



7 tax tips to consider right now

Robert Fishbein shares advice to make doing taxes less taxing.

By John Chartier

It's that time of year again — tax season. And with the April 18 deadline approaching, Robert Fishbein, vice president, Tax, offers tips and things to consider for financial planning now and in the future.

Charitable contributions likely not deductible

A temporary rule allowing for a charitable deduction, even if you do not itemize, has expired. Unless you have a lot of deductions, you will not be able to deduct a charitable contribution.

Mutual fund losses, but still get a tax bill?

According to Fishbein, while the average investor's mutual fund lost 23% in 2022, many people will still owe income tax. That's because mutual fund managers had to sell stock to support fund liquidations, and the gain on such sales is taxable to the mutual fund shareholders. That means you may have both investment loss and a tax bill. However, this double whammy does not apply to retirement plans or individual retirement accounts.

Electric vehicle tax credits

Under the Inflation Reduction Act of 2022, single people earning more than \$150,000, and married people earning more than \$300,000, do not qualify for electric vehicle tax credits.

IRA catch-up

Anyone age 50 or older may contribute \$6,500 to an individual retirement account plus a \$1,000 catch-up. The \$6,500 base has been indexed for inflation for many years. Effective in 2024, the catch-up will also be adjusted for inflation, benefiting investors.

Student loan payment match

Effective in 2024, student loan repayments will be treated the same as 401(k) contributions in which employers will be eligible to match them.

College savings plans

Also effective in 2024, any funds left over in a 529 college savings plan after education expenses are complete may be rolled into a Roth IRA with no penalty, up to \$35,000.

Roth 401(k)

One benefit of a Roth 401(k) over a traditional 401(k) is that you can contribute more in after-tax dollars and there are no forced required minimum distributions (starting in 2024). Having a source of tax-free income can help manage your tax liability and let you choose where to draw down from. And since you have already paid income tax on this amount, a Roth 401(k) can also act as a hedge against future tax rate increases.