

WWG December 2021

FINANCIAL ACTIVITIES



TAKE

Required Minimum Distributions (RMDs). Unlike 2020, you cannot bypass this distribution from your retirement accounts. If you do not, you face a tax penalty of 50% of your RMD.

DETERMINE

If now is the time to exercise or disqualify any company-granted stock options you own.

Depending on if you recently qualified for Restricted Stock Units, consider whether a 72(2) election makes sense for you.

As a business owner of a pass-through business if you can qualify for the Qualified Business Income (QBI) deduction. You must earn under \$163,300 (Single filers) or \$326,600 to receive the full 20% DEDUCTION (!!!). This is huge, and I recommend doing what you can within reason to qualify for the QBI.

COMPLETE

Any Roth IRA conversions. This MAY be the last year Roth IRA conversions are allowed from non-deductible IRA contributions, pending current Congress legislation. If you are over the Roth IRA contribution income limit (\$198,000 AGI Married; \$125,000 Single), this means you cannot take advantage of this strategy to build Roth IRA dollars.

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

Or 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 2022.

MAXIMIZE

Your contributions to your employer retirement account – the deadline is December 31, 2021. If contributing to your IRA, the deadline is April 15, 2022.

Gifts to individuals or charities. The annual gift tax exclusion amount for 2021 gifts to individuals is \$15,000 per donee.

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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 2022 or will reach full retirement age for Social Security in 2022.

If you are turning 65 in 2022, make 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 me, or your financial planner, to strategize your tax strategy for 2021 and 2022.

PREPARE

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 2022. 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.

Your insurance coverage to make sure it is adequate for your needs.

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