

12 Tips: Year-End Financial Checklist

1	Required Minimum Distributions – If you are of RMD age (72) in 2021 and have IRA/Qualified savings, make a sustainable withdrawal plan now to avoid big penalties and prevent erosion of your retirement savings. **Consider #2 in your plans...
2	Review your estate plan, especially if you have IRAs. The SECURE Act may require your beneficiaries to distribute (and pay tax on) that pre-tax account within 10 years. Leave a tax-free legacy, not a headache.
3	Roth conversions. You might have a better estimate on your 2021 taxable income now. This allows you to better project the cost of a conversion at today's tax rates, which are scheduled to change after 2025, perhaps sooner.
4	Understand the Roth IRA 5-Year rule. Remember that a conversion or initial contribution in December 2020 counts the same as one made in January 2020 toward satisfying those five years.
5	Review your investments for losses to harvest. Realized gains & losses can offset, but there are limits on losses per year against taxable income.
6	Review your contributions to retirement accounts. Take advantage of employer matching contributions and tax deductions if you need them.
7	Make a Qualified Charitable Distribution from your IRA instead of donating after-tax funds. Consult your CPA first to make sure you meet the requirements for making QCDs.
8	Plan for life events. A job change, home or car purchase, surgery or other life event requires financially planning ahead, if possible.
9	Own Mutual Funds in a taxable account? Ask your Advisor for an expectation of capital gains distribution. Funds must distribute realized gains to shareholders each year by law, and those gains may be taxable. Funds often begin posting estimates in November and distributing gains around mid-December.
10	Explore Smart Money strategies to get excess idle cash to work without risking it.
11	Check your Flexible Spending Account balance. Your plan may have the "use it or lose it" rule if you don't spend it on qualified expenses by the end of the year. Contribute to a Health Savings Account, if you're eligible.
12	Don't wait! From a tax perspective, there's a huge difference between doing something on December 31 and doing it a day later.