

# 2022 Tax Planning Checklist

Over the last year, we experienced an economic recovery from an ongoing global pandemic, a rash of supply chain issues, and new and pending legislation that affected the tax picture and retirement planning. With so many changes, here's a look at what you may need to think about when preparing your taxes this year.

## Income Tax Planning

---

### Tax-loss harvesting

Tax-loss harvesting is a strategy in which investors sell low-performing, taxable investments and use the losses to offset gains, thereby lowering their taxable earnings. If you're facing an unusually high-income year or you had tremendous losses, this might be a good strategy. A lot of people engage in tax-loss harvesting at the end of the year; however, you should be watching out for these opportunities all year long.

### 529 plans

A 529 is a tax-advantaged savings plan that can be used for qualified educational expenses. Money that goes into a 529 is deductible in most states, and you can fully fund 529 plans for yourself, kids and grandkids. Check to see what the rules are for tax benefits in your state.

### HSA/FSA

A Health Savings Account (HSA) is a tax-advantaged account used to pay for qualified health care needs; money in the account rolls over from year to year. HSAs can be used as long-term investment vehicles, allowing you to save for retirement health care costs in a tax-advantaged manner. You do need to be in a high-deductible health care plan to be eligible to contribute. A Flexible Savings Account (FSA) is also a tax-advantaged account, but the balance doesn't typically roll over every year – though some plans allow a portion of the balance to be rolled over.

### Child Tax Credit

The enhanced credit – passed as part of the CARES Act – provides \$3,000 for children ages 6 to 17 (up from \$2,000), with an additional \$600 for children under the age of 6. The credit begins to phase out above certain income levels – \$75,000 for individuals or \$150,000 for married couples.

## Charitable Giving

---

### Qualified Charitable Distributions (QCD)

After age 70.5, you can send distributions from an IRA directly to a qualified charity – the distribution will not be treated as taxable income and it can offset any RMDs that year. This is called a QCD, and an individual can contribute up to \$100,000 a year.

### Religious Tithing

Did you give to your faith community (church, synagogue, etc.) last year? Make sure you have your donations recorded. Most houses of worship offer some kind of yearly statement.

## Nonprofit donations

Make sure you have these records, as well. Contact the organization for an updated record.

## Charitable Remainder Trusts

Charitable remainder trusts are a tax-exempt way to leave assets to beneficiaries for a certain period of time before giving the rest to charity. Make sure your trust is updated according to your income and set up correctly, and that you're taking full advantage of the tax opportunities.

## Qualified Charitable Cash Donations

Qualified charitable cash donations up to \$300 can be deducted as an above-the-line deduction – those married filing jointly can deduct \$600 for cash gifts to charity in 2021.

# Retirement Planning

---

## Traditional IRA

Contributions to your IRA can be made until April 15, 2022, to count for 2021 – the limit is \$6,000 (\$1,000 catch-up for those over 50).

## Roth IRA considerations

Remember, your contribution toward your Roth IRA counts toward the overall \$6,000 total for IRA accounts, and can be made until April 15, 2022, and still be treated as a 2021 contribution.

## 401(k)

Make sure you account for your contributions in 2021, which must be made in the calendar year. However, your 2022 contribution limit is \$20,500 for 401(k) salary deferrals (\$6,500 catch-up for those over 50), so plan accordingly this year.

# Estate Planning/Transfers

---

## \$16,000 Annual Gift Tax Exclusion

This is the amount you can give away every year without incurring taxes. Talk with your advisor about using this exclusion strategically in your estate plan. The amount is per person, so it is \$32,000 for a couple in 2022.

## Lifetime Exemption Amount/Estate Exemption Amount

This is set at \$12.06 million for 2022, which is a total of lifetime and estate. Exceed this amount in transferring wealth, and you'll start incurring up to 40% estate taxes.

## Wills and Trusts

Are your wills and trusts updated? Now is a good time to double-check your beneficiaries and think about tax implications.

# 2022 Concerns

---

## The Build Back Better Act

Though it hasn't yet passed and its language isn't final, the Build Back Better Act is expected to pass before the end of 2021 and will likely feature a number of new taxes and changes to existing ones. Most tax provisions are expected to target high earners, though it's unclear if they would be retroactive to 2021 or begin in 2022.

## SECURE Act 2.0

Earlier drafts of the Build Back Better Act included a number of changes to retirement account planning. Most of those provisions were dropped from BBB, but could reappear in the retirement-focused bill known as SECURE Act 2.0.

---

This guide is designed to provide accurate and authoritative information on the subjects covered. It is not, however, intended to provide specific legal, tax, or other professional advice. For a comprehensive review of your personal situation, always consult with a tax or legal advisor.

Investment advisory services offered through CWM, LLC, an SEC Registered Investment Advisor. Carson Partners, a division of CWM, LLC, is a nationwide partnership of advisors.