

RFG MONTHLY SPOTLIGHT

END OF YEAR CHECKLIST

THE ROSSELOT FINANCIAL GROUP



1) HARVEST!

If you have taxable investments, you may have an opportunity to harvest losses to offset gains. In a diversified portfolio there are often some holdings that haven't performed as well as others. In the event you have unrealized losses you may be able to sell those holdings and sell gains of other holdings giving you an opportunity to "start over" from a tax perspective.

2) SPEND FLEXIBLE SPENDING ACCOUNT (FSA)

FSA are accounts offered through employers allowing you to pay certain medical and child care expenses with pre tax dollars. FSA accounts are calendar year accounts and they are "use it or lose it." If you have a FSA, just check your balance and stock up on FSA eligible items. Consider changing your future contributions to your FSA if you didn't spend it all for 2021.

3) UPDATE YOUR CONTRIBUTIONS TO HSA & COMPANY SPONSORED RETIREMENT PLANS

Contribution limits are going up! 401k, 403b, 457 plan limits are increasing to \$20,500 with a catch up for \$6500 for participants over 50. SIMPLE plans are up to \$14,000. HSAs are now \$3650 for self only and \$7300 for family coverage.

4) MAKE CHARITABLE CONTRIBUTIONS (GIFTS)

For many of us charitable contributions are no longer deductible since the standard deduction increased to 12,000 per person in 2016. If you itemize make sure you make your charitable contributions before year end. Another strategy is to "bunch" gifts into one calendar year to get you over the standard deduction to realize a tax benefit. Also, you may want to make gifts up to \$15000 to beneficiaries before year end. Consider gifting appreciated investments to shift the tax burden to them if they are in a lower tax bracket.

5) RMD

If you are over 72 you must take distributions from your retirement assets. Be sure to do so as the penalty for not doing so is hefty! There is a 50% excise tax imposed against missed distributions. If you don't need the money, consider doing a charitable distribution.

6) IRA OR ROTH WORKAROUNDS

While you have until your tax filing deadline year end is a good reminder to maximize your opportunity to contribute to IRAs. If you've been told you earn too much to do Roth IRAs there is a workaround where anyone can make a nondeductible IRA contribution and there is no income limitation preventing conversion to a Roth IRA. In some instances using funds that you may have contributed to an IRA can be better utilized by paying the tax for converted IRAs.

7) 529 CONTRIBUTIONS

529 contributions may provide a state income tax deductions based on calendar year contributions.

8) RECALIBRATE YOUR GOALS

The end of the year is an excellent chance to consider what you want and what you need. Review your budget and try to envision your ideal future. Once you have prioritize the most important aspects of that vision and set goals.

9) SCHEDULE A CONSULTATION WITH YOUR ADVISOR

Share the aforementioned goals with your advisor, take inventory of where you are and discuss strategies to get where you'd like to be. RFG is here to not only wish you a happy holiday season and a prosperous new year, but (most importantly) to review your situation at year end.



IT HAS IT HAS BEEN SAID THAT AN "OPTIMIST STAYS UP UNTIL MIDNIGHT TO SEE THE NEW YEAR IN. A PESSIMIST STAYS UP TO MAKE SURE THE OLD YEAR LEAVES." (BILL VAUGHN)



IN OUR ESTIMATION, PLANNING IS THE BALANCE BETWEEN OPTIMISM AND PESSIMISM. RFG PRIDES ITSELF ON OUR PROACTIVE REVIEW PROCESS THAT SHOULD CATCH MOST "TO DO'S" AND "WHAT IF'S" THROUGHOUT THE YEAR, BUT YEAR-END IS A GREAT TIME TO MAKE SURE YOU HAVE TAKEN ADVANTAGE OF ALL THE OPPORTUNITIES AVAILABLE BEFORE THE CLOCK STRIKES MIDNIGHT.