Citi Personal Wealth Management

2016 Year-End Tax-Planning Checklist

Your Citi Personal Wealth Management Financial Advisor can work with your tax advisor to help you review recent tax changes, evaluate actions to take by year-end to possibly reduce taxes, and start planning for the upcoming tax season. Here are examples of some action items you may want to consider:

Action to Consider Taking by Year-End	Potential Benefit
Income Taxes	
Realize losses by selling investments that have losses to offset any realized gains.	Use net losses to offset up to a maximum of $3,000 of ordinary income.
Increase itemized deductions (e.g., prepaying property taxes, making charitable contributions, deducting eligible health care expenses) and maximize any flexible spending accounts.	Lower your tax liability.
Defer income to next year.	Postpone resulting tax bill for another year.
Pay federal estimated taxes before Jan. 15, 2017.	Avoid tax penalties.
Portfolio Management	
Rebalance your portfolio.	Your investment mix remains in line with your goals, time horizon and risk tolerance.
Consolidate assets.	Update your portfolios more easily.
Hold dividend-paying stocks in your taxable accounts while keeping taxable bonds and CDs in your retirement accounts.	Qualified stock dividends continue to be taxed at the long-term capital gains rate, which means dividends will typically be taxed less than interest from taxable bonds and CDs.
Retirement Planning	
Increase pretax contributions to employer retirement plan(s) (e.g., 401(k), 403(b)) up to $18,000 if you're under 50 and an additional $6,000 if 50 or older. (More options are available for self-employed income.)	Reduce your taxable income in 2016 and grow earnings on a tax-deferred basis.
Contribute up to $5,500 to a Roth or traditional IRA if you're under 50; $6,500 if you're 50 or older.	Potential tax deduction for traditional IRA and tax-deferred growth for both IRAs.
Convert a traditional IRA or retirement plan to a Roth.	Pay taxes on converted earnings, but then make tax-free withdrawals after age 59½ or five years, whichever is longer.
Take required minimum distributions for 2016 from traditional IRA and other affected accounts if you're age 70½ or older. If you reached that age this year, you must make your first withdrawal by April 1, 2017.	Avoid major penalties on IRA earnings.
Set up a defined benefit plan.	Reduce income taxes for high income earners, and grow earnings on a tax-deferred basis.
Estate Planning	
Shrink the size of your taxable estate by making separate gifts of up to $14,000 ($28,000 as a married couple who are U.S. citizens) to as many people as you want.	Avoid estate taxes at the state level, which can be applicable at much lower asset levels than federal estate taxes.

Remember: Get advice on your particular situation from an independent tax advisor.

SEE REVERSE SIDE FOR IMPORTANT INFORMATION.

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For additional details on federal income, estate and gift taxes, visit IRS.gov.

These strategies are not appropriate for every investor and do not necessarily represent the experience of other clients, nor do they indicate future performance or success. Results may vary.

1484907 PS04064 10/16