

MAXIMIZE YOUR TAX SAVINGS BY THINKING ABOVE THE LINE



As a smart investor you should always consider the tax implications of any decision you make about your retirement savings. Over time, even an insignificant tax penalty can add up to a significant underperformance. Even worse, if you move assets the wrong way or at the wrong time, you could cause tax consequences that wipe out years of investment gains.

However, because your finances are all interconnected, how you handle your tax filing can affect how much you can afford to put away each year. That extra money you're paying to Uncle Sam could have gone into your retirement account.

One of the clearest indicators you might have been able to save more for retirement during the previous tax year is if you receive a tax refund. Getting a chunk of money back from the IRS may feel good in the short run. But consider that getting money back from the IRS after you file your taxes is merely the return of the capital you loaned to the IRS over the last year or so *at zero interest*. Perhaps that money could have been put to use to enhance your own financial goals along the way.

The Difference Between "Above The Line" and "Below The Line"

You might have heard your CPA or other tax professional talk about "above the line" versus "below the line" deductions. They are both legitimate ways to lower your tax liability and simply refer to deductions you can take *before* or *after* calculating your Adjusted Gross Income (AGI).

The "line" in question is at the bottom of the first page of the federal form 1040 (line 37 for 2017).¹

You only take below-the-line deductions if you they total more than the standard deduction and you can itemize. These are things like mortgage interest and charitable deductions.

But you can take above-the-line deductions even if you don't itemize, just as long as you meet their qualifications.

Above-the-line deductions include things like:

- Deposits into a qualifying Health Savings Account (HSA)
- Moving expenses
- Contributions to traditional IRAs and qualified plans such as a 401(k) or 403(b)
- Health insurance premiums, if you're self employed
- Tuition and fees for school
- Student loan interest²

Of course, the items above are not the entire list and there are rules governing each kind of deduction. Your CPA or tax professional will be able to identify all the above-the-line deductions you can legally take, but he or she won't know unless you tell them about your spending in those areas. So be sure to let them know.

Also, if you're self-employed, your tax advisor can help you determine if any of these would be better taken (if possible) as business deductions.

Taxes And Investing

It's always smart to make the most of your deductible retirement contributions and then protect your gains from unnecessary taxation. We can help you determine your best course of action for things like choosing between a Roth or traditional IRA, and help you design and maintain a long-term plan that addresses the potential for getting sidetracked or delayed by tax consequences.

Have a great weekend – Happy Easter!

Source: Efficient Advisors

Golf Tip of the Week



Keep Your Head Up

It's not prayer, but sometimes you might wish you had done more of it before hitting the ball on a swing and lifting your head too soon to see your shot heading in the wrong direction.

Many players kick themselves after a bad shot, saying they lifted their heads (recall the prayer metaphor) too early.

Some pros are saying keeping your head down—as a way to hitting good drives—may be misguided.

After studying thousands of swings, experts found the habit may be counterproductive and causing more harm than good. Keeping your head down may be the cause of topping the ball.

So, what's the solution? Develop an approach that involves rotating your head with the swing as opposed to keeping your head down. Here's what it looks like:

- Stand with your legs straight.
- Face the target with your shoulders and hips.
- Rotate your head in the direction of the swing.
- Extend your grip as far away from your body as possible.

With the “head-down” approach, however, you tend to crowd the swing thereby restricting your ability to extend your arms, which limits you from making solid ball contact.

Keep practicing this new method until it becomes part of your muscle memory. Then hit a few slow shots before building up to full swings.

Tip adapted from Golf Digest¹⁴

Recipe of the Week



Jump-Start Smoothies

Serves 2

Ingredients:

1 cup frozen strawberries
½ cup fresh blueberries
½ cup fresh orange juice
2 teaspoons chopped and peeled fresh ginger
¼ cup plain low-fat (1 percent) yogurt
2 ice cubes

Directions:

1. Put strawberries, blueberries, orange juice, ginger, yogurt, and ice cubes in a blender.
2. Blend until smooth. Occasionally, scrape down sides of the blender.
3. Serve.

Recipe adapted from Good Housekeeping¹²

Health Tip of the Week



Positioning Yourself for Restful Sleep

You may have heard all the advice about not drinking coffee before bed, keeping your bedroom at a cool temperature, and eliminating distractions. But health experts say your sleep position may be a good indicator of your overall health and your ability to have a good night's rest.

Unusual or unnatural sleep positions may be causing back pain, snoring, or preventing you from getting a complete night's rest. Your sleeping position is even a reflection of your personality.

Here are different sleep positions and what they mean to your health and your personality:

- **The Stomach:** This one may lead to restless sleep and cause neck strains. Try a softer pillow or none at all.
- **The Belly (Free Fall):** This is similar to the stomach position, except you wrap your arms around a pillow with your head turned to the side. Researchers say belly sleepers are social and outgoing, but aren't very open to criticism. About 7% of people sleep like this.
- **The Back:** This one can cause back pain (or make it worse). If you're a snorer or have sleep apnea, this can exacerbate your problems. Your doctor may be able to help you make adjustments.
- **The Soldier:** This is like the back position. Your arms are at your side. You're sleeping at attention. Researchers say you're generally quiet and set high expectations for yourself and others. About 8% of people sleep like this.
- **The Starfish:** You lie on your back. Your arms are near your head. You're generally a good listener and like to be the center of attention.
- **The Side:** You sleep on your side with your knees close to your chest. This may be the most comfortable side position.
- **The Fetal Position:** You're curled up, sleeping on your side. More than 40% of people, mostly women, sleep this way. Researchers say you're friendly and sensitive.

- **The Log:** You sleep on your side, both arms down, like a “log.” You’re easygoing and trusting.
- **The Yearner:** You sleep on your side with your arms in front of you. You’re open-minded, but stubborn and suspicious. About 13% of people sleep this way.
- **The Spoon:** This generally requires 2 sleepers. It’s commonly referred to as cuddling. Researchers say it reduces stress and helps you go to sleep faster.

Material adapted from WebMD¹⁵

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¹⁴ <https://www.golfdigest.com/story/why-keeping-your-head-down-is-killing-your-swing>

¹² <http://www.goodhousekeeping.com/food-recipes/a11134/jump-start-smoothies-recipe-ghk0911/>

¹⁵ <https://www.webmd.com/sleep-disorders/ss/slideshow-sleep-positions>