

# Year End Planning Strategies

Items to Consider before the end of 2024

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✓  
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# YOUR 2024 LAST-CHANCE FINANCIAL PLANNING CHECKLIST

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## SHAPE UP YOUR PERSONAL FINANCES FOR A GREAT YEAR-END!

Fall is an ideal time to examine your financial health and update your financial plans. Here is a list of important things to review that might make a difference in your year-end review and plans for next year. Check all that apply. If you have any questions or concerns, I will be happy to go over these items with you and discuss possible scenarios for 2024 and 2025. **Call to schedule a review.**

**Check the box next to any key item that impacts your situation or needs more research or discussion.**

### 1 TAXES

- Project income for 2024 & 2025.
- Project 2024 net investment income.
- Review tax plan in light of The Tax Cuts and Jobs Act.
- Review realized and unrealized gains and losses.
- Collect cost-basis information on sold securities.
- Review sales of appreciated property like real estate.
- Check loss carry-forwards from last year
- Review potential deductions & credits for 2024.
- Track donations to charity.
- Review any gifting plans.

### 2 RETIREMENT

- Max out 401(k) contributions including catch-ups.
- Max out IRA contributions including catch-ups.
- Analyze Roth IRA conversion scenarios.
- Take required minimum distributions.
- Open a retirement plan if newly self-employed.
- Check status of all retirement accounts.
- Consider Social Security claiming options.

### 3 INVESTMENTS

- Confirm investment goals and strategy.
- Review asset allocation for rebalancing opportunities.
- Review fundamentals of portfolio positions.
- Revisit income and savings needs.
- Re-examine asset location.
- Review outstanding loans and mortgages.
- Review dividend distributions.
- Review employee stock options.

### 4 INSURANCE

- Review property and casualty policies.
- Review costs of current insurance policies.
- Review health insurance coverage.
- Identify material changes in life, business, or financial circumstances that may require insurance adjustments.

### 5 MILESTONES

- 50: Now you can make catch-up contributions to IRAs and some qualified retirement plans.
- 55: You can take distributions from 401(k) plans without penalty if retired.
- 59½: You can take distributions from IRAs without penalty.
- 62-70: You can apply for Social Security benefits.
- 65: You can apply for Medicare.
- 73: You must begin taking RMDs from IRAs (if born between the years 1951-1959).

### 6 HEALTH

- Review employer's health insurance plan.
- Shop state health insurance exchange.
- Review Health Savings Account contributions for 2024.
- Spend any remaining balances in Flexible Spending Accounts.
- Review Medicare enrollment options.

# 401k Contributions

Maximize 401(k) contributions

Maxing out your 401k helps you proactively build your assets to prepare for your retirement

Everyone can contribute \$23,000 for 2024. If you are 50 or older, or if you are turning 50 by 12-31-24, you can invest an additional \$7,500 for a total of \$30,500 annually. **Beginning 2025, a higher catch up for those 60-63** due to Secure Act 2.0 (\$11,250 for total of \$34,750).

# IRA Contributions



**Maximize your IRA contributions**



**The IRA limit is \$7,000 for 2024 and \$8,000 if you are 50 or older**

# Back Door Roth

Consider Contributing to non-deductible IRA & immediately converting to a Roth IRA

Also known as a “back-door” Roth

You can fund an IRA without getting a tax deduction, and then convert the whole amount to a Roth IRA.

# Roth Conversions



REVIEW ANY OTHER ROTH  
CONVERSIONS:  
THIS CONSIDERATION IS  
PARTICULARLY IMPORTANT IN  
EARLY RETIREMENT (PRE-  
RMDS/SOCIAL SECURITY) OR IF  
INCOME IS LOWER THAN  
NORMAL FOR A YEAR



**ROTH FUNDS  
ARE FUNDS  
YOU WILL  
GENERALLY  
NEVER PAY  
TAXES ON  
AGAIN**

# Required Minimum Distributions

Take

Take your required minimum distribution (RMD- Required minimum distribution)

- Beginning in 2023, the SECURE 2.0 Act raised the age that you must begin taking RMDs to age 73. If you reach age 73 in 2024, the required beginning date of your first RMD is April 1<sup>st</sup> of the year after you turn 73, or 4-1-25.

