RETIRE WISE

Have You Completed Your Year-End Tax Planning Checklist?

Year-end deadlines are fast approaching for many strategies that can help keep a lid on taxes. To help ensure you're not paying more than your fair share, take a moment to review the checklist below. Unless otherwise noted, December 31 is the deadline for each of the strategies listed.

- Consider selling stock or listed options to realize a gain or loss. Capital gains may be offset through tax-loss harvesting. However, you must avoid selling an investment for a loss and replacing it with the same or a "substantially identical" investment 30 days before or after the sale. That's called a "wash sale," which could result in an unexpected tax bill.
- Contribute to a health savings account (HSA) if you are not enrolled in Medicare and have a qualifying high deductible health plan (HDHP).
- Take 2023 required minimum distributions (RMDs) from qualified retirement accounts. You must take your first required minimum distribution for the year in which you reach age 72 (73 if you reach age 72 after Dec. 31, 2022). However, you can delay taking the first RMD until April 1 of the following year. Plan participants who are still working and are not a 5% or more owner of the company can delay RMDs from that plan, if the plan allows.[1]
- Consider a qualified charitable distribution (QCD) from an IRA of up to $100,000. This can satisfy your RMD requirement while providing important tax benefits. Specific rules apply so talk to your financial professional before initiating a QCD.
- Consider if a Roth conversion is right for you. December 31 is the last day to convert a traditional IRA to a Roth IRA for the 2023 tax year.
- If you plan to itemize on your return, consider accelerating deductions into this tax year, such as unreimbursed medical expenses that exceed 7.5% of your adjusted gross income for 2023.
- Consider funding charitable giving with cash donations and/or appreciated stock. On the fence when it comes to itemizing? Let's talk about ways to bunch charitable contributions so you can take the deduction on your 2023 return.
- Make annual gifts (the annual gift exclusion amount for 2023 is $17,000 per recipient for individual taxpayers ($34,000 for married couples filing jointly). While there is no limit on the number of recipients you can gift to, any gift above the exclusion amount is subject to taxes.[2]
- Consider funding 529 education savings plans for your beneficiaries.
- Work with your tax professional to reduce your alternative minimum tax (AMT) liability, if applicable.
- If you're still working, maximize contributions to employer-sponsored retirement plans, such as 401(k) and 403(b) plans, and be sure to make any necessary adjustments to your income tax withholding for 2024.

To learn more about tax-smart strategies, call the office to schedule a meeting.

1) "Retirement Plan and IRA Required Minimum Distributions FAQs." IRS.gov, 14 MAR 2023, http://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs.

2) "Frequently Asked Questions on Gift Taxes." IRS.gov, 9 AUG 2023, http://www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes.

Why Emergency Preparedness Becomes More Important As You Age

How easy or difficult would it be for you to leave your home if you were evacuated with little or no advance notice? Would you know where to go and what to bring? Who would assist you? Would you have access to transportation? According to the Federal Emergency Management Agency (FEMA), when a disaster strikes the senior population is one of the most vulnerable, especially for those who live alone.[1]

Preparation is the first step toward ensuring the best possible outcome in any emergency situation. Organizations like FEMA, the National Institute on Aging, and the American Red Cross recommend starting with a list outlining any specific needs you or a loved one in your household may have, such as transportation assistance or medical conditions that require special treatment or equipment.

It's also important to work with your family, caregivers, healthcare providers or local community services organizations in advance of a disaster to identify designated shelters that can accommodate your transportation, equipment, and/or healthcare needs, such as a wheelchair or scooter access, dietary needs, accommodations for pets, etc.

Experts in emergency preparedness also recommend creating a "go kit" containing:

- At least 7 days of prescription and over-the-counter medications and personal care supplies
- A list of all current prescription and over-the-counter medications, including dosage and prescribers
- Medicare/Medicaid and/or other health insurance cards
- Copies of drivers' licenses, passports, or another photo I.D.
- Contact information for your immediate family members, healthcare providers, pharmacy, and legal and financial professionals
- Copies of homeowners/renters and life insurance policies, including the toll-free phone numbers for claims assistance
- Copies of estate planning documents, including powers of attorney, will(s), living will(s), trust(s), etc.
- Extra eyeglasses, contact lenses, phone chargers, flashlights, batteries, and other items that you may rely on in an emergency

Review and update your plan and kit contents regularly as your needs change, or as documents or medications are updated over the course of the year. Be sure to sign up for alerts and warnings on your smart phone or other devices from local and national emergency management organizations to receive timely and accurate information for your location. To learn more, visit Ready.gov/older-adults or RedCross.org.

1) "Seniors – Prepare Now for an Emergency." FEMA.gov, Updated 26 APR 2023, http://www.fema.gov/fact-sheet/seniors-prepare-now-emergency.

Scott Holstein
seh@prudentwm.com
(800) 458-9330

Prudent Wealth Management, Inc.
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Prudent Wealth Management, Inc.
(800) 458-9330
301 York Road
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