



**Rational Wealth
Solutions**

A Year-end Wealth Review Checklist



The final month of the year is synonymous with holidays, get-togethers and general busyness. But these last few weeks of 2024 are also a crucial window to make sure you're on track to meet your most important financial goals. It's well worth investing some time with your wealth advisor to review all the elements of your financial well-being. Here are some of the key areas to review:

Your Investment Portfolio

- The end of the year presents a good opportunity to review your investment portfolio for **tax-loss harvesting opportunities**. By strategically selling underperforming assets, you can offset capital gains elsewhere in your portfolio, lowering your taxable income. Proceeds from asset sales can then be reinvested. Keep in mind that if you purchase a security that is "substantially identical" to the one you sold within a 30-day time frame, your loss will be disallowed under the IRS's wash-sale rule.
- Tax-loss harvesting is often integrated into the **portfolio rebalancing** process. It's normal for your investments to drift from their target mix due to market fluctuations. Restoring the predetermined balance—your asset allocation—helps to ensure your investments are aligned with your risk tolerance and financial goals to start the coming year.

Your Tax Deductions

- **Maximizing contributions** to tax-deferred retirement plans can significantly reduce your taxable income. For 2024, 401(k) participants can contribute up to \$23,000, and those age 50 or older can add a \$7,500 catch-up contribution. The limits for traditional individual retirement accounts (IRAs) are \$7,000 and \$1,000, respectively.¹ While 2024 401(k) contributions must be made by the end of 2024, taxpayers have until April 15, 2025, to make 2024 contributions to their IRA.
- Year-end is also a good time to consider converting a traditional IRA, which is generally funded with pre-tax dollars, to a **Roth IRA**, which is funded with after-tax dollars. Neither the principal nor appreciation of Roth IRAs are taxed when distributions are made, so in some cases a conversion may be in your best long-term interest.* Note that funds converted from a traditional IRA to a Roth are treated as a taxable distribution in the calendar year of the conversion. Be sure to discuss with your advisor whether this is the right approach for you.
- Consider opening and **fully funding a health savings account (HSA)** by Dec. 31. HSAs provide a triple tax benefit: contributions are tax deductible, and earnings as well as withdrawals for eligible medical expenses are tax free.** The 2024 contribution limit is \$4,150 for those covered individually by a high-deductible health plan (HDHP), or \$8,300 if the coverage is for a family.² This may also be an important consideration during open enrollment season, which typically is at the end of the calendar year. If you haven't enrolled in an HDHP, now may be the time to make a change and begin contributing to an HSA.

Your Charitable Giving Plans

- If you're planning to make charitable gifts, consider doing so before year-end to **maximize your deductions for 2024**. Note that you cannot deduct donations made to charities unless you exceed the standard deduction threshold, which for married couples is \$29,200 in 2024³, and therefore are able to itemize deductions. And bear in mind that donating appreciated securities rather than cash may enable you to avoid capital gains tax liabilities, which are triggered at the time of sale, on those securities' appreciation. This does not apply to holdings in qualified retirement plans, such as IRAs. If you're not sure which charities to give to, consider establishing a donor-advised fund: Doing so will secure your tax deduction for the current year, and you can then recommend gifts to charities over time.

Your Estate Plan

- It's wise to **review key estate planning documents** every few years. Your will, trust and powers of attorney should be assessed to make sure they reflect your present circumstances and wishes. It's especially important to review beneficiaries if you've experienced a major life event such as marriage, divorce or the loss or addition of a family member.
- If you have a taxable estate, **reviewing your gift and estate tax** plans is a must. The lifetime gift and estate tax exemption is \$13.61 million in 2024, increasing to \$13.99 million in 2025.⁴ It may be extended, changed or allowed to expire, in which case the exemption could revert to about \$7 million. Planning for this possible sunset is imperative and should take place in the next few months. Many estate planning attorneys are anticipating an influx of work next year and plan to implement cutoff dates for their services in order to execute all changes prior to Dec. 31, 2025.



Your Insurance Coverage

- It's important to regularly **review insurance coverage**, but it's especially so as your wealth grows. An insurance review can help ensure that your coverage aligns with your lifestyle and the value of your belongings. Adjusting coverage amounts and identifying coverage gaps can help to protect wealth and safeguard your long-term financial plans. Beneficiary designations should also be updated as necessary. If you're unsure whether you have adequate coverage, don't hesitate to reach out to your advisor.

Meet With Your Wealth Advisor

Your wealth advisor can walk you through a complete review of your finances, with the support of Mariner's robust team of in-house professionals in tax, insurance, estate planning and other specialties. Meeting with your advisor can help ensure all aspects of your wealth plan are aligned with your needs and goals, giving you the opportunity to take action if needed before the end of the year.



¹"401(k) limit increases to \$23,000 for 2024, IRA limit rises to \$7,000"

²"Health Savings Accounts and Other Tax-Favored Plans"

³"IRS provides tax inflation adjustments for tax year 2024"

⁴"Estate and gift tax"

*A Roth conversion is complex, and it is an irrevocable election. Once you process a Roth conversion, you cannot undo the conversion and tax impact. Before initiating a Roth conversion, please consult with a financial and tax professional to fully understand the financial impact and to ensure you consider all your available options, including applicable taxes, fees, and features of each before moving your retirement assets. Roth IRA conversions require a 5-year holding period before earnings can be withdrawn tax-free and subsequent conversions will require their own 5-year holding period. In addition, earnings distributions prior to age 59 1/2 are subject to an early withdrawal penalty.

**Because the administration of a Health Savings Account (HSA) is a taxpayer's responsibility, you are strongly encouraged to consult your tax advisor and review information available on the Internal Revenue Service website at [IRS.gov](https://www.irs.gov). If you use your HSA money on something other than qualified medical expenses, your withdrawal may be subject to income taxes, and it may be subject to a 20% tax penalty if taken prior to age 65.

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