

8 THINGS FOR YOUR FINANCIAL YEAR END LIST

It always happens - we hit December, scratch our heads and collectively wonder: *HOW IS 2024 ALMOST OVER???* Before ringing in the New Year, here's a list of important financial matters to consider:

1. Review and Maximize Retirement Contributions

By December 31: Max out contributions to your 401(k)s, 403(b)s and 457s.

- The maximum limit for 2024 is \$23,000 for individuals under 50 and \$30,000 for those 50 and over.
- IRAs & HSAs have until the 2024 tax deadline to complete contributions.

2. Harvest Tax Losses

By December 31: Shorepoint employs this strategy throughout the year within your managed taxable accounts. If you have investments in taxable accounts outside of Shorepoint, consider selling investments with a loss to offset capital gains and reduce your taxable income, a strategy known as tax-loss harvesting.

3. Check Your Flex Spending Accounts (FSAs)

By December 31: Use any remaining funds in your FSA, as many accounts have a “use it or lose it” rule. If your FSA allows a grace period or rollover, be sure to understand the rules before year-end.

4. Make Charitable Donations

By December 31: Donate to qualified charitable organizations to take advantage of potential tax deductions for the year. Consider donating appreciated securities to avoid capital gains taxes.

5. Maximize Annual Gifting

By December 31: For 2024, the IRS allows you to gift up to \$18,000 per recipient without incurring gift tax or needing to file a gift tax return. There is **no limit** on the number of people to whom you can give this amount. If married, you and your spouse can each gift up to the annual amount, meaning you can double the total amount per recipient to \$36,000.

6. Take Required Minimum Distributions (RMDs)

By December 31: Ensure you've taken any RMDs from your retirement accounts to avoid penalties. The RMD amount is based on your account balance and life expectancy for those who are in the RMD years, as of 2024, this is if you are age 73 or older. RMDs are also applicable to Inherited IRAs.

- **Shorepoint coordinates these distributions with you for all Shorepoint managed retirement and inherited IRA accounts.**
- **Retirement accounts held elsewhere will have to be attended to separately by you.**

7. Roth Conversions

By December 31: A Roth conversion involves transferring funds from a traditional IRA or other pre-tax retirement account into a Roth IRA, where future withdrawals are tax-free. While the converted amount is subject to income tax in the year of conversion, it can provide long-term tax benefits by growing tax-free and avoiding required minimum distributions (RMDs) in the future. Roth conversions are particularly beneficial for individuals who expect to be in a higher tax bracket in retirement or want to leave tax-free assets to heirs.

8. Set Financial Goals for the New Year

By December 31: Reflect on your financial goals from the past year and set new goals for the upcoming year. Consider areas like savings, investing, debt reduction, and retirement planning.

Completing these tasks before year end can help reduce your tax burden, improve your financial position, and set you up for success in the new year. Here's to a healthy, happy and financially productive 2025!!

BONUS NOTE: 2025 Sunset of the 2017 Tax Cuts and Jobs Act (TCJA)

- The 2017 Tax Cuts and Jobs Act (TCJA) has many provisions that are set to “sunset” (expire) at the **END of 2025**. With the election resulting in Republican control of both the House and Senate, it is expected that these deadlines will be prolonged.
- **Shorepoint will monitor legislation as the year progresses and will advise accordingly.**