WWG End of Year Financial Checklist

TAKE

Required Minimum Distributions (RMDs). If you do not, you face a tax penalty of 25% (down from 50%) of your RMD. If you turned 72 in 2023, you must take your RMD by April 1, 2024. If you turned 73 or older in 2023, you must take an RMD during 2023.

The Employee Retention Credit (ERC) as an employer, if you qualify.

The 179 Depreciation deduction for any business property you placed in service.

DETERMINE

If now is the time to exercise or disqualify any company-granted stock options you own and whether a 72(t) election makes sense for you for your restricted stock units (RSUs).

If you qualify for the Qualified Business Income (QBI) deduction as a business owner of a pass-through entity. You must earn under $163,300 (Single) or $326,600 (Married Filing Jointly) to receive the full 20% DEDUCTION. Consider income reduction strategies to qualify for the QBI.

COMPLETE

Consider converting traditional IRA funds into a Roth IRA in 2023. Keep in mind that the conversion will increase your income for 2023, possibly reducing tax breaks subject to phase-out at higher AGI levels. This may be desirable for retirement planning.

If you hold stock that is highly appreciated, you can make an in-kind donation and avoid all capital gains tax on that stock. If you itemize your taxes, you can also receive up to a full deduction for that gift (subject to income tax limits)!

CREATE

Create and add to your education savings program (including 529 plans). Some states provide state income tax deductions for these contributions. These contributions are subject to gifting limits for tax purposes. However, you can do a “front-loaded” 529 contribution into a single plan by doing 5 years worth of contributions in a single year.

Defined Contribution or Defined Benefit Plans for your business to be effective in 2023. Safe harbor 401(k) and SIMPLE IRA plans had to be established by October of this year. However, you can set up and fund a normal 401(k) or SEP IRA by April 15, 2024 for 2023.

MAXIMIZE

Your contributions to your employer retirement account – the deadline is December 31, 2023. If contributing to your IRA, the deadline is April 15, 2024. The 2023 limit is $22,500 with a catch-up contribution over age 50 of $6,500.

Gifts to individuals or charities. The annual gift tax exclusion amount for 2023 gifts to individuals is $17,000 per donee.

If you are age 72 or older by the end of 2023, and especially if you are unable to itemize your deductions, consider making 2023 charitable donations via qualified charitable distributions from your traditional IRAs. These distributions are made directly to charities from your IRAs.

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MAKE

An appointment for early next year to talk with your local Social Security Administration office if you plan to retire in 2024 or will reach full retirement age for Social Security in 2024.

If you are turning 65 in 2024, make an appointment to enroll in Medicare regardless of when you plan to retire.

An appointment with your accountant to go over taxes and make any end-of-year tax payments.

An appointment with Whitney, or your financial planner, to strategize your tax strategy for 2023 and 2024.

PREPARE

To increase your maximum 2024 retirement plan contributions. The new contribution limits are as follows: 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan will increase from $22,500 to $23,000. IRA maximum contributions increased from $6,500 to $7,000. HSA contributions will be $4,150 for individuals and $8,300 for families.

For filing tax returns by organizing records or receipts for income and expenses. This will also help you determine if you should:

1) make any above the-line deductions to your taxes, and
2) whether you should itemize deductions or take the standard deduction.

Your income tax projections for 2024. This will determine what type of retirement plans to implement as a business owner and other tax strategies to consider.

REVIEW

Your beneficiary designations and make any adjustments due to life changes and your insurance coverage to make sure it is adequate for your needs.

CONSIDER

You can still itemize medical expenses that exceed 7.5% of your AGI, state and local taxes up to $10,000, your charitable contributions, plus mortgage interest deductions.

Consider using a credit card to pay deductible expenses before the end of the year. Doing so will increase your 2023 deductions even if you don't pay your credit card bill until after the end of the year.

Income reduction strategies if you are on the edge of a higher tax bracket. The jump from 12% to 22% and from 24% to 32% is significant, and it may be simple to set aside income tax-free to prevent this.

Higher-income individuals ($200,000 single and $250,000 Married Filing Joint) must be wary of the 3.8% net investment income tax (NIIT) on certain unearned income. As year-end nears, the approach taken to minimize or eliminate the 3.8% surtax will depend on the taxpayer’s estimated income and surtax for the year.

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