



2020 YEAR-END FINANCIAL CHECKLIST

With the end of the year approaching, here is a simple checklist of actions that can be taken now that may benefit you come spring.

Investing

It's been a volatile year all around, especially for the stock market. Now is a great time to check your portfolio allocation to confirm that is what you originally intended. The end of the year is a good time to review and determine whether your asset allocation continues to reflect your goals and risk tolerance. If you have unrealized losses, consider taking them to offset any gains you might have realized this year for tax purposes. If you have unrealized gains, make certain your overall portfolio isn't more heavily geared toward stocks than you want.

You will also want to review all of your accounts – IRAs and 401(k)s, as well as taxable accounts. Determine whether you're using the most tax-efficient approach. Also, calculate your overall allocation. We can help you review your portfolio and take actions if need be.

Insurance

If you own life insurance, now is the perfect time to review all of your life insurance holdings to confirm that it still meets your current goals. This goes for all Property & Casualty insurance as well.

If you're covered by a health insurance plan with a high deductible, consider opening a Health Savings Account (HSA). If you've already opened an HSA, make sure you defer the maximum amount allowed for the year. Maximums are \$3,550 for individuals and \$7,100 for families. You may also contribute an additional \$1,000 if you're age 55 or older.

When you use HSAs for qualified medical expenses, there is no income

Gifting and Estate Planning

Use the annual exclusion of \$15,000 before year-end. You can give up to \$15,000 to any individual or \$30,000 if you are a married couple without incurring gift tax. Your gifts must be deposited and cleared by December 31.

Make a gift to a 529 plan. You will not be able to deduct contributions unless you make the gift prior to December 31. If you've paid out of pocket for qualified expenses from a checking, savings or investment account this year (for example: tuition, room and board, books, computers, etc.) and want to be reimbursed, you should complete the transaction before year end. This will make it easier to get reimbursed for expensed paid this year.

Review beneficiary designations on retirement plans, trusts and insurance policies and make certain any trustees, guardians or other fiduciaries you've appointed are still the best choices for those important roles.

Family Finances

Take inventory of all expenses. Determining what you spent in 2020, will help to develop a budget for 2021. If possible, consider any major expenses you'll have next year and start saving for them now.

Take control of your credit. Contact all three major credit bureaus for copies of your credit rating and report. Be on the lookout for errors and possible fraudulent activities.

Retirement Planning

Maximize your 401(k) or other retirement plan contribution. If you participate in a 401(k) plan, take full advantage of it. You can contribute as much as \$19,500 for 2020, plus an additional \$6500 if you're age 50 or older. Contributions must be made by December 31. If you own an IRA, you have until April 15, 2021 to make your 2020 contribution. The maximum allowed is \$6,000, plus an additional \$1,000 for investors 50 years of age or older.

The Cares Act waives the requirement to take distributions from your IRA or other retirement plan if you're age 72 or older. So you don't need to take a Required Minimum Distribution (RMD) from your IRA or other retirement plan this year unless you need the money.

Income Tax Planning

The standard deduction for tax year 2020 is \$24,800 for a married couple filing jointly vs. \$24,400 in 2019. The maximum deduction for state, local and property taxes are \$10,000. If you hope to exceed the standard deduction, you're going to have to look elsewhere. One possible strategy is bunching your deductions, move deductions you were planning to take in 2021 to 2020.

Make gifts to a donor-advised fund this year. You'll receive a full deduction even if gifts from the fund to your favorite charities aren't made until next year. One word of caution – custodians of donor-advised funds experience high volume during the last weeks of the year, so make certain you send your gift well before December 31.

Important Dates:

December 31st:

Deadline for donating to charities, contributing to your 401(k) and making

4th quarter 2020 estimated income tax is due.

March 31st:

Medicare general enrollment and Medicare Advantage open enrollment periods end.

April 15th:

2020 income tax and gift tax returns must be filed.

Last day to make a 2020 IRA contribution.

1st quarter 2021 estimated income tax is due.

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