

Your Year-End Financial Checklist

Aspects of your financial life to review as the year closes.

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The end of the year can help remind us of last-minute things we need to address and the goals we want to pursue. Here are some aspects of your financial life to consider as this year leads into the next.

Keep in mind that this article is for informational purposes and is not a replacement for real-life advice. Contact a tax or legal professional before modifying your tax strategy. The ideas presented are not intended to provide specific advice.

Your investments. Set a goal to review your investments with your financial professional. You'll want to come away from the meeting with an understanding of your portfolio positions. Look over your portfolio positions and revisit your asset allocation. Remember, asset allocation and diversification are approaches to help manage investment risk. They do not guarantee against investment loss. **Decide if you want to wait out the current economic cycle or do you want to act now.**

Your retirement strategy. You may want to consider contributing the maximum to your retirement accounts and review any existing retirement accounts from work. If you are eligible to make any catch-up contributions, it's a great time to make that decision. You should consider the tax implications of this decision. Pay now or pay later?

Your tax situation. It's a good idea to consider checking in with your tax or legal professional before the year ends, especially if you have questions about an expense or deduction from this year. Also, it may be prudent to review any sales of property as well as both realized and unrealized losses and gains. Look back at last year's loss carryforwards. If you've sold securities, gather up cost-basis information. As always, bringing all this information to your financial professional is smart. If you are engaging in tax loss selling, make sure you avoid the wash sale rules on losses.

Your charitable gifting goals. Plan charitable contributions or contributions to education accounts and make any desired cash gifts to family members. The annual federal gift tax exclusion allows you to give away up to \$16,000 in 2022, meaning you can give as much as \$16,000 to as many individuals as you like this year. Such gifts do not count against the lifetime estate tax exemption amount if they stay beneath the annual federal gift tax exclusion threshold. Besides outright gifts, you can explore creating and funding trusts on behalf of your family. The end of the year is also an excellent time to review any trusts. Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust, consider working with a professional familiar with the rules and regulations.¹

Your life insurance coverage. The end of the year is an excellent time to double-check that your policies and beneficiaries are up to date. Don't forget to review premium costs and beneficiaries and think about whether your insurance needs have changed. Several factors could impact the cost and availability of life insurance, such as age, health, the type of insurance purchased, and the amount purchased. Life insurance policies have expenses, including mortality and other charges. Do a plan review to see if funding is adequate or inadequate and see if performance is acceptable or not.

If a policy is surrendered prematurely, you may pay surrender charges, which could have income tax implications. Before implementing a life insurance strategy, you should consider determining whether you are insurable. Finally, don't forget that any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

Life events. When evaluating any significant life changes in the last year, here are some questions: Did you happen to get married or divorced this year? Did you move or change jobs? Did you buy a home or business? Was there a new addition to your family this year? Did you receive an inheritance or a gift? All these circumstances can have a financial impact on your life and how you invest and plan for retirement and wind down your career or business.

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Citations

1. [irs.gov](https://www.irs.gov), October 17, 2022