CALAMOS® WEALTH MANAGEMENT

Year-End Financial Planning Checklist

Below are some considerations to keep in mind as year-end approaches.

Income Tax Considerations

- [ ] Review income increase or decrease, income type, or income location.
- [ ] Itemized Form 1040 returns may weigh accelerating deductions into this tax year (e.g., medical expenses).
- [ ] If expecting a net operating loss from a business, review a potential Roth conversion.
- [ ] Maximize retirement, dependent care accounts, and health savings accounts to reduce taxable income.
    - Due to rollover/carryover restrictions, spend the FSAs and dependent care accounts spend in the current calendar year.
- [ ] Review tax withholdings on retirement account distributions and make desired changes for the new year.
- [ ] Anticipate quarterly estimated tax payments.
- [ ] For clients with foreign accounts, complete your Foreign Bank and Financial Accounts Report.

Investments

- [ ] Review investment accounts with all providers to ensure allocation reflects intended risk tolerance and no inadvertent concentrations.
- [ ] Ensure assets are located in most tax effective location (e.g., taxable bonds in tax-deferred accounts, equities in taxable accounts)
- [ ] Estimate tax bracket for 2023 (and 2024 if retirement/business sale is upcoming) to determine tax loss harvesting for TY 2023 or delay to early 2024.
- [ ] Consider a budget for capital gains for 2024. It may be effective to take gains early in the year and work them off throughout the year. **If anticipating a sale of a business, consider an installment sale to spread out capital gains over several years.**

Retirement

- [ ] Maximize retirement savings, including catchups, if you are 50 or older.
- [ ] Remember to take RMDs as required to avoid a potential 25% penalty on the RMD that should have been taken but was not.
- [ ] Review the SECURE 2.0 Act's other provisions to see which might impact you. The SECURE 2.0 Act raised the age requirement for RMDs to age 73.
- [ ] If you reach age 72 in 2023, the required beginning date for your first RMD is April 1, 2025, for 2024.
- [ ] If you turned 72 in 2022 and are subject to the 72 RMD rule, you may be subject to two RMD distributions:
    - The first RMD was due by April 1, 2023, based on your December 31, 2021, account balance.
    - The second RMD is due by December 31, 2023, based on your December 31, 2022, account balance.
- [ ] Review Medicare and Affordable Care Act (ACA) enrollment options and adjust as necessary during enrollment periods.
    - The enrollment period for ACA is November 1 to December 15 (January 1 start date)
    - The enrollment period for Medicare is October 15 to December 7 (January 1 start date)

[1]Extended enrollment for ACA is from December 15 to January 15 and will push your coverage start date to February 15.

Charitable Contributions and Gifting

If charitably inclined

- ☐ Donate low-cost basis investments rather than cash gifts.
- ☐ Redirect Required Minimum Distributions (RMDs) directly to charity through qualified charitable distributions rather than realizing the income. At 70 ½, you are allowed to make qualified charitable distributions to eligible charitable organizations.
- ☐ Utilize donor-advised funds to time a charitable deduction this year while maintaining your ability to choose future charities.
- ☐ Gather 2023's charitable gifts for tax documentation (self-reported to IRS).

Family gifts

Take advantage of your annual gift exclusions. The annual exclusion amount is $17,000 per individual ($34,000 per married couple).

- ☐ Consider making gifts to your children or family members.
- ☐ Consider gifts into a 529 plan.
  - If any withdrawals occur during the tax year, reload any tuition-related refunds to avoid penalties and taxes on nonqualified distributions.
  - Can frontload a five-year annual exclusion gift, if needed.
- ☐ Establish Roth IRAs as gifts for younger family members who may have earnings from work.

Take advantage of your federal exemption amount. The federal exemption amount is $12.92 million dollars for individuals and $25.84 million for couples. This exemption will be greatly reduced once the Tax Cut and Jobs Acts sunsets after December 31, 2025.

- ☐ Review estate plan to check if there are any opportunities around any unused lifetime exemption.
- ☐ **Business Owners: If doing annual appraisals, consider using an independent appraiser to value the interest of assets to be gifted by year-end.**

Estate Plan Review

- ☐ If you inherited an IRA in 2023 or 2022, it may be subject to the 10-year rule for distributions. Ensure your tax situation is planned accordingly for optimal time to realize income tax in future years.
- ☐ If there was a birth or death in your family, ensure IRA, TOD, and insurance beneficiary designations align.
- ☐ If promissory notes exist with your family, consider forgiveness as an option for "gifting" with lower interest rates.
- ☐ Plan time to review your estate plan to coordinate with your family situation and changing estate and tax laws.
  - Include an insurance coverage analysis to mitigate risk.
  - Include insurance review for potential income replacement.

For more information or advice on preparing your financial plan, reach out to a Calamos Wealth Management advisor.

[2]Source: IRS

[3]Source: IRS. https://www.irs.gov/businesses/small-businesses-self-employed/estate-tax

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