

Year-End Tax Planning Checklist

Everyone must pay their taxes, but not everyone engages in timely tax planning. This checklist, while not all-inclusive, breaks down some of the tax planning strategies that should be considered with your financial advisor and tax professional as we approach year-end. It also highlights the various tax documents you can expect to receive in early 2021.

INCOME TAX CONSIDERATIONS

- Am I subject to higher Medicare premiums (Medicare Income-Related Monthly Adjustment Amount) due to an increase in income?
- Do I need to minimize risk by diversifying my investment portfolio?
- Can I utilize tax loss harvesting to offset capital gains?
- Can I control income and deductions this year?
- Should I exercise stock options this year?
- Have I maximized my contributions to my health savings account?
- Should I invest in municipal bonds to generate federally tax-exempt income?

CHARITABLE GIVING CONSIDERATIONS

- Can I maximize my charitable deduction under the increased 2020 AGI limitation for cash gifts to public charities?
- Should I utilize an itemized deduction bunching strategy by contributing to a Donor Advised Fund (DAF)?
- Do I have highly appreciated assets that could be incorporated into my charitable-giving strategy?

RETIREMENT PLANNING CONSIDERATIONS

- Have I maximized my contributions to my retirement plan?
- Should I convert to a Roth IRA this year?
- Should I take (or return) my required minimum distributions (RMDs) from (to) my retirement accounts this year, given the waiver under the CARES Act?
- Am I retiring this year, and if so, am I financially prepared to do so?

ESTATE PLANNING CONSIDERATIONS

- Have I reviewed my estate plan documentation?
- Should I utilize the \$15,000 annual gift tax exclusion this year?
- Should I gift assets to children or grandchildren to reduce future estate taxes?
- Should I pay for my children's or grandchildren's medical bills or college education directly instead of giving them cash?

SMALL BUSINESS OWNER CONSIDERATIONS

- Have I maximized my contributions to my retirement plan?
- Can I control income and deductions this year?
- Can I claim the 20% Qualified Business Income (QBI) deduction this year?
- Do I have a succession plan for my business?

TAX DOCUMENTS YOU MAY NEED

- Copies of your 2018 and 2019 income tax returns
- W-2 from your employer
- Brokerage statements (1099-B) and any statements showing investment purchase/sale dates
- Dividend and interest statements (1099-DIV, 1099-INT and 1099-OID)
- Social Security statements (1099-SSA)
- Retirement plan distribution statements (1099-R)
- IRA contribution statements (5498)
- Statements reporting profits from partnerships, s-corporations, and trusts (K-1)
- Nonemployee compensation statements (1099-NEC)
- Miscellaneous income statements (1099-MISC)
- Mortgage interest statements (1098)
- Student loan interest statements (1098-E)
- Receipts or proof of:
 - Medical/dental expenses
 - Charitable gifts
 - Education expenses
 - Daycare/childcare costs
 - Energy Efficient Improvements
 - Other : _____

