Financial Planning Checklist

Investment Portfolios

- ❑ **Review Asset Allocation** – Revisit your risk tolerance. Consider how your age, financial needs, and short-term goals could affect your portfolios over the foreseeable future. The allocation that works best for you changes at various times in your life, depending on your time horizon and your ability to tolerate risk. Contact your advisor if you would like to discuss your current asset allocation further.
- ❑ **Rebalance Portfolios** – Weatherly is always monitoring and rebalancing your portfolios, whether that is due to market movements, cash needs or surplus to maintain diversification between holdings.
- ❑ **Tax Loss Harvesting** – Each November to December, Weatherly reviews potential tax loss harvesting opportunities in our clients' taxable accounts, considering eligible investment holdings to offset realized gains in the current calendar year. We adhere to strict wash sale rules when repurchasing investments previously sold at a loss.

Retirement Planning

- ❑ **Maximize your 401(k) Contributions** – The max contribution into your 401(k) for 2023 is $22,500 (or $30,000, if you're 50 or older). Even if you don't hit the max, your contributions are still important because they lower your taxable income for 2023. You have until December 31st to make 401(k) contributions.
- ❑ **Self Employed?** – With a self-employed 401(k), you can also save up to $22,500 in 2023 (or $23,000 in 2024) in your plan as an employee deferral, just as you would in a regular 401(k). And since you're also the employer, you're able to make an employer contribution to the account, as much as 25% of the business's income or up to a total account value of $66,000 for 2023 (or $69,000 for 2024).
- ❑ **Maximize your IRA contributions** – The contribution limit for most IRAs in 2023 is $6,500 ($7,500 if you're 50 or older). With IRAs, you have until Tax Day (April 15) to make the contribution, so you can assess your year-end financial situation before contributing if you like.

Retiree Planning

- ❑ **Over 72 years old? 2023 Required Minimum Distribution** – Weatherly tracks and pays out all client RMDs but it is always good to check in with your advisor to ensure federal/state withholding percentages are set for next year and any Qualified Charitable Distributions are communicated (see below)
- ❑ **Low-income tax year? Consider a Roth Conversion** – With a Roth IRA conversion, you'll transfer retirement funds from a 401(k) or Traditional IRA into a Roth account. Since a traditional account is tax-deferred while a Roth is tax-exempt, you'll need to pay those deferred income taxes on the funds you convert. This strategy isn't relevant every year. It tends to be most relevant in a year when you think your tax bracket will be lower in the current year and higher in retirement. The upside? When you withdraw your money in retirement, it'll be tax-free. Are you a viable candidate? Learn more about Roth Conversions here.

**Refer to the 2023 Key Financial Data Chart *Retirement Plan Contribution Limits* for more information

All data as of 12/20/2023

Income Taxes

- **Ensure proper withholding on your W-2** – If it's been a few years since you last updated your W-2 or you've experienced large changes in your financial picture this year, be sure to update your withholding amounts with your employer by filling out a new Form W-2.
- **Charitable Giving** – Gift your gains through a highly appreciated stock donation to your DAF (Donor Advised Fund) or donate a portion of your RMD (Required Minimum Distribution) via Qualified Charitable Distributions. Not sure which one makes sense for you? Take a look at WAM's Guide to Giving for more guidance.

Wealth Transfer and Estate Planning

- **Review Estate Planning Documents** – Review your wills and/or revocable living trusts to ensure you have the appropriate executors, trustees, and guardians in place.
- **Update all primary and contingent beneficiaries** – Ensure beneficiary designations on retirement accounts and insurance policies are up to date to reflect any deaths or births throughout the last year or philanthropic intent to charities.
- **Review your legacy administration decisions** – Are your power of attorney and healthcare proxy documents up to date and do they still reflect your intentions?
- **The lifetime gifting exemption** – Which is $12.92 million per individual in 2023, is scheduled to sunset and fall by about half in 2026. Consider the strategies to take advantage of before this window closes. Weatherly's recent blog on Wealth Transfers is a great place to start if you are at or around the exemption limits.
- **Consider a gifting strategy** – You can gift up to $17,000 (or $34,000 for a married couple) in annual exclusion gifts in 2023, which can benefit others while lowering your taxable estate. Planning on giving over the amount over the next few months? Straddle the gifts between taxable years to stay below the annual gift exclusion. The annual gift tax exclusion amount will increase to $18,000 per person in 2024.
- **Fund 529 plans** – A parent or grandparent who is above the estate exclusion amount and wants to help the next generation save for education may want to consider a forward gift via a 529 account. As it currently stands, in a given year the IRS will allow an individual to make a forward lump-sum gift equal to five times the annual gift exclusion, or $85,000/person ($170,000/married couple), to a 529 account. Fidelity's College Savings Calculator is our favorite tool to assess how much you need to put away now for the future.

Personal Finance

- **Do you have a mortgage with a variable component interest rate?** – Adjustable or floating rate mortgages have seen a substantial increase in monthly mortgage payments over the last few years. This is an important aspect of your financial plan to discuss with your advisor. Weatherly recently wrote a blog post on the history of Interest Rates - Interest Rates, Inflation and Indices: How Do They Affect You?
- **Review existing health, life, disability, long-term care, umbrella, home and auto insurance coverage** – Are the reasons you have those policies still in play? Are your coverage amounts appropriate for your needs? Review your insurance portfolio to make sure it meets your coverage needs, especially in the season of annual benefits enrollment.
- **Max out your Health Savings Account (if eligible)** – Put tax-advantaged money into your HSA for one of retirement's biggest expenses. Your individual maximum contribution for an HSA in 2023 is $3,850 ($4,850 if age 55 or older) with increased limits on a per family basis ($7,750). Contributions can be made for the prior calendar year up until your tax return is filed, so 2023 HSA contributions can be made until April 15, 2024.
- **Review your Financial Plan** – Using the new year as a reminder to re-assess your financial plan allows you to align your financial goals with your current life circumstances. Reviewing items such as your debt/interest rates, income projections and asset allocation are essential to a successful long-term plan. Individuals can start the new year with an informed and adjusted financial plan, enhancing their overall financial well-being.