

## **Kim Lankford's 7 Smart Financial Moves for the New Year**

### **1. Boost 401(k) Contributions in 2018**

- Make the most of tax-advantaged retirement savings.
- Increase contributions, even by a little, for compounding benefits in retirement.
- Your 401(k) limit is increasing in 2018 to \$18,500 – up \$500.
- For those age 50 and older in 2018 – add an extra \$6000 – totaling \$24,500.

### **2. Still Time to make Extra IRA Contributions for 2017**

- April 17, 2018 is the deadline to invest \$5,500 (or \$6,500 if 50 or older) to an IRA for 2017.
- If you work but your spouse does not, contribute to a spousal IRA in their name.
- If your child earns income from a job they can contribute up to the amount of their earned income to a Roth IRA – up to \$5,500.
- You can contribute the full \$5,500 to a Roth IRA if your 2017 income was less than \$118,000 if single or less than \$186,000 if married filing jointly.
- You can make a partial contribution if your income is less than \$133,000 if single or \$196,000 if married filing jointly.
- You can't contribute to a Roth IRA for the year if your income is higher than that.
- The income limits rise slightly for 2018 contributions.

### **3. Contribute to an HSA for Triple Tax Benefits!**

- You qualify if you have high deductible health insurance, with a deductible of at least \$1,350 for self-only coverage in 2018 (or \$2,700 for family).
- You can contribute up to \$3,450 for individuals, or \$6,900 for family coverage.
- Age 55 or older – add an extra \$1000 each.
- Medicare recipients can't contribute to an HSA, but can use the money tax-free for eligible medical expenses.
- They can also use it tax free for Medicare Parts B and D and Medicare Advantage premiums, after age 65.

### **4. Gather Tax records and Purge Your Old Tax Files**

- Gather year-end brokerage and other statements, 1099s and W-2s, coming by end of January.
- Toss monthly statements, pay stubs and receipts you don't need for tax filing if they match up with year-end reports.
- Start gathering your tax records so you don't miss valuable deductions before the deadline.
- If you're getting a refund, file your return as soon as possible after you receive your documents to thwart ID thieves (the tax-filing season usually opens in late January).
- After you file your return, toss some of your old tax files – the IRS generally has three years after the tax-filing deadline to initiate an audit.

## **5. Refresh Your Estate Plans**

- Review your beneficiaries for your life insurance, 401(k), IRAs and other retirement plans, especially if you've gotten married, divorced, had children, or experienced other life-changing events.
- Important to note - your accounts will go to the beneficiaries you designate even if you leave other instructions in your will!
- It's also a good time to review your will and other estate-planning documents.

## **6. Save Money on Insurance**

- Review insurance policies, especially car and home insurance – rates have been increasing, even for people with no claims and spotless driving records.
- Consider boosting your deductibles from \$250 to \$500 or \$1,000, which can cut your rates by up to 20% and prevent you from filing small claims that could leave insurers to boost your rates or drop your coverage.
- Ask your insurer for a list of discounts and make sure you're getting credit for all you deserve.
- Consider a data-tracking program if you have low mileage and safe driving habits, such as Progressive's Snapshot, State Farm's Drive Safe & Save, or Allstate's Drivewise, which can cut your premiums by as much as 50%.
- Shop around for a better deal on car insurance, especially if you've had any life changes – you might be an ideal customer at one insurer, but charged more at another.
- Compare rates for the same amount of coverage at several insurers, and let your company know before you switch. It may match the rate to keep you as a customer.

## **7. Save Money on Medical and Prescription Drug Costs During the Year**

- Use tools from insurers to compare drug and medical costs under your plan in your area.
- Find out if your insurer charges much lower co-payments at a preferred pharmacy.
- Switching to generic drugs can save a lot of money.
- If no generic ask your doctor for a therapeutic equivalent, which may cost a lot less under your plan.
- See if you can pay less by buying generics with cash rather than insurance (such as the \$4 generics at Walmart).
- Visit GoodRx for drug coupons.
- Use your insurer's tools to compare costs for medical procedures at several facilities in your area, especially if you have a high-deductible policy.
- Use the HealthcareBluebook.com to compare costs for x-rays, tests and procedures in your area and find out if your facility is charging a fair price – or to see if you can pay a lot less at another facility, such as at a standalone radiology center.