



Opportunity blooms in tax season

TAX PLANNING

Whether you get a refund or end up owing, you have options.

Tax season can be a period of new possibilities – especially when it comes down to what to do with your refund or, on the flip side, how to settle your bill.

If you receive a refund

So, you worked diligently with your tax preparer to complete your return, only to discover some of the fruits of last year's labor will be coming back to you as a refund. So, what can you do with your bounty? Here are some possibilities:

- **Start fresh.** Strengthen your finances by paying down credit card or any other non-tax-advantaged debt.
- **Cultivate.** Make some improvements to make your home more valuable, comfortable or energy efficient – or get ahead on the kids' tuition.
- **Nourish.** Invest in yourself (a new gym membership or art classes) or someone else (donate to a charity or sponsor a family or individual in need).
- **Replant.** Use that money to get a head start on this year's contributions to your retirement account, or bolster your emergency fund.
- **Plan.** Some say a refund is just a loan you give the government interest-free. Should you reconsider your withholdings so that you come out even next year?

If you end up owing

If you end up owing taxes, you'll need to decide how to pay. However, before you write that check or cash in some of your invested assets, consider how those actions may impact you immediately and over the long run.

For instance, liquidating assets in your investment portfolio to pay your taxes may generate new tax consequences and could impact your long-term investment strategy. And emptying your savings account may leave you vulnerable should another unplanned need for cash arise.

Instead of using the assets working toward your long-term goals, consider liquidity and borrowing options based on the value of your assets, or that offer rewards like cash back or redeemable points. That way, you can access the cash you need to pay your tax bill while keeping your assets where they belong – invested.

Looking to mitigate your tax bill next year? Consider these tips:

- **Maximize contributions.** Take advantage of tax breaks in your retirement accounts and make catch-up contributions once you turn 50.
- **Harvest losses.** Consider balancing your realized capital gains by selling securities for a loss and mitigating your tax liability.
- **Seek advice.** Contact your financial advisor and tax professional to discuss tax planning.

Spring forward thoughtfully

The year's early months are a time of renewal, so use your tax refund wisely, or if you owe taxes, consider your long-term investment plan and borrowing options before uprooting your hardworking, invested assets.

Raymond James and its advisors do not offer tax advice. You should discuss any tax matters with the appropriate professional.