

## CONSIDER TAXES WHEN YOU CHANGE JOBS

Taxes may be the last thing on your mind when you're changing jobs, but overlooking their impact could mean missed tax-saving opportunities. Issues to consider include:

- » **Your retirement plan.** Distributions from retirement plans are generally taxable and may also be subject to an early withdrawal penalty. The penalty would also apply to amounts withheld for income taxes. When you leave a company, any unpaid 401(k) loan is also considered a taxable distribution if you don't repay the loan according to the terms of your plan.

*Planning tip:* Have the money in your retirement account transferred directly into another qualified plan or an IRA. A direct rollover avoids automatic income tax withholding and income taxes.

- » **Job-hunting expenses.** You can deduct the costs of looking for a new job in your present line of work, even if you don't get the job. Typical expenses include travel to job interviews, resume costs, and employment agency fees. You must itemize your deductions, and your total miscellaneous deductions must exceed 2% of your adjusted gross income.
- » **Moving expenses.** If you meet two tests, you can deduct the costs to move your household and personal effects, including your in-transit travel expenses and storage expenses.

First, the distance from your old home to your new workplace must be at least 50 miles farther than the distance from your old home to your old workplace.

Second, you must work full time in your new location for at least 39 weeks during the 12 months following your move. The time test doesn't apply if you're laid off from your new job or later transferred for your employer's benefit.

- » **Residence sale.** You can exclude from taxation up to \$250,000 of gain (\$500,000 for joint filers) if you own and occupy a home as your principal residence for at least two of the five years preceding its sale. If you sell your home due to a change in employment, you can still exclude part of the gain even though you don't meet the ownership and use tests.

To discuss the tax issues relating to a job change, call us at (888) 388-1040. We are here to help.

NOTE: This article is written to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

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