



9 IMPORTANT QUESTIONS TO ASK YOURSELF BEFORE THE END OF THE YEAR

As the year draws to a close, it's crucial to take stock of your financial situation and plan for the upcoming year. Whether you're an individual looking to optimize your financial health or a business owner seeking to make strategic decisions, this checklist will guide you through essential financial considerations aimed to help you finish the year strong and set yourself up for success in the year ahead. From tax planning and investment strategies to budgeting and retirement savings, these key financial questions will help you make informed choices and confidently navigate the complexities of year-end financial planning.

1. HAVE I CONTRIBUTED TO MY RETIREMENT PLANS?

Be sure to take full advantage of employer-matching contributions in employer-sponsored retirement plans. Beyond that, you may want to contribute up to the maximum contribution limit for this year. In addition, visit with your Wealth Advisor or CPA and determine if making a traditional IRA or a Roth IRA contribution makes sense for you. Not all traditional IRA contributions are deductible for tax purposes, possibly resulting in less immediate tax savings than anticipated.

2. AM I AWARE OF REQUIRED MINIMUM DISTRIBUTIONS (RMDs)?

Once you reach RMD age, you are generally required to start taking RMDs from traditional IRAs and employer-sponsored retirement plans by year-end. SECURE Act 2.0 of 2022, changed the age at which RMDs must begin. Currently, RMDs must begin at age 73. Starting on January 1, 2033, the age requirement increases to 75. In many cases, RMDs are required for non-spousal inherited IRAs, including inherited Roth IRAs, even if you are younger than age 73. The SECURE Act also changed the RMD rules for inherited IRAs and Roth IRAs, so make sure and visit with your Wealth Advisor if you have questions on the correct timing and approach (see immediately below for more detail).

3. ARE THERE GIFTS I WOULD LIKE TO MAKE BEFORE YEAR-END?

Individuals can gift up to \$17,000 (\$34,000 per married couple) to as many people as desired without incurring federal gift tax or utilizing a portion of their gift tax exemption. Keep in mind that gifts to 529 plans or trusts holding life insurance may utilize all or a portion of your exclusion in a given year. If you are charitably inclined, you may want to consider any charitable gifts you would like to make before year-end. Cash gifts are simple, but there are other strategies that may further maximize your tax benefits, including gifts of appreciated securities, funding Donor Advised Funds (DAFs) or Qualified Charitable Distributions (QCDs) for IRA owners age 70½ and older.

4. HAVE I WITHHELD ENOUGH TO AVOID UNDERPAYMENT PENALTIES FOR FEDERAL INCOME TAXES?

Check your income tax withholding and/or your estimated quarterly tax payments to verify that you won't be subject to underpayment penalties for 2023. The IRS safe harbor rules require individuals to pay at least 90% of their current year income tax liability or 100% (110% above certain income levels) of their prior year income tax liability.

5. AM I IN THE LOW INCOME TAX BRACKET?

On the surface, a low or zero percent tax bracket may sound great, but it may not be the best alternative. Paying a little tax now on things like additional IRA distributions (typically for those over age 59 ½) or portfolio gains may help keep you out of higher tax brackets in future years. If you're a retiree and still a few years away from having to take required minimum distributions (RMDs), this may be a great opportunity to save some extra tax.

6. AM I IN AN OPEN ENROLLMENT PERIOD FOR MY COMPANY?

Around this time every year, companies offering group benefits typically have an open enrollment period, wherein an individual can make changes to their different employee sponsored benefits. This might include changes for health insurance, contributions to health savings accounts (HSAs), flexible spending accounts (FSAs), life insurance and disability insurance, to name a few of the big ones. Make sure to review the benefit options and note that some open enrollment periods require that you actively renew coverage; it's not always automatic.

The New Year is also a great time to increase your 401(k) or retirement account contributions if you're not already contributing the maximum. Even a small increase can make a significant difference in your retirement savings over time.

7. DO I NEED TO REVIEW MY EXISTING MEDICARE ADVANTAGE OR PRESCRIPTION DRUG PLANS?

Once a year, from October 15th to December 7th, individuals have an opportunity to re-evaluate and compare their existing Medicare Advantage plan (Part C) or Prescription Drug plan (Part D) to other plans in the market. This may help save on costs or allow you to find a different policy that better fits your needs.

8. HAVE I SPENT THE FUNDS IN MY FLEXIBLE SPENDING ACCOUNT (FSA)?

Any funds remaining in your FSA could be lost if not spent on qualified expenses before year-end.

9. IS MY IDENTITY SAFE?

While cyber security and identity protection aren't exactly year-end items, we do feel they are vitally important and worth mentioning. This seems especially timely in light of the coming holiday shopping season, when cyber criminals are often most active.

Consider reaching out to your Client Service Associate to learn about different options for protecting your accounts, including verbal passwords, voice recognition technology and two-factor authentication for logging into your accounts.

WANT TO LEARN MORE?

Please visit our website, [linscomb-williams.com](https://www.linscomb-williams.com), for further insights and to connect with an advisor.

Connect with us.

IN HOUSTON, TX
1333 West Loop South, Ste. 1500
P: 713.840.1000