

Suggested year-end checklist

To help you avoid having to scramble near the end of the year, we recommend you follow this timeline to help manage your 2012 tax liability.

October

- Review your portfolio to help ensure your allocation still aligns with your goals.
- Determine whether the 0% capital gains rate will apply to you this year; 2012 may be the last year this low rate is available.
- Review your Medicare Part D choices, if you are on Medicare.
NOTE: The open window for enrolling or changing plans is Oct. 15 to Dec. 7.
- Consider funding a Flexible Spending Arrangement (FSA) during your employer's annual benefits enrollment period. Contributions to an FSA are made with pre-tax dollars (up to the plan limit) and may be withdrawn tax-free if used for a qualified expense. (Note that the 2010 Patient Protection and Affordable Care Act caps 2013 salary reduction contributions to a health care FSA at a \$2,500 maximum.)
- Learn about the new 3.8% Medicare tax on investment income that becomes effective Jan. 1, 2013. To learn some year-end tax strategies that you may be able to take advantage of to reduce your 2013 Medicare tax liability, read our special report, "New Medicare Taxes on the Horizon."

November

- Abide by the wash sale rule when selling securities at a loss. Purchasing a substantially identical security within 30 days before or after the sale date will trigger the rule and defer the deductibility of the loss from the sale until the newly purchased securities are sold. The last day to double up your position to avoid a wash sale is Friday, Nov. 30, 2012.
- Develop a plan to complete charitable and family member gifts by year-end. If you're considering taking advantage of the \$5,120,000 lifetime gift tax exemption, talk to your attorney about the pros and cons of gifting while the exemption is at its historic high.
- Review your education savings plan in light of scheduled changes to Education Savings Accounts (ESAs) at year-end; consider creating or adding to 529 college savings plan investments. (Note that withdrawals from an ESA after 2012 for grades K-12 education expenses are no longer tax-free unless the current law is extended; other restrictions will apply.)
- Discuss your beneficiary designations with us and your attorney; make any necessary adjustments due to life changes (marriage, divorce, birth of child/grandchild, death, etc.) or changes in your goals.

December

- Fully fund your IRA and/or your employer retirement accounts.
- When selling securities you own, remember the trade date, not the settlement date, determines the year of the sale and the recognition of any gain or loss in most situations.
- Take required minimum distributions (RMDs) before Dec. 31. An RMD for your IRA cannot be combined with one for your employer plan. Each must be calculated and distributed separately.
- If you'll reach age 66 or plan to retire in 2013, make an appointment to talk with your local Social Security Administration office by Jan. 31, 2013.

Learn more

If you want to learn more about year-end tax changes, please read our special report, "Focusing on Upcoming Tax Changes." Due to the magnitude of the changes scheduled to occur at year-end, it's more important than ever to work closely with your tax advisor and us to plan your tax strategy.

Wells Fargo Advisors does not provide tax or legal advice. Please consult with your tax or legal advisor to determine how this information may impact your tax situation.

Please consider the investment objectives, risks, charges and expenses carefully.

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