New Year Checklist

It's the New Year! Read further to nail down what should be done so you can start the New Year right.

Retirement Planning – Seize opportunities and avoid missteps

- Consider Roth 401(k) contributions and after-tax contributions up to a total of $67,500 per year in contributions.
- Maximize your IRA contributions. You may be able to deduct annual contributions of up to $6,000 to your Traditional IRA and $6,000 to your spouse's IRA plus $1,000 in catch up contributions for ages 50 and over.
- Consider increasing your 401(k) and retirement account contributions to the maximum of $20,500.
- If you are 50 or older, take advantage of catching up on IRA contributions and certain qualified retirement plans. You may be able to contribute (and deduct) an addition $1,000 to your IRA and $6,500 to your employer retirement plan, for a total of $7,000 in IRA contributions and $27,000 in employer plans.
- Avoid taking IRA distributions prior to age 59 ½ otherwise a 10% early withdrawal penalty may apply.
- Consider converting from a Traditional IRA to a Roth IRA.
- Explore taking employer stock from tax deferred accounts, under favorable tax rules.
- Determine the optimal time to begin taking Social Security benefits, which you can apply for between ages 62 to 70.
- Consider opening a Health Savings Account, up to $7,200 per family each year!

Investment and income tax strategies

Defer or Reduce Income

- Defer your year-end bonus, the sale of capital gain property and receipt of distributions to delay income to thefollowing year.
- Review your W-2 federal incoming withholding amount in preparation of a significant tax bill or to avoid the under-withholding tax penalty.
- Maximize the utilization of itemized medical expenses by bunching expenses in the same year in order to meet the threshold percentage of your AGI.
- If you are subject to the Alternative Minimum Tax (AMT), speak with your tax advisor before deferring income or accelerating deductions as they could have a negative effect.

Gifting Strategies

Give to Loved ones

- Gift up to $15,000 per individual annually in federal tax-free gifts.
- Make a will or trust bequest so that the estate can take both income and estate tax deductions.

Giving to Charities

- Give an outright charitable gift of cash for an immediate income tax deduction.
- Contribute to charities using appreciated stock in place of cash to reduce capital gains in your portfolio while generating an income tax deduction.
- If you are over 70 ½ and would like to make a donation to charity, you can donate up to $100,000 from your IRA under favorable tax provisions called a qualified charitable distribution (QCD).
- Set up a Donor Advised Fund for an immediate income tax deduction and to provide immediate and future gifting to charities over time.
- Consider "bunching" several years of charitable contributions into one year to make your contributions more tax efficient.

Itemize personal residence and mortgage interest*

- Up to $250,000 ($500,000 for married couples filing jointly) of the gain from the sale of your principal residence can be excluded from federal income tax, if certain requirements are met.
- Interest on up to $750,000 of mortgage indebtedness incurred after December 14, 2017 used to purchase or improve a home is allowed as an itemized deduction.
- For mortgages incurred December 14, 2017 or earlier, the interest will be deductible on up to $1,000,000 of debt (the old cap), even if refinanced after the December 14, 2017 date.

  **Interest on mortgage or home equity debt not used to purchase or improve a personal residence is no longer allowable as an itemized deduction.*

Set yourself up for success in the upcoming year

- Check your Health Savings Account contributions for 2022. If you qualify you can contribute up to $3,650 (individually) or $7,300 (family), and an additional $1,000 catch-up if you are age 55 or older
- Send capital gains and investment income information to your accountant for a more accurate year end projection.
- Confirm you've spent the entire balance in your Flexible Spending Accounts for the year.
- Revisit contribution amounts to your 529 Plan college savings accounts.
- Revisit retirement plan contributions.

Planning for 2022/2023

- Discuss major life events with us to ensure you have clarity in your current situation and direction for tomorrow. This includes, family, job or employment changes, and significant elective expenses (real estate purchases, college tuition payments, etc.).
- Ensure your account preferences, risk tolerance and investment objectives are up to date with us.
- Double check your beneficiary designations and update as necessary on retirement accounts, life insurance policies and pensions.
- Make a financial wellness resolution for 2022/2023!

While this check list can start as a guide, speaking to us is the best way to make sure you have everything in line for the end of the year. Get started today!

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Disclosures

For a comprehensive review of your personal situation, always consult with a tax or legal advisor. Neither Cetera Advisor Networks LLC nor any of its representatives may give legal or tax advice.

Limitations and Early Withdrawals: Some IRAs have contribution limitations and tax consequences for early withdrawals. For complete details, consult your tax advisor or attorney.

Retirement Plans: Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59 ½, may be subject to an additional 10% IRS tax penalty.

Roth IRA: Converting from a traditional IRA to a Roth IRA is a taxable event. A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal or earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 ½ or due to death, disability, or a first-time home purchase (up to a $10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.