



May Newsletter

Dear WMS Member,

As April marked the conclusion of tax season, many Americans experienced the sigh of relief that comes with putting taxes behind us. However, rather than simply filing and moving on, it's essential to take a moment to reflect on the financial decisions made over the past year. Your tax return holds a wealth of insights that can illuminate strategies for the year ahead. As we step further into 2024, I urge you to review your return to glean valuable information that will guide your financial decisions in the coming months.

Your tax return provides a comprehensive snapshot of your financial well-being. By analyzing it, you can identify trends, assess areas of strength, and pinpoint potential weaknesses. Reviewing income sources, deductions, and credits can offer valuable insights into your financial standing and assist in crafting a solid plan for the future.

Navigating the complexities of the tax code can be daunting, but your 2023 return can reveal the effectiveness of your tax-saving strategies and highlight missed opportunities. Did you maximize deductions? Utilize tax-advantaged accounts efficiently? By scrutinizing your return, you can uncover avenues for optimization and implement proactive measures to minimize tax liabilities in 2024.

For those eligible, contributing to a Health Savings Account (HSA) linked to High Deductible Health Coverage can be a savvy tax management strategy. Ensure that you are fully funding your HSA in 2024 to maximize your deduction. Individuals can contribute up to \$4,150, and families up to \$8,300, with an additional \$1,000 contribution allowed for those 55 and older.

Pre-tax retirement funding is another valuable tool for managing taxes. Assess your financial situation and employer contributions to determine the most appropriate 2024 contribution for your circumstances. Various retirement plans, such as 401(a), 401(k), 403(b), 457, Profit Sharing, SEP IRA, Solo 401(k), and Defined Benefit Plans, offer opportunities for tax-efficient savings. If your budget doesn't allow you to maximize your current contributions, consider implementing an auto-increasing feature to gradually boost your contributions annually, nudging you towards a secure financial future.

While traditional IRA contributions can enhance retirement readiness, depending on your access to an employer-sponsored plan and your income, contributions may not improve your current tax situation. Roth IRAs offer tax-free growth, with contributions of up to \$7,000 for those under 50 and up to \$8,000 for those over 50 in 2024. Remember, you must have earned income to contribute to an IRA.

For individuals over 70 and ½ using the standard deduction, making charitable contributions via a qualified charitable donation (QCD) from an IRA can be advantageous. Ensure that any QCDs made in 2023 are correctly reported on your tax return. In 2024, the total of all QCDs must not exceed \$105,000.

For the charitably inclined, donating appreciated investments to a charity through "donations in kind" can be a tax-efficient strategy. However, there are specific requirements, including a holding period of more than 12 months and unrealized gains associated with the investment.

The insights gained from your 2023 return serve as a compass for navigating the fiscal landscape in 2024. With a comprehensive understanding of your financial situation, you can chart a course that aligns with your long-term objectives. Whether optimizing retirement contributions, strategizing investments, or exploring tax-efficient income management, proactive planning today ensures financial resilience tomorrow.

In conclusion, your 2023 tax return is not just a reflection of the past; it's a blueprint for the future. By reviewing and learning from it, you unlock invaluable insights that inform strategic decision-making and pave the way for financial prosperity in 2024 and beyond. I would be happy to review your return with you to see if we can glean any information together.

As always, I'm here to support you in your financial journey. Feel free to reach out with any questions or to schedule a consultation.

Best Wishes,
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