



Galaria Capital MANAGEMENT

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Financial Reminders for Year-End 2014!

December 2014

[Financial Topics Newsletter, 3rd Quarter 2014 \(Click Here\)](#)

[Financial Topics Newsletter, 4th Quarter 2014 \(Click Here\)](#)

Dear Alzena:

Financial Reminders for Year-End 2014!

1. Make good use of your annual gift-tax exclusion of \$14,000 this year, 2014.

Reduce your potential estate taxes. In 2014, the annual lifetime estate-tax exclusion/person is \$5.34 Million Dollars: And, this annual gift of \$14, 000 (if not exceeding that amount) is not included in the annual personal lifetime estate-tax exclusion.

In many 529 plans, each parent can contribute \$14,000 per beneficiary (\$28,000 from both parents to each beneficiary). Furthermore, each

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parent can deduct \$10,000 (\$20,000 for parents married filing jointly) in one year, in the state of Illinois. (Deductions vary by state.)

Annual gift-tax exclusion contributions need to be made by December 31st, 2014.*

2. Add to your 401(k), 403(b) or 457 plan and reduce your net income for 2014.

In 2014, a single person can defer up to \$17,500 to his /her 401(k) and if over age 50, an extra \$5,500 per year from one's income. If you are unable to contribute the maximum amount to your 401(k), it is a good idea to contribute at least to the amount of your employer's match, to maximize your benefits.

And, as always, the sooner your money can go into your account, it has more time to "grow" tax-deferred. Make this deferral before December 31st, 2014.*

Note: 2015 401(k) contribution limits rise to \$18,000 and \$6,000 for the catch-up contribution.

3. Add to your Traditional IRA and reduce your net income for 2014.
Add to your Roth IRA to maximize the growth of your earnings.

In 2014, a single person can contribute up to \$5,500 to his/her Traditional IRA and if over age 50, an extra \$1000 per year, before taxes. Depending on your participation in other retirement plans, you may be able to deduct some of all of your IRA contribution for the tax year 2014. Contributions to your traditional IRAs can be made until April 15, 2015. Again, early



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Specialist
Chartered Retirement Plans
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Certified 401(k) Professional
Pension Plan Consultant
Registered Investment Advisor



**Alzena
Saleem**
CRPS

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Registered Investment Advisor

Investment Planning

- Active Portfolio Management
- Retirement Planning
- Financial Planning & Education
- Asset Allocation Analysis

Insurance

- Annuities
- Whole Life, Term Life, Disability
- Long-Term Care

Small Business Retirement Plans

- Design, Implementation & Management

contributions to investments allow more time for growth.

-401(k), SEP-IRA, SIMPLE-IRA
-Defined Contribution Plans &
More

In 2014, a single person can contribute up to \$5,500 to his/her Roth IRA and if over age 50, an extra \$1,000 per year, after taxes. Roth IRA contributions are subject to income phase-out limits. Contributions to Roth IRAs for the year 2014 can be made until April 15, 2015.*

Note: IRA contribution limits remain the same in 2015.

4. A business owner? Add to your retirement plan for further deductions for 2014.

As a business owner with an appropriate retirement plan (SIMPLE IRA, SEP IRA, Solo 401(k), Keogh Plan, etc.) you may be able to deduct all/some of your contribution to your retirement plan from your personal and/or business tax bill 2014. Make these contributions by December 31st, 2014.*

5. Feeling the love? Donate to charities for further deductions for 2014.

Your donations to charities by December 31st, 2014 can be deducted from your tax bill 2014. Furthermore, gifts of stock (appreciated and held greater than 1 year) to charities can be deducted as well and you would NOT have to pay capital gains taxes on these gifts of stock. (Deductions may be full or partial.)*

6. Pay your mortgage one month early for further deductions for 2014.

If you are able to pay January's mortgage payment one month earlier before December 31st, 2014, you will be able to deduct one more month of mortgage interest on your 2014 tax bill. Furthermore, excess mortgage payments throughout the year will reduce the principal on your mortgage and thus, reduce the number of years of remaining mortgage payments.*

7. Convert from a Traditional IRA to a Roth IRA.

Are you in a lower tax bracket this year? Think about converting your Traditional IRA into a Roth. Conversions are taxable the year they are made but are tax free (both the principal and gain) upon withdrawal at retirement. Conversions need to be *completed* by December 31st, 2014.*

8. Change your Medicare Health & Prescription Drug Coverage, if need be.

Open enrollment for changing your Medicare Health or Prescription Drug Coverage (for the 2015 year) ends on December 7th, 2014. Visit www.medicare.gov for more information.

***Please consult your accountant and/or investment advisor for appropriate deductions, tax implications and/or further details on each of the above mentioned.**

Have a Happy Year-End 2014!

Further Questions? Please feel free to call us directly at 1.800.957.1079 or email Galaria@galariacapital.com.

Access to Charles Schwab Online

As always, your account information and details are accessible 24/7 via the Charles Schwab website, www.schwab.com. If you haven't already, please be sure to take the time to create a personal "login" on the Charles Schwab website so that you are able to view your accounts. If you need assistance in creating your "login", please feel free to call 1-800-515-2157 between the hours of 8am-7pm EST to access a Charles Schwab service representative who will gladly walk you through the necessary steps.

You will need your account number(s) (listed on the documents mailed to your registered address by Charles Schwab), the account holder's Social Security Number and a computer (to access the Charles Schwab website). This phone call should take approximately 10-15 minutes. If you should have any further questions, please do not hesitate to contact us directly.

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