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2022 Year-end planning considerations

- 401k/403b employee deferral limit for 2022 is $20,500 w/a $6,500 'catch-up' for those age 50+
    - These employee deferral limits are cumulative across 401k/403b plans, including Solo 401k's (see below). If you left a job and started a new one in 2022, your individual 401k contributions are limited to a cumulative $20,500 (or $27,000 if age 50+).
    - Employer 401k/403b matching or non-matching contributions DO NOT count toward your individual contribution limit

- Solo 401k—IMPORTANT (if applicable)—EMPLOYEE side of the contribution (subject to same limits above) MUST be made by 12/31/2022

- 457b (if applicable) limit is same ($20,500 base contribution + $6,500 age 50+ catch-up)

- Roth conversions—You can withdraw all or part of the assets from a traditional IRA and reinvest them in a Roth IRA (aka Roth conversion). The amount of the conversion will be included in your gross income and subjected to ordinary income tax. If you're in a lower tax bracket this year, it's a Roth conversion is worth considering since the value of the investments to be transferred is temporarily discounted ~20%. This means that you're paying less tax to do the conversion.

- Gifting to family & other individuals—2022 gift tax exclusion is $16,000 per person, per beneficiary. No need to report on tax returns at/below this.

- 529 accounts—do not have annual contribution limits, however, contributions to a 529 are considered completed gifts for federal tax purposes, and in 2022 up $16,000 per donor, per beneficiary qualifies for the annual gift tax exclusion.
    - While some are more generous than others, many states offer some sort of state income tax deduction for 529 contributions. For example, in MA, savers can claim a MA state income tax deduction up to $1,000 for single filers and up to $2,000 for married filing jointly. In NY, however, the state income tax deduction is much higher- $5,000 for single filers and $10,000 for married filing jointly.

- HSAs—Lots of tax benefits with these. If you're eligible for one, we recommend maxing it every year if possible. Limit $3,650 (self-only) or $7,300 for families.
    - There is also an annual 'catch-up' amount of an additional $1,000 for those age 55+

- FSAs—Some companies allow up to $570 of unused FSA funds to be rolled over into the following year, but aside from that, contributions made to these accounts are typically 'use it or lose it' (so should be spent down by the end of the year).

- RMDs—Required minimum distributions must be taken by 12/31/2022 and are applicable to:
    - Individuals who turned 70.5 prior to 2020, or 72 thereafter
    - Inherited IRAs
    - **For all qualified accounts we directly manage and are subject to RMDs, these distributions will occur by 2nd week in December. We will be in contact after Thanksgiving to set these in motion.**
    - FYI: For IRAs inherited since 1/1/2020 (no longer eligible for 'stretching', and must be drawn down completely within 10 years), the updated guidance from the IRS is now that we *should*, in fact, still be taking RMDs. More here

- Donor-advised funds (DAFs). Can charitably deduct:
    - 30% of Adjusted gross income (AGI) for contributions of non-cash assets (ex. Appreciated stock)
    - 60% of AGI for contributions of cash

- QCDs--Qualified Charitable Distributions (only applicable for those age 70.5+)
    - Can donate up to $100,000 directly to charities from IRA assets, and would count towards satisfying RMD
    - These can also be made from an Inherited IRA (but you, yourself must still be age 70.5+)