

Year-End Financial Planning Checklist

End-of-year planning is crucial to meeting key deadlines and preparing for the following year. This checklist is designed to help you with a strategy for understanding what needs to be addressed when considering year-end financial planning.

IMPORTANT!

Not all the below planning strategies and tactics are appropriate for all people, instead representing important considerations. This is where a financial planner can help you to better understand your individual planning options and opportunities.

Deadlines to remember by December 31:

Required Minimum Distributions (RMDs)

- Are you required to take a RMD from a traditional IRA, retirement plan or inherited IRA?

Charitable Donations

Are you charitably inclined and intending to utilize any of the following:

- Donor Advised Fund (DAF):
 - No annual dollar limit.
 - No age restriction.
- Qualified Charitable Distribution (QCD):
 - \$105,000 annual limit.
 - MUST be over age 70 ½.
- Direct gift to a charity:
 - Donate highly appreciated securities to avoid capital gains tax.
 - No annual dollar limit.
 - No age restrictions.

Annual Exclusion Gifts

- Do you intend to make annual exclusion gifts?
 - Maximum limit of \$18,000 in 2024.

Employee Deferral Contributions

- Can you max out contributions to an employer-sponsored plan, such as a 401(k), 403(b) or Thrift Savings Plan (TSP) employer plan by year-end?

529/ABLE Contributions

- Do you intend to contribute to a 529 plan or Achieving a Better Life Experience (ABLE) account?

Cafeteria Plans (e.g., FSA, DCAP)

- Do you have unused funds sitting in your cafeteria plan?
 - Use-or-lose type account.

Tax Bracket Management: Strategies to Consider

- Roth Conversions:** Do you have low income for the tax year? Roth conversions allow you to transfer pre-tax assets, such as traditional IRA assets, to a Roth account in a single amount or over multiple years. The assets are taxed at the time of the transfer; however, they will be distributed tax-free. It's important to keep in mind tax brackets over time, as well as legacy planning if your heirs are a consideration.
- Income Realization:** Can any capital gains be realized? Can they be offset by the current year capital loss? Or a capital loss carried forward from a prior year?
- Income Deferral:** If you partake in stock options, deferred compensation or other equity-based compensation, this can create a surprise tax bill. If found in advance, it may be possible to spread income over multiple years.
- Net Unrealized Appreciation (NUA):** Do you have company stock in an employer plan? Are you separating from service this year? Consider the NUA strategy, which allows you to exchange ordinary income tax for capital gains tax on the company stock appreciation.
- Charitable Donations:** Are you charitably inclined? Are you having a larger-than-normal income year? Consider a DAF contribution, a direct gift to charity or a QCD to minimize taxable income.
- Life Events:** Did you change your marital status, welcome a new child into your family or send an older child to college? Review any tax-saving strategies such as contributing to a 529 plan or qualifying for tax credits like the American Opportunity Tax Credit (AOTC), Lifelong Learning Credit or Adoption Credit.
- Tax Withholding:** No one likes an unexpected tax bill. Do you have enough tax withholdings or estimated payments paid throughout the year to cover a tax liability?

Post-Year End Considerations

Although many financial planning strategies have a strict deadline of December 31, some can be implemented after year-end, but before the tax filing deadline. This generally would be on April 15 unless the client files a tax extension.

Deadlines to remember by the tax filing deadline (generally April 15th):

Traditional IRAs

- Can a deductible or non-deductible Traditional IRA contribution be made?

Roth IRAs

- Roth IRA contribution:
 - Don't forget about the backdoor Roth strategy, where you transfer assets from a traditional to Roth IRA. No age restrictions.

Health Savings Account (HSA)s

- Maxing out an HSA.

Trust Distributable Net Income

- Do you have trust distributions within the first 65 days following year-end?
 - Possible election to have these treated as prior year distributions.

Contributions for Self-Employed Individuals

- Contributions can be made up to the tax filing deadline, including extensions, for a prior year for:
 - Self-employed pension (SEP), Savings Incentive Match Plan for Employees (SIMPLE) and qualified plans.