

YEAR-END TAX STRATEGIES 2005

DECEMBER 2005

Use holiday bonuses to max out annual retirement plan contributions first and for presents second.

Avoid year-end capital gains by gifting appreciated securities rather than cash.

Make charitable donations before the end of the year to obtain better deductions.

Use the \$11,000 annual gift-tax exclusion (increases to \$12,000 in 2006), but do not exceed it.

Sign up now if possible for any employer-sponsored Roth 401(k) going into effect in 2006, if it's advantageous to tax plan contributions rather than distributions.

Calculate 2005 taxes both on an AMT and non-AMT basis if there is any possibility that the AMT may apply.