



SHARON K. WHITACRE, CFP®, CIMA®
MANAGING DIRECTOR

JAMES F. BARSELLA
SENIOR MANAGING DIRECTOR

YEAR-END PLANNING: KEY AREAS TO REVIEW

BY SHARON K. WHITACRE, CFP®, CIMA®, MANAGING DIRECTOR AND
JAMES F. BARSELLA, SENIOR MANAGING DIRECTOR

As October is winding down, the equity markets are reaching an all-time high and we are entering the home stretch for 2024. With only a couple months left in 2024, it is a great time to review some year-end planning strategies and prepare for 2025. Below are some key areas you can review to help maximize your year-end planning and wealth preservation objectives:

OPTIMIZE YOUR INVESTMENT PORTFOLIO

Conduct a detailed review of your investment portfolio to ensure it aligns with your long-term goals. Consider rebalancing your assets to maintain the desired risk level and explore tax-efficient investment vehicles.

REVIEW CAPITAL GAINS AND LOSSES

Strategically manage your capital gains and losses. Utilize tax-loss harvesting to offset gains with losses, potentially reducing your overall tax liability. Be mindful of the holding periods to qualify for favorable long-term capital gains rates and Wash Sale rules.

YEAR-END PLANNING: KEY AREAS TO REVIEW

BY SHARON K. WHITACRE, CFP®, CIMA®, MANAGING DIRECTOR AND JAMES F. BARSELLA, SENIOR MANAGING DIRECTOR

MAXIMIZE RETIREMENT CONTRIBUTIONS

Ensure you are maximizing contributions to your retirement accounts, such as 401(k)s, IRAs, and Roth IRAs. Individuals can explore additional options like defined benefit plans or further tax-advantaged retirement contributions. If you are over 50, take advantage of catch-up contribution to your retirement accounts.

If you have significant IRA and/or 401(k) balances, consider a strategy to convert a portion of your IRA to a Roth IRA. Be sure to consult with your tax advisor to select an amount that will prevent you from entering a higher tax bracket, as well as an amount that will prevent you from paying higher Medicare Premiums (if you are 63 or older).

HEALTH CARE PLANNING

Review your insurance policies to ensure you have adequate coverage for health, life, and disability insurance. Utilize Health Savings Accounts (HSAs, FSAs, etc.) for tax-advantaged medical expense savings. Use any remaining funds in your FSA before the year ends, as these typically do not roll over.

CHARITABLE GIVING

Implement a strategic charitable giving plan. Consider donating appreciated assets, such as stocks, to minimize capital gains taxes while supporting causes you care about. Establishing a donor-advised-fund (DAF) can provide immediate tax benefits and allow flexibility for future charitable distributions.

Each IRA owner over age 70½ can transfer up to \$105,000 in 2024 (adjusted for inflation thereafter) tax-free to a qualified 501(C)(3) organization. And, for those who are at least age 73, the QCD counts towards the IRA owner's RMD for the year.

TRUST AND ESTATE PLANNING

Revisit your trust and estate plans. Consider gifting strategies to reduce your taxable estate and leverage the annual gift tax exclusion, which is \$18,000 per recipient in 2024. Review your wills, trusts, insurance policies, and beneficiary designations to ensure they reflect your current intentions and take advantage of tax-saving opportunities.

REVIEW EXECUTIVE COMPENSATION PROGRAMS

Corporate executives often have complex compensation structures. Review your executive compensation packages, including stock options, bonuses, and deferred compensation plans. Coordinate with tax professionals to optimize the timing and tax treatment of these benefits.

REAL ESTATE INVESTMENTS

Evaluate your real estate portfolio. Consider opportunities for 1031 exchanges to defer capital gains taxes on investment properties. Explore cost segregation studies to accelerate depreciation deductions and potentially reduce your taxable income.

TAX PLANNING

Ensure you have paid enough in taxes throughout the year. If you are self-employed or have other income sources, check if you need to make estimated tax payments to avoid penalties. Review your expenses to ensure you are taking advantage of all available deductions and credits. This might include charitable donations, medical expenses, education credits, as well as other items.

YEAR-END PLANNING: KEY AREAS TO REVIEW

BY SHARON K. WHITACRE, CFP®, CIMA®, MANAGING DIRECTOR AND JAMES F. BARSELLA, SENIOR MANAGING DIRECTOR

PROFESSIONAL GUIDANCE

Engage with a team of financial advisors, tax professionals, and estate planners to review your comprehensive financial plan. Their expertise can help identify additional strategies tailored to your unique circumstances and ensure all planning opportunities are maximized.

By taking a proactive approach to year-end planning, individuals can enhance their wealth management strategies, minimize tax liabilities, and secure their financial legacies. Start now to ensure you are well-prepared for the new year.

Information provided in this article is general in nature, is provided for informational purposes only, and should not be construed as legal, tax or investment advice. These materials do not constitute an offer or recommendation to buy or sell securities. The views expressed by the author are based upon the data available at the time the article was written. Any such views are subject to change at any time based on market or other conditions. Clearstead disclaims any liability for any direct or incidental loss incurred by applying any of the information in this article. All investment decisions must be evaluated as to whether it is consistent with your investment objectives, risk tolerance, and financial situation. You should consult with an investment professional before making any investment decision.

Performance data shown represents past performance. Past performance is not an indicator of future results. Current performance data may be lower or higher than the performance data presented.

MARKET BENCHMARK RETURNS

| October 31, 2024 | | 1M | 3M | 12M | YTD |
|------------------|------------------------------------|-------|-------|-------|-------|
| US Large Cap | S&P 500 Index | -0.9% | 3.7% | 38.0% | 21.0% |
| US Small Cap | Russell 2000 Index | -1.4% | -2.2% | 34.1% | 9.6% |
| Developed Intl | MSCI EAFE (Net) | -5.4% | -1.5% | 23.0% | 6.8% |
| Emerging Intl | MSCI Emerging Markets (Net) | -4.4% | 3.6% | 25.3% | 11.7% |
| Real Estate | FTSE NAREIT All REITs Index | -3.7% | 4.5% | 33.4% | 9.5% |
| Core Fixed | Blmbg. U.S. Aggregate Index | -2.5% | 0.2% | 10.5% | 1.9% |
| Short Fixed | Blmbg. 1-3 Year Gov/Credit index | -0.6% | 1.2% | 6.2% | 3.8% |
| Long Fixed | Blmbg. U.S. Long Government/Credit | -4.7% | -0.4% | 17.0% | -1.3% |
| Corp Debt | Blmbg. U.S. Credit Index | -2.4% | 0.8% | 13.1% | 2.7% |

Source: Bloomberg

The performance data shown represents past performance. Past performance is not an indicator of future results. Current performance data may be lower or higher than the performance data presented.