN HELP YOU PROTECT YOUR WEALTH

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