

Your Guide to Year-End Financial Planning for 2022

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As 2022 comes to a close, you'll want to reassess your financial goals, examine any life changes that will affect your saving or spending, and learn about recent developments in the world of taxes and finance that might benefit you. So, before you head to your annual meeting with your financial advisor, read over these questions and use them as a helpful guide for your conversation.

1. Can I Contribute More to Retirement Funds?

While the state of the economy might make you hesitant about setting additional income aside, consider whether you're financially able to maximize (or increase) contributions to your workplace retirement plan. At the very least, find out if you're contributing the minimum to take full advantage of any employer match benefit. Increasing your contributions to a traditional IRA is another option, though you should be mindful that those with higher incomes may not qualify for a tax deduction.

2. Do I Have FSA Dollars to Spend or Carry Over?

Use what you can from your flexible spending account (FSA), and check your employer's plan to see how much of any unused funds you can carry over to the next plan year. Although the rollover option applies to your employer's plan year rather than the calendar year, this year-end assessment is a good reminder to make sure you're on track. If permitted, the maximum FSA carryover amount is \$570. If you have a dependent care FSA, you can save as much as \$5,000 (family limit) or 2,500 (married filing separately) in 2022.

Now is also a great time to discuss with your advisor maximum health savings account (HSA) contributions if you have a high-deductible health plan (HDHP). This can be a fairly complex topic in general, so it's a great idea to tap into your advisor's knowledge to learn more.

3. Should I Consider Roth Conversions?

If you have some room in your current tax bracket before reaching a higher federal income tax rate, you may want to consider doing a Roth Conversion. This would involve converting some of your pre-tax retirement savings, like in a traditional IRA, into a post-tax account, like a Roth IRA, so you'd never have to pay taxes on future earnings. Taxes would be paid up front on the conversion amount, and you'd enjoy tax-free growth in the future. If this interests you, discuss this strategy with your advisor, who can help determine if it's an ideal time to do a conversion. He or she can also run projections to see if you would end up paying less in taxes overtime with this strategy.

4. What Is Tax-Loss Harvesting?

If some investments in your portfolio have suffered a loss, the end of the year is a common time to consider if it would make sense to "harvest losses" by selling them. Doing so can offset gains you have realized in your portfolio, as well as up to \$3,000 of your earned income. Tax-loss harvesting can get complex, so this is a great topic about which to seek professional help. Be aware: Investments can only be rebought after a certain period, as selling a security for a loss and buying back within 30 days does not qualify.

5. Do My Charitable Donations Qualify for a Tax Deduction?

Charitable contributions donated directly to a qualified charity or to a donor-advised fund can help you get a federal tax deduction. Keep in mind, however, that this will often only be beneficial if you're itemizing. It's worthwhile to discuss with your tax professional if your charitable contributions, in addition to other deductions, will surpass your standard deduction.

6. What Should My Strategy for Stock Options Be?

If you have vested stock options included in your compensation package from your employer, now may be a good time to consider whether it would be more beneficial to sell them in January of 2023 as opposed to this year. Review your stock option statement and plan document with your tax professional and discuss which year may provide you the best opportunity from an income tax perspective.

7. Do I Need to Think About RMDs?

Some retirement accounts are subject to required minimum distributions (RMDs). This means once you are nearing approximately age 72, you may be required to start taking distributions from your retirement accounts, owing taxes on the way out. It's not uncommon for people to forget to take RMDs. What's more, recent legislation has made them a bit more complex, so RMDs for retirees and their beneficiaries are best planned with your advisor to be sure you're following the rules.

8. When Do I Need to Resume Repaying Student Loans, and Do I Qualify for Student Debt Relief?

Student loan payments are set to restart at the commencement of 2023. Under the Biden administration's one-time student loan debt relief plan, payments could be reduced to 5 percent of discretionary income for most undergraduate loans. More information on this plan will be announced in the coming days and weeks. To get the latest, consult this helpful [fact sheet](#) and sign up for updates on the [U.S. Department of Education website](#).

9. Should I Update My Estate Plans?

It's always a good idea to review estate plans as part of year-end financial planning. As life events happen, such as marriage or the birth of a child, your estate plan should be updated accordingly with your attorney. At the end of each year, discuss with your family how the life events you've experience over the last year might affect your estate planning. When you meet with your advisor, be sure to update and review beneficiary designations, trustee appointments, power of attorney provisions, and health care directives.

Take Advantage of Your Advisor's Knowledge

Although this year-end financial planning checklist covers a lot of ground, it's intended to serve just as a springboard for your planning conversations with your financial advisor. You'll have a great starting point to talk through issues and deadlines that are most relevant to you, and you should be sure to add anything else you want to know to this list so you don't forget to inquire. An annual planning meeting is a great time to ask any questions you need answered regarding your financial plans for the coming year.

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