

GETTING RID OF TAX PREPARATION CLUTTER

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Here are some things I noticed during tax season that can make it a little easier to prepare your return next year and also to de-clutter part of your financial life.

- Many people have substantial brokerage accounts for themselves and are custodians for their children with inconsequential total investments. Yet, they will have accounts with three or four fund families and have each spread into four or five funds. That's about 15 funds that have to be reported separately; yet the total of all 15 accounts do not equal the smallest position in their personal account. This makes no sense. Consolidate them all into one mutual or index fund and stop incessant trading.
- If you have an investment manager, check to see their range of investments. Any small or minimal positions cannot have significant effects on your portfolio's total results so ask your manager why they have them and to consider cleaning them up.
- If you have stocks registered in yours and also a deceased person's names, change the designation to just your name. Even though the Social Security number is yours, this will facilitate transfers upon your death. Alternatively substitute a name the shares can be transferred to upon your death.
- If you still have many stocks in your name, transferring them to a brokerage account will reduce your correspondence and the number of dividend checks you receive and have to deposit. This also applies to any Dividend Reinvestment Plans ("DRIP") you might have.
- Many companies that offer DRIPs now charge fees for the dividends they are reinvesting. If you have these, consider closing them, transferring the shares to a brokerage account and receiving the dividends directly into that account. Some brokers will reinvest the dividends for you. So, if you want to continue that, check it out with your broker.
- Custodian accounts for children over age 18 should be transferred directly to the child.
- If you typically do not read all the mail you get, request it electronically and open and read only what you want. Also, tell your brokerage firms to stop providing your phone number and this will stop the calls to vote your proxy.
- Consolidate your brokerage accounts as much as possible.
- Look at the tax allocation of your investments and try to minimize your taxes.
- If you have inactive accounts, write a letter informing the bank, broker, custodian or insurance company that the account should be considered active and not subject to escheat laws
- File a claim to recover unclaimed funds the State might be holding for you.
- Donate stocks where you own an insignificant number of shares to reduce your mail, eliminate brokerage fees on the sale, get a tax deduction, not have to report the gain and conserve your cash.

Additionally, reducing the clutter will improve the quality of your life.