

# Insurance Solutions December Newsletter



A look at some important trends that will affect you

## Year-end planning checklist

As the year draws to a close, remember that there still may be significant planning opportunities left to explore. This checklist includes many ways to minimize taxes and take advantage of annual planning ideas. Give me a call to discuss if any of the \* ideas might work for you.

### Plan to minimize taxes.

- Estimate your marginal tax bracket.
  - For lower brackets, consider accelerating income before the end of the year.
  - For higher tax brackets, consider deferring income into next year if possible.
- Harvest tax losses to offset capital gains.
- Donate appreciated assets to a charity to avoid capital gains; gifts may be tax deductible.
- Make contributions to retirement accounts or health savings accounts (HSAs) to reduce taxable income.
- Consider installment sales to spread out capital gains over several tax years.
- \* Review the pros and cons of a Roth individual retirement account (IRA) conversion.

### Plan for retirement

- Maximize qualified plan contributions (including catch-up contributions if age 50 or older).
- Remember to take Required Minimum Distributions by December 31.
- \* Evaluate retirement savings to determine if pre-tax versus Roth accounts are more appropriate.
- \* Review if a Roth IRA conversion is a good idea.
- \* Review current portfolios to make sure asset allocation matches your risk profile.

### Plan for charitable gifts

- Make charitable gifts before the end of the year if itemizing deductions.
- If age 70 ½ or older, consider a qualified charitable distribution (QCD) from your IRA.
- Make a gift to a donor-advised fund (DAF) to receive a charitable tax deduction for this year but decide later which charities receive contributions.
- Document donations as required for tax purposes.

### Plan a legacy for family members.

- Make gift tax annual exclusion (\$17,000 for 2023) gifts before the end of the year.
- \* Consider leveraging gifts for premium for life insurance policies held outside of your estate.
- Review planning documents (e.g. wills, trusts, powers of attorney, healthcare directives).
- Make gifts to 529 college savings plans.
- Review beneficiaries listed on retirement accounts, life insurance policies, and annuity contracts.
- \* Establish Roth IRAs for younger family members who have earnings from work.

\* For further information on this topic, year-end planning, and other advanced concepts, please contact me.