

The 12 Days of Year-End Estate Planning

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Tax and Estates Alert

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As the end of 2024 draws near, it's a great time to review your finances and prepare for a prosperous new year. Whether you're cozying up by the fire or decorating with family, a little year-end financial planning can help you maximize savings, minimize taxes, and set yourself up for success in 2025.

Accordingly, please consider our "12 Days of Year-End Estate Planning"—twelve important steps to consider as you wrap up 2024! Each of these tips can help you make the most of your wealth strategy. As you check these items off your list, you can enter the new year with some much-needed financial peace of mind.

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On the First Day...

Review Your Estate Plan: Life events like marriages, births, relocations, or career changes may affect your estate plans. Reviewing your will, trust documents, health care directives, and powers of attorney can ensure your estate plan reflects your current wishes.

On the Second Day...

Check Beneficiary Designations: Ensure beneficiary designations on retirement accounts, life insurance policies, and investment accounts are up-to-date, as these usually supersede other estate planning documents.

On the Third Day...

Maximize Retirement Contributions: Max out contributions to your retirement accounts like 401(k)s and IRAs, which offer tax advantages. For 401(k)s, contributions are due by December 31st, and IRAs have until April 15, 2025.

On the Fourth Day...

Take Your Required Minimum Distributions ("RMDs"): If you're 73 or older, you need to take RMDs by December 31 to avoid penalties. For inherited IRAs, the new rules under SECURE Act 2.0 may impact distributions starting in 2025.

On the Fifth Day...

Use Remaining Flexible Spending Account ("FSA") Balances: Check your FSA or Health Savings Account ("HSA") balances and use any remaining funds of your FSA by the end of the year, as these accounts usually have "use-it-or-lose-it" rules. Some plans, however, may offer a grace period or limited rollover.

On the Sixth Day...

Consider Year-End Gifting: The 2024 annual gift exclusion allows you to give up to \$18,000 per person (\$36,000 for married couples) per recipient without gift tax implications. These gifts can reduce your taxable estate while providing support to those who are close to you. This amount is increasing to \$19,000 (\$38,000 for married couples) in 2025.

On the Seventh Day...

Donate to Charity for Tax Benefits: Charitable donations can reduce your taxable income while supporting causes you care about. Donating appreciated assets, like stocks, helps you avoid capital gains taxes and provides a same-year tax benefit.

On the Eighth Day...

Review Your Trusts: If you have revocable or irrevocable trusts, a year-end review can ensure they are functioning as they should be. Update any changes to beneficiaries, trustees, or funding if needed to keep your trusts aligned with your present and future goals.

On the Ninth Day...

Consider a Roth Conversion: If you're in a lower tax bracket this year, converting a traditional IRA to a Roth IRA may provide tax-free withdrawals in retirement and reduce future tax liabilities for your heirs.

On the Tenth Day...

Plan for Education Expenses with 529 Plans: If you have a 529 plan, remember that qualified education expenses must occur in the same year as the reimbursement. Contribute now to maximize tax-free growth for future education costs.

On the Eleventh Day...

Evaluate Annuity Distribution Strategies: If you own any annuities, review options for tax-efficient distributions, especially if you're retired. Those who are charitably inclined might consider naming a nonprofit as a beneficiary, since charities are tax-exempt.

On the Twelfth Day...

Revisit Your Investment and Tax Strategy: A year-end review of your portfolio can help you rebalance and make any tax-loss harvesting moves. Accelerating deductible expenses, like medical costs, into this year may also offer tax benefits.

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We hope these "12 Days of Year-End Estate Planning" bring you some financial confidence, as we're here to help you finish the year strong and start 2025 with a plan for lasting financial success! For more information on estate or wealth planning issues, please contact Bridget La Rosa (larosab@whiteandwilliams.com; 212.714.3067); Jonah S. Levinson (levinsonj@whiteandwilliams.com; 215.864.7194) or any other member of our Trusts and Estates Group.

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