



## OLD NORTH STATE TRUST, LLC

### Financial Planning Considerations for 2015

1. **Be aware of IRS changes.** All of the major income provisions from 2014 have been reinstated for 2015, including deductions for college tuition and direct payouts from IRAs to charities of up to \$100,000 for those over 70 ½. Also, beware of calls claiming to come from the IRS. Con artists are on the rise! The IRS will generally not contact you by phone. These scammers are getting bolder and trying to play on fear.
2. **Speaking of IRAs....**the rules have been tightened in recent legislation concerning rollovers. Starting this year, those individuals with multiple IRAs can only execute a rollover once every 12 months. Trustee to trustee transfers are not subject to this rule, so be careful about how you move these accounts.
3. **IRAs on the brain...**Review your IRA beneficiary designations. A spouse has the ability to rollover an inherited IRA to their own name, but non-spouse beneficiaries have a few more rules. They may face an accelerated payout (i.e. taxation) of the IRA. If the account is titled correctly, it is possible to take the required distributions over a longer period of time. If a charity is named as a beneficiary, this can also speed up the distributions.
4. **Give, give, give.** The annual gift exclusion remains at \$14,000, but that is per person and married couples can split the gift (each gives \$14,000 per person, even if the funds only come from one spouse). Payments made directly to the institution for education and medical expenses are excluded from the annual amount. There is even a credit for pre-aid tuition expenses, if paid for courses that begin within the first few months of the next year.
5. **Charities count.** Gifts to charities not only make you feel good, but count as deductible expenses. Certain types of trusts that benefit charities are also a great way to extend your legacy, help your favorite charity and get a deduction!
6. **Life Insurance Coverage.** There has been a lot of emphasis placed on health care and insurance lately. A review of your life insurance could prove invaluable, especially if you bought a variable policy. You may end up needing to make additional premium payments or paying premiums for longer than anticipated. If the product was purchased during a high interest rate period, the illustration created at that time may have used a higher growth rate than we have experienced in the last few years. Even a slight variance from the original illustration could make a significant difference over the life of the policy.
7. **The new kid on the block- health coverage.** Penalties are introduced this year for those without health coverage, which range from the basic- \$325/person to an income based penalty- 2% of excess income over the minimum level of filing income levels. There are caps on the penalties.

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