Top 10 Tips …

… for managing your wealth

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RECENT DOWNTURNS in the stock market may have you cringing, but there is more to wealth management than rebalancing portfolios. Here are our top 10 wealth management tips. Some you may have heard of before, some may be new, but all are tried and true.

1. CONTRIBUTE TO A 401(K) OR OTHER EMPLOYER-SPONSORED RETIREMENT PLAN. These contributions grow tax deferred (or tax free if you have the Roth option). In some cases, employers match contributions, so this is "free money" that is added to your account. Also, these contributions come directly out of your paycheck without ever hitting your bank account, so you won't be tempted to spend the money on other items.

2. CONSIDER A LIKE-KIND EXCHANGE. This means you exchange your current investment property for a larger, "like-kind" property that has more income potential. For example, instead of selling a property outright, you can exchange for another "like" property and defer paying capital gains taxes. You can use the proceeds from the first property to invest in another "like-kind" property that, ideally, has higher income potential.

3. ANALYZE LIFE INSURANCE POLICIES. Now is a good time to analyze old insurance policies. Policies that made sense 15 years ago may not make sense now. Insurance requirements change over time, and you could have too much or too little insurance. In many cases, insurance policies can be exchanged for other lower-cost policies or even annuities without capital gains or income tax consequences. Before making these decisions, make sure you understand your current risk and insurance situation so a policy that you need doesn't lapse.

4. CONSIDER ROTH IRAS. It may make sense to contribute a portion of your savings into Roth accounts or even convert some retirement funds to Roth IRAs. Roth accounts grow tax free and are not subject to "required minimum distributions" at age 70½. These are great accounts to withdraw from when tax rates are high and a tax-efficient way for future inheritance.

5. UNDERSTAND ANY INVESTMENTS IN LIMITED PARTNERSHIPS. Pay attention to K-1 forms. These hold important tax information in the footnotes, including foreign tax filing requirements and specially allocated income. It's important to understand the specific language in the footnotes so that you don't miss any additional deductions or IRS filing requirements that may lead to potential penalties.

6. CHECK YOUR NET INVESTMENT INCOME TAX. Before selling any investment or property, it's important to have your tax profile checked. In some cases, it's advantageous to time your sale so it's in the appropriate year for your tax profile.

7. PAY ATTENTION TO THE TIMING OF CHARITABLE GIFTS. For tax year 2015, there are phase-outs in tax deductions starting at \$258,250 income (single filers) or \$309,900 (married filing jointly). This means that there is a limit on tax deductions for higher-income families. If your income spikes in a given year, it may make sense to make your charitable contribution in a subsequent year or "bunch" such contributions all into one taxable year versus spreading them over numerous years.

8. MANAGE YOUR RISK. Besides saving money and growing your investments, another aspect of wealth management is managing risk. Analyze current homeowner's, life, disability, auto and umbrella insurance policies to make sure you have the appropriate coverage for unexpected losses or liability claims.

9. A NOTE ABOUT WORKING OVERSEAS. If you work overseas or receive income from a foreign employer, you may be able to exclude some of that income on your U.S. tax return.

10. NOTE ANY OTHER FOREIGN INCOME. If you pay income taxes to a foreign country, you may be able to use that tax to offset some of your U.S. tax liability. Also, make sure you report any foreign bank accounts with over \$10,000 by the June 30 deadline by using the Financial Crimes Enforcement Network (FinCEN) form.

We have given a quick overview of each tip here. To delve into the specifics for your situation, contact your tax adviser for assistance.

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