

End-of-the-Year Money Moves

Here are some things you might consider before saying goodbye to 2022.

Provided by Scott E. Holstein, CPA, PFS, CFP®

What has changed for you in 2022? This year has been as complicated as learning a new dance for some. Did you start a new job or leave a job behind? That's one step. Did you remarry? There's another step. Did you retire? That's practically a pirouette. If notable changes occurred in your personal or professional life, you might want to review your finances before this year ends and 2023 begins. Proving that you have all the right moves in 2022 might put you in a better position to tango with 2023.

Even if your 2022 has been relatively uneventful, the end of the year is still an excellent time to get cracking and see where you can manage your overall personal finances.

Keep in mind that this article is for informational purposes and is not a replacement for real-life advice. Please consult your tax, legal, and accounting professionals before modifying your tax strategy.

Do you engage in tax-loss harvesting? That's the practice of taking capital losses (selling securities worth less than what you first paid for them) to manage capital gains. If you are thinking about this move, consider seeking some guidance from a professional who can provide insights.¹

You could even take it a step further. Consider that you can deduct up to \$3,000 of capital losses over capital gains from ordinary income. You can carry any remaining capital losses above that amount forward to offset capital gains in upcoming years.¹

Do you want to itemize deductions? You may want to take the standard deduction for the 2022 tax year, which has risen to \$12,950 for single filers and \$25,900 for joint. If you think it might be better for you to itemize, now would be an excellent time to get the receipts and assorted paperwork together.²

Are you thinking of gifting? How about donating to a qualified charity or non-profit organization before 2022 ends? Your gift may qualify as a tax deduction. For some gifts, you might need to itemize deductions using Schedule A.³

While we're on the topic of year-end moves, why not take a moment to review a portion of your estate strategy? Specifically, take a look at your beneficiary designations. If you haven't checked them for some time, double-check that these assets are structured to go where you want them to go, should you pass away. Lastly, look at your will to ensure it remains valid and up-to-date.

Check on the amount you have withheld. If you discover that you have withheld too little on your W-4 form, you may need to adjust your withholding before the year ends.

What can you do before ringing in the New Year? New Year's Eve may put you in a dancing move, eager to say goodbye to the old year and welcome 2023. Before you put on your dancing shoes, consider speaking with a financial or tax professional. Do it now rather than in February or March. Little year-end moves might help you improve your short-term and long-term financial situation.

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Citations

1. Investopedia.com, March 6, 2022
2. IRS.gov, December 15, 2021
3. IRS.gov, May 2, 2022