2017 Tax Planning Calendar

Tax and financial planning are activities best pursued year-round. Although the timing of some activities is critical, you should review all tax considerations from the perspective of your specific needs and establish an individualized planning calendar.

If the last day for filing a return, paying tax or performing other activities falls on a Saturday, Sunday or legal holiday (in the District of Columbia), you have until the next day that is not a Saturday, Sunday or legal holiday to perform that act. Use the following list to remind yourself of important activities and dates:

First Quarter

General

- Complete Form W-4, Employee's Withholding Allowance Certificate, and adjust withholding, if needed.
- Evaluate before-tax and voluntary aftertax contributions to retirement plans.
- Apply for a Social Security number for any child who does not have one.

January 17

- Pay fourth-quarter 2016 estimated tax voucher if you did not pay your income tax for the year through withholding, or if you did not pay enough through withholding. You do not have to make this payment if you file your 2016 return and pay any tax due by January 31, 2017.
- Make quarterly defined-benefit Keogh contribution for preceding year.

January 31

- File your income tax return (Form 1040) for 2016 if you did not pay your last installment of estimated tax by January 17. Filing your return and paying any tax due by February 1 prevents any penalty for late payment of last installment.
- Make sure you have recieved a Form W-2 from each employer you worked for in 2016.

Second Quarter

April 1

- Comply with required minimum distribution (RMD) rules for qualified retirement plans if you attained age 70½ in the previous year. (This deadline does not change when April 1 falls on a weekend—as it does in 2017—or on a holiday.)

April 17

- Make prior-year IRA and Coverdell Education Savings Account contributions.
- Make prior-year Keogh or SEP plan contribution (unless you applied for an extension of time to file your return).
- Make quarterly defined-benefit Keogh contribution for the current year.

April 18

- File individual and gift tax returns (or apply for an extension); residents of Massachusetts and Maine also file on April 18. If you want an automatic six-month extension of time to file the return, file Form 4868; or, you can get an extension (until October 16) by phone or over the Internet if you pay part or all of your estimate of income tax due with a credit card.
- File Schedule H (Form 1040) with your tax return if you paid cash wages of $2,000 or more in 2016 to a household employee.
- Report federal unemployment (FUTA) tax on Schedule H if you paid total cash wages of $1,000 or more in any calendar quarter of 2015 or 2016 to household employees.
- Pay first-quarter estimated tax if you are not paying your 2017 income tax through withholding or you will not pay enough that way.

June 15

- Pay second-quarter estimated tax voucher if you are not paying your income tax for the year through withholding, or if you are not withholding enough.

Third Quarter

July 17

- Make quarterly defined-benefit Keogh contribution for the current year.

September 15

- Pay third-quarter estimated tax voucher if you are not paying your income tax for the year through withholding, or if you are not withholding enough.

Fourth Quarter

General

Begin your year-end tax planning:

- Project your current year and next year tax liabilities.
- Evaluate the applicability of the AMT and other taxes.
- Adjust withholding, if necessary.
- Evaluate year-end capital transactions.
- Establish a separate Keogh plan for self-employment income.
- Comply with minimum distribution rules for qualified plans.

October 16

- If you extended your individual tax return, file your 2015 income tax return and pay any tax, interest and penalties due.
- Make quarterly defined-benefit Keogh contribution for the current year.

December 29 (December 31 is a Sunday)

- Comply with required minimum distribution (RMD) rules for qualified retirement plans. Can delay if obtained age 70½ during 2017.

Throughout the Year

- Re-evaluate your long-term strategies.
- Evaluate your tax and financial strategy for receiving discretionary and mandatory retirement plan distributions.
- Rebalance investment portfolio and re-evaluate your uses of debt.
- Consider making gifts up to the annual gift tax exclusion.
- Evaluate passive loss exposure and potential investment shifts.
- If you have excess cash flow, consider how to invest those funds.
- Optimize mix of interest expense items.
- Consider making charitable contributions of property.
- Consider ways to fund your children's education.
- Evaluate your mix of portfolio and passive income.

2017 Federal Legal Holidays (in the District of Columbia)

January 2	New Year's Day (observed)
January 16	Birthday of Martin Luther King Jr.
February 20	Washington's Birthday
April 17	D.C. Emancipation Day (observed)
May 29	Memorial Day
July 4	Independence Day
September 4	Labor Day
October 9	Columbus Day
November 10	Veterans Day (observed)
November 23	Thanksgiving Day
December 25	Christmas Day

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AAII Journal (both available at AAII.com). Though the articles discuss the one-time 2010 option for delaying the taxes from the conversion, their suggestions regarding whether to convert or not continue to be applicable. You may also want to consult a tax adviser.

You cannot convert required minimum distributions (RMDs) from your traditional IRA for a particular year (including the calendar year in which you reach age 70½) to a Roth IRA. IRS Publication 590-A explains the rules for Roth IRA conversions and Publication 590-B covers the rules for RMDs.

Take Advantage of Lower Marginal Rates

Deferring income that is taxed at higher ordinary tax rates makes sense. Most taxpayers will pay long-term capital gain tax rates of 0% or 15%. For married couples filing jointly with income above \$466,950 and single filers with income above \$415,050 in 2016, the long-term capital gains rate is 20%. In 2017, the 20% long-term capital tax rate will apply to married couples filing jointly and single filers with incomes above \$470,700 and \$418,400, respectively. Short-term capital gains, in contrast, are taxed at ordinary income tax rates and run as high as 39.6%. The 3.8% net investment income (NII) surtax—which went into effect on January 1, 2013—applies to taxpayers with income above the \$250,000/\$200,000 thresholds. This tax applies to both short- and long-term capital gains, as well as taxable interest, dividends, non-qualified annuities, rents and royalties and passive income from partnerships. The NII surtax is not indexed to inflation, and the \$250,000/\$200,000 thresholds are effective for both 2016 and 2017.

Similar rules apply to qualified dividends. For married couples filing jointly with income above \$466,950 and single filers with income above \$415,050 in 2016, dividends are taxed at 20%. In 2017, the 20% qualified dividend tax rate will apply to married couples filing jointly and single filers with incomes above \$470,700 and \$418,400, respectively.

Though tax considerations should never be the primary reason for selling a security, if you have large positions in either gifted or inherited stocks, or stocks received from a sale of a business, you