

LAST-MINUTE INVESTMENT PLANNING TIPS

It is time for year-end investment planning. Optimize your financial strategy to maximize returns, minimize taxes and position for a strong financial future. Key strategies and considerations for year-end investment planning include:



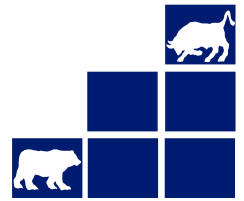
Tax Loss Harvesting

- **Sell losing investments:** Holding investments that have lost value? Consider selling them to offset capital gains from other investments. This can reduce current-year taxable income.
 - **Offset gains & more:** Capital losses can be used to offset capital gains. Up to \$3,000 of losses can be deducted from ordinary income per year. Any remaining realized losses can be carried forward to future years.
- *Be mindful of the “Wash Sale” rule prohibiting investors from claiming a loss on the sale of a security if a similar or identical security is purchased within 30 days (before or after) of the sale.



Maximize Retirement Contributions

- **Retirement Accounts (401k, IRA, etc.):**
 - Contribute the maximum allowable amount to retirement accounts to reduce taxable income. For instance, in 2024, up to \$23,000 can be contributed to a 401k (if you’re under 50) or \$30,500 (if you’re 50 or older).
 - For IRAs, the contribution limit is \$7,000 (under 50) and \$8,000 (50 or older). For tax year 2024, IRA contributions can be made until April 15, 2025.
- **Health Savings Accounts (HSA):**
 - If eligible, contributing to an HSA can provide triple tax benefits:
 - 1) deductions when you contribute
 - 2) tax-free growth
 - 3) tax-free withdrawals for qualified medical expenses
 - The contribution limits for 2024 are \$4,150 for individual coverage and \$8,300 for family coverage. Those 55 and older can contribute an additional \$1,000 as a catch-up contribution.
- **529 College Savings Plans:** If you have children or grandchildren, consider contributing to a 529 plan to save for education expenses. These contributions can be state tax deductible in some states.



Charitable Donations

- **Qualified Charitable Distributions (QCDs):** QCDs of up to \$105,000 per individual (or \$210,000 for married couples filing jointly) can be made from IRA required minimum distributions (RMDs) for those 70½ or older. This reduces the taxable portion of your RMD. QCDs must be paid directly to a qualified 501(c)(3) organization.
- **Donor-Advised Funds (DAFs):** When planning to donate large sums over time, consider contributing to a DAF. This provides a large tax deduction in the year of DAF funding. Gifts from the DAF to charities can take place at a later time.



Review Estate Planning

- **Annual Estate Tax Exemptions:** Take advantage of the annual gift tax exclusion of \$18,000 per recipient (\$36,000 for spouses splitting gifts) for 2024. This reduces your estate tax liability in the future. Consider gifting appreciated assets to individuals who are in lower tax brackets.
- **Lifetime Gift Tax Exemption:** In 2024 the lifetime gift tax exemption is \$13.6M for individuals or \$27.2M for married couples.



Start Planning for Next Year

- **Budget and Goals:** Review financial goals for the coming year and adjust your investment strategy accordingly. Assess whether you're on track to meet long-term goals, such as retirement or buying a home.
- **Review Withholding & Estimated Payments:** Adjust tax withholding and estimated payments to avoid large tax bills and penalties. Conversely, avoid overpaying taxes throughout the year; instead, allow those funds to earn a return for you.

Carefully managing investments and making thoughtful decisions before year-end can significantly improve your financial situation and reduce your tax liability.

Disclosure: Content is CMC's interpretations from various media sources. Always consult with a certified accountant and legal professional for up-to-date tax and estate provisions.

