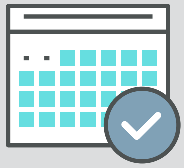
2015 TAX PLANNING STRATEGIES

TAX EXTENDERS



We are waiting to see if federal lawmakers will take action on popular tax extenders for 2015. Legislative action is needed to extend provisions that will:

Individuals

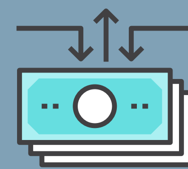
- Allow individuals age 70½ and over to make tax-free charitable contributions from individual retirement accounts (IRAs)
- Allow teachers to receive an above-the-line deduction for $250 in classroom expenses
- Allow students and parents to receive an above-the-line deduction for tuition expenses
- Allow state and local sales tax as an itemized deduction

Businesses

- Allow businesses to deduct up to half of eligible equipment placed in service this year (known as bonus depreciation);
- Allow businesses to expense up to $500,000 of eligible equipment placed in service this year (known as Section 179 expensing, the limit is $25,000 for 2015 unless Congress acts)
- Allow eligible businesses to receive a credit for qualified research expenses, among many other credits.
- Allow businesses to use a 15-year life and expense up to $250,000 on qualified restaurant and qualified leasehold improvement property

As we wait to see if Congress and the President will act, there are several areas you can focus on now that could yield tax savings for 2015.

BUSINESSES



Prepare for Information Reporting W2s & 1099s

Gather information before year end to make sure you can complete your mandatory reporting on time. Check to make sure you have current addresses, SSNs and EINs. Penalties for late or incorrect information returns can be severe.

Know Your ACA Numbers

The Affordable Care Act (ACA) has significantly changed the compliance burden of employers. Employers with at least 50 full-time equivalent employees are required to offer affordable minimum essential health insurance coverage that provides minimum value, or pay a penalty.

If you have 50+ full-time equivalent employees, you will also be required to file reports with IRS on coverage offered to employees, and furnish 1095 statements to employees to file with their individual tax returns. Deadline for reporting is January 31, 2016; so if you haven't started, it's time to take action. Penalties for non-compliance are expensive.

Consider Your State/Local Tax Obligations

Most states have become more aggressive in taxing businesses not physically present, but with significant sales to customers in those states. State and local governments can impose filing and payment responsibilities income, sales and property taxes even if you operate in the state on a limited basis.

INDIVIDUALS

Document Your Charitable Donations

If you plan on giving to charity, or have made contributions earlier this year, remember that a cash contribution must be documented in order to be deductible. If you claim a charitable deduction of more than $500 in non-cash contributions, you must attach Form 8283 with additional information on your deductions.

Consider donating appreciated securities instead of cash. You may be eligible to receive a deduction equal to the fair market value of the securities while also avoiding the capital gains tax. For large donations and those other than cash, consult your tax advisor to make the best decisions on assets to give and the best ways to give them.

Accelerate Deductions & Defer Income or Go Opposite

You may be able to positively impact your tax bill by controlling certain income items and expenses. Generally, you want to accelerate deductions and defer income to delay the payment of taxes as long as you can. But if you expect to be in a higher income tax bracket next year you may want to do the opposite-accelerate income and defer deductions. There are planning opportunities if you think ahead.

Commonly, you may be able to accelerate deductions for state and local income taxes, interest payments and real estate taxes. Income items that may be deferred include bonuses, consulting income and self-employment income. But be careful, several tax laws can dilute the benefit. Your tax advisor can help you consider these issues.

Investment Portfolio Actions

Horne Wealth Advisors maintains investment accounts for many of our clients. We know that proper planning around investment accounts can maximize tax benefits. Utilizing available tax strategies for both individual and retirement accounts can assist in accumulating, and retaining more of your net worth.

The income tax rates for qualified capital gains and dividends are unchanged for 2015. There are strategies around the proper timing of transactions that maximize your return by minimizing taxes. Consider taking appropriate action before year end to reduce your tax bill.

Make Up a Tax Shortfall with Increased Withholding

Don't forget that certain taxes are due throughout the year. Check your withholding and estimated tax payments now. If you're in danger of an underpayment penalty, try to make up the shortfall by increasing withholding on your salary or bonuses. A bigger estimated tax payment can leave you exposed to penalties for previous quarters, while withholding is considered to have been paid ratably throughout the year.

State Residency Status Can Matter

If you worked in more than one state during the year, now is an excellent time to consider where you may be taxed as a resident for 2015. State tax rates can vary, and some states do not have income taxes at all. Contributing factors include where you maintain a driver's license, residences, bank accounts and the like. Documentation of the number of days present in a state may also be a critical factor in determining residency.

Don't Forget Giving

Remember that the annual gift tax exclusion ($14,000/$28,000 MFJ) is just that – annual. You must use it each year to maximize your wealth transfer strategy. You may gift tax-free to any individual up to the exclusion without counting towards your lifetime exemption. Additionally, you can make unlimited payments directly to medical providers or educational institutions for the benefit of others and those are not considered taxable gifts, nor do they apply to your lifetime exemption.

RETIREMENT PLANNING

Fully Fund Employer-sponsored Savings Plans

Step one for retirement savings is to contribute to employer-sponsored tax deferred plans, especially to the extent of any employer match. These plans may include 401(k) plans, 403(b) plans and 457 plans. For 2015, the limit on elective deferrals is the lesser of $18,000 or 100% of compensation.

If Eligible, Take Advantage of Plans for Small Business Owners

There are retirement saving options for small business owners you should consider to maximize tax deductions. They include a Simplified Employee Pension Plan (SEP), Savings Incentive Match Plan for Employees (SIMPLE) and Solo 401(k)s. The contribution thresholds can be significantly higher than those for other kinds of IRAs. As a self-employed business owner, you may be able to set up one of these plans for yourself and also make them available to your employees.

For 2015, plan participants can contribute up to $53,000 to SEP IRAs and Solo 401(k)s. There are also additional catch-up contribution limits for those 50 and over. For a SIMPLE IRA, the contribution limit is $12,500 for 2015 plus an additional catch-up for those 50 and over. These plans are worth investigating as they require minimal paperwork and maintenance, as well as cost.

If you have questions about these strategies, or other opportunities to minimize your 2015 tax bill, contact your tax advisor.