

## A 9-Point Financial Checklist

*Presented by LifeTime Asset Management, LLC*

If you haven't done so already for 2024, spring is a great time to start organizing your finances for the remainder of the year. Recent legislative changes and adjustment to higher inflation levels means there's a lot to consider. This checklist highlights some key points to help guide you as you get started.

### 1) Boost Your Retirement Contributions

**Workplace accounts.** Are you maximizing contributions to your workplace plan? If not, now's the time to think about increasing your contribution to take full advantage of any employer match benefit. For 2024, the maximum employee deferral for 401(k), 403(b), and 457 accounts is \$23,000, and individuals ages 50 and older can defer an additional catch-up of \$7,500. For SIMPLE IRAs, the maximum deferral is \$16,000 and the catch-up is \$3,500.

**Traditional IRA.** Maxing out your contributions to a traditional IRA is another option. The original SECURE Act repealed the maximum age for contributions, so individuals ages 70 and a half and older who earn income can contribute to a traditional IRA. Modified adjusted gross income (MAGI) limits for contributions to traditional and Roth IRAs increased in 2023, so be sure to review MAGI eligibility thresholds. The maximum contribution amount to a traditional or Roth IRA remains \$7,000 with a \$1,000 catch-up for clients ages 50 and older.

**New Roth IRA options.** Under the recently enacted SECURE 2.0, eligible taxpayers will have the ability to contribute to SIMPLE Roth accounts and SEP Roth IRAs. **Please note:** It will likely be later in 2023 before these accounts can be established, as we await certain administrative clarifications.

**More changes to come.** You may hear about additional changes to retirement accounts pursuant to SECURE 2.0, such as the indexing of IRA catch-up contributions to inflation. SECURE 2.0 provisions come with various effective dates (the indexing for IRA catch-ups begins in 2024, for example). We'd be happy to discuss these future changes with you and what they mean for your planning.

### 2) Use FSA Dollars and Make HSA Contributions

Pandemic-era relaxed use-or-lose restrictions for flexible spending accounts (FSAs) have ended in 2023. In addition, if you have a dependent care FSA, you can save as much as \$5,000 in 2024.

If you have a high deductible health plan (HDHP), now is a good time to explore maximizing your health savings account (HSA) contributions. In 2024, the maximum contribution for an individual HSA is \$4,150, and the maximum for a family HDHP is \$8,300. If you're age 55 or older, you can contribute an additional \$1,000. We're happy to discuss prorated contributions with you if you have an HDHP for part of 2024.

### 3) Manage Your Marginal and Capital Gains Tax Matters

If you're on the threshold of a tax bracket, you may be able to put yourself in the lower one by planning to defer some income to 2025. Here are a few thresholds to keep in mind as the year progresses:

- **37 percent marginal tax rate:** Taxable incomes exceeding \$609,350 (individual), \$731,200 (married filing jointly), \$609,350 (head of household), and \$365,600 (married filing separately)
- **20 percent capital gains tax rate:** Taxable incomes exceeding \$518,900 (individual), \$583,750 (married filing jointly), \$551,350 (head of household), and \$291,850 (married filing separately)
- **3.8 percent surtax on investment income:** The lesser of net investment income or the excess of MAGI greater than \$200,000 (individual), \$250,000 (married filing jointly), \$200,000 (head of household), and \$125,000 (married filing separately)
- **0.9 percent additional Medicare tax:** W-2 earnings and self-employment income above the same MAGI thresholds as the investment income surtax (For clients with W-2 earnings above the MAGI thresholds, total Medicare taxes will be 2.35 percent; for self-employed clients, total Medicare taxes will be 3.8 percent.)

#### 4) Rebalance Your Portfolio

Reviewing your capital gains and losses may reveal tax planning opportunities, such as harvesting losses to offset capital gains.

#### 5) Make Your Charitable Giving Pay Off

If you're older than 70 and a half, you can make a qualified charitable distribution (QCD) of up to \$105,000 directly to a charity; if you're married and filing jointly, you may exclude up to \$105,000 donated from each of your and your spouse's IRA. Under SECURE 2.0, taxpayers may begin to take advantage of a onetime opportunity to use a QCD to transfer up to \$53,000 in 2024 to a charitable remainder trust, charitable annuity trust, or a charitable gift annuity.

#### 6) Form a Plan for Stock Options

If you hold stock options, it's a good idea to develop a strategy for managing your current and future income. As part of this, be sure to have your tax advisor prepare an alternative minimum tax (AMT) projection. Keep in mind, AMT exemption limits increased in 2024 to \$85,700 for single tax filers and \$133,300 for married joint filers. If you're thinking about exercising incentive stock options, you may want to wait until January 2025 if, depending on your AMT projections, there's any tax benefit to waiting.

#### 7) Prepare for Estimated Taxes and RMDs

- Under SECURE 2.0, for individuals attaining age 72 after December 31, 2022, the age to begin required minimum distributions (RMDs) has been pushed back to 73. So, for individuals who reach age 72 in 2023, the first RMD will not be required until 2024.

#### 8) Assess Your Estate Plans

Year-end is always a good time to review and update your estate plan to make sure it's still in line with your goals and accounts for any change in circumstances. Depending on your net worth, establishing a defective grantor trust, spousal lifetime access trust, or irrevocable life insurance trust may be an effective strategy to reduce your estate tax exposure. In addition, take the time to update your beneficiary designations and review trustee appointments, power of attorney provisions, and health care directives.

#### 9) Rely on Us as a Resource

It's not too early to get a jump on planning—and even though your situation is unique to you, this high-level checklist can be a great starting point. Please feel free to contact us to talk through the issues and deadlines that affect you. We're also happy to collaborate with your CPA, attorney, and other professionals you work with to help ensure that you're prepared for the coming year.

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