Strategies can help docs lower their tax burden

September 19 2014

(HealthDay)—Strategies are presented to help physicians lower their tax burden in an article published Sept. 2 in *Medical Economics*.

Noting that in the 1980s there were investment structures designed to create current tax deduction and defer taxable gains well into the future, the article discusses current opportunities to reduce taxable income.

According to *Medical Economics*, contributions to health savings accounts should be maximized. In addition, making contributions of securities allows for a deduction for the full market value donated while avoiding capital gains. A retirement plan can be established for income that is not received through the employer, which can allow for significant funding and is deductible against income. Physicians should contribute as much as possible to retirement plans and individual retirement accounts (IRAs), even if contributions are not deductible, and consideration should be given toward directing retirement plan savings to Roth IRA accounts. For those who need to fund children's higher education, a "Section 529" plan can avoid taxes on investment earnings and gains. For doctors in the higher income tax brackets, a "tax managed" approach to investment is important. Tax considerations need to be evaluated in terms of income and estate tax, especially for those in higher income brackets.

"While many of these specific tax-leveraging vehicles are a thing of the past, there are still many opportunities to reduce taxable income," according to the article.

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