



7 Year-End Planning Opportunities

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Now is the time! The end of the year is the perfect time to review your overall financial plan. These 7 financial planning tips, strategies and important reminders can give you a good start on making sure you end the year on a strong financial footing.



1. Beneficiary Review – When is the last time you reviewed beneficiaries on your accounts? If it has been a while, review whom you have selected to receive your assets and make any adjustments if they are needed.

2. End-of-Year Charitable Giving – If you are planning any charitable giving before the year-end, there are a couple of strategies worth considering.

- **Opportunities from the CARES Act (COVID Relief Bill)** allowed taxpayers taking the standard deduction to receive a \$300 credit for individuals and \$600 for married individuals for charitable contributions in 2021. The IRS has also raised the charitable deduction from 60% of your Adjusted Gross Income to 100% in 2021. to encourage those who have the capability of giving to do so in a year where non-profits have been hit hard. There are specific restrictions, so please contact your CPA for detailed guidance.
- **Giftting Appreciated Securities from Non-Retirement Accounts** Instead of writing a check, you could consider gifting shares of your securities that have increased in value. The lower your cost basis, the better. You can actually gift shares and get the deduction based on the market value of your shares, whereas if



you sold those shares, you would be required to pay tax on the difference between your cost basis and current market price. This strategy works better if you itemize your taxes vs. taking the standard deduction.

- **Donor-Advised Funds (DAF)** – If you are not sure which charities you'd like to donate to, but would like to receive a charitable deduction this year, consider putting your donation into a DAF account which allows you to donate money, receive the deduction on your taxes, and then later decide which charities you would like to give the money to. You can even invest the money and let it grow for charitable giving in the future.
- **Qualified Charitable Donations (QCD's)**
Only applicable if you are 70.5 or older, this opportunity allows you to gift up to \$100,000 to a 501(c)(3) organization from your retirement account and not have it included as part of your taxable income.

3. Required Minimum Distributions (RMDs)—Your first RMD must be taken from your tax-deferred retirement accounts by April 1 of the year after you turn 72 (if you turn 72 after January 1, 2020). Subsequent RMDs must be taken by December 31 of each year. If you don't take your RMD, you'll pay a penalty of 50% of the RMD amount.

4. Flexible Spending Accounts (FSAs) – If you have access to a flexible spending account through your employer, see if your remaining balance is eligible to be rolled into the next year – or if it will go away. You may be able to find some qualified purchases (i.e., medical supplies) to make before the end of the year to use that balance.

5. Review your Workplace 401(k)/403(b) Allocation & Contribution Levels – If you are working and contributing to an employer-sponsored retirement plan, review what your current allocation is to stocks and bonds. With the recent increase in



stock prices, you may find yourself more heavily allocated to stocks and want to rebalance. It's also a good idea to revisit how much you contribute annually to your plan. Adjusting your savings rate up by 1 or 2% can make a big difference over time.

6. Year-End Fund Distributions – December is the time mutual funds will distribute their capital gains and remaining dividends. Each fund company has different dates on when they are paid, and you can likely anticipate distributions to be completed by Christmas.

7. Roth Conversions — Lastly, if most or all your retirement savings are in a traditional account (IRA, 401(k), etc.) and you believe your tax bracket today is lower than it will be when you retire, it might make sense to “convert” a portion to a Roth IRA. This is a complex strategy, and we encourage you to reach out to your advisor and/or CPA to evaluate.

Randy Miller helps clients make smart money decisions so they can live the life of their dreams and help others do the same. He also provides guidance to small not-for-profit organizations in Oregon and Washington and donates his time and money to support local schools, athletic programs and not-for-profit organizations throughout the Pacific Northwest.