Take

You must generally take your Required minimum distribution from your IRA, 401(k), inherited IRAs or other retirement account before December 31<sup>st</sup> each year. There is an exception of April 1<sup>st</sup> for the first year you reach RMD age of 73. If you turn 73 in 2024 and you delay the 1<sup>st</sup> RMD to 4-1-25, then the 2<sup>nd</sup> RMD is due 12-31-25.

Incur

You will incur a 50% penalty tax for failure to take your RMD

# Charitable donations are a great way to minimize taxes

- Charitable donations are a great way to help minimize your tax liability.
- Remember to get a deduction this year, the donations must be paid before the end of the year. Cash contributions to public charities are generally limited to 60% of adjusted gross income. Any unused contributions can carryover for up to 5 years.
- If you have any questions or need any assistance in implementing any of these strategies we discussed, we are here to help.

# Donating publicly traded appreciated securities

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While donating by cash or check is a great way to give, contributing publicly-traded appreciated securities can help save on your taxes.

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If the security has been held for more than 1 year when the donation is made, the donor can claim the fair market value as an itemized deduction on their tax return.

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The amount deducted is limited to 30% of adjusted gross income for contributions to a public charity. Any excess contributions can be carried over for up to 5 years.

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No capital gains taxes are owed when the security is donated, so you have an opportunity to save on your taxes.

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Publicly traded securities are readily valued so it makes it easy to determine the amount of your tax deduction

# Donations of non-publicly traded assets

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Donors can also contribute real estate and other types of illiquid assets to charity.

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This type of contribution requires more time and effort in valuing the deduction, such as possibly an appraisal of the assets.

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Always consult your tax advisor before donating non-publicly traded assets to charity as there are special rules , and not all organizations have the resources to accept and liquidate the assets.

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However, it can still be a great tool in the right instances

# Consider a donor-advised fund (DAF)

A donor-advised fund allows donors to make a charitable contribution to a public charity, be eligible for an immediate income tax deduction, and then you can recommend grants from the fund to a variety of charities over time.



This helps simplify your charitable giving to one easy and convenient place.



This allows you to donate now and qualify for a charitable deduction immediately without requiring you to decide who it goes to currently.

# KEY FINANCIAL DATA 2024

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2024 Tax Rate Schedule				
Taxable income (\$)	Base amount of tax (\$)	Plus	Marginal tax rate	Of the amount over (\$)
<b>Single</b>				
0 to 11,600		+	10.0	
11,601 to 47,150	1,160.00	+	12.0	11,600.00
47,151 to 100,525	5,426.00	+	22.0	47,150.00
100,526 to 191,950	17,168.50	+	24.0	100,525.00
191,951 to 243,725	39,110.50	+	32.0	191,950.00
243,726 to 609,350	55,678.50	+	35.0	243,725.00
Over 609,350	183,647.25	+	37.0	609,350.00
<b>Married filing jointly and surviving spouses</b>				
0 to 23,200		+	10.0	
23,201 to 94,300	2,320.00	+	12.0	23,200.00
94,301 to 201,050	10,852.00	+	22.0	94,300.00
201,051 to 383,900	34,337.00	+	24.0	201,050.00
383,901 to 487,450	78,221.00	+	32.0	383,900.00
487,451 to 731,200	111,357.00	+	35.0	487,450.00
Over 731,200	196,669.50	+	37.0	731,200.00
<b>Head of household</b>				
0 to 16,550		+	10.0	
16,551 to 63,100	1,655.00	+	12.0	16,550.00
63,101 to 100,500	7,241.00	+	22.0	63,100.00
100,501 to 191,950	15,469.00	+	24.0	100,500.00
191,951 to 243,700	37,417.00	+	32.0	191,950.00
243,701 to 609,350	53,977.00	+	35.0	243,700.00
Over 609,350	181,954.50	+	37.0	609,350.00
<b>Married filing separately</b>				
0 to 11,600		+	10.0	
11,601 to 47,150	1,160.00	+	12.0	11,600.00
47,151 to 100,525	5,426.00	+	22.0	47,150.00
100,526 to 191,950	17,168.50	+	24.0	100,525.00
191,951 to 243,725	39,110.50	+	32.0	191,950.00
243,726 to 365,600	55,678.50	+	35.0	243,725.00
Over 365,600	98,334.75	+	37.0	365,600.00
<b>Estates and trusts</b>				
0 to 3,100		+	10.0	
3,101 to 11,150	310.00	+	24.0	3,100.00
11,151 to 15,200	2,242.00	+	35.0	11,150.00
Over 15,200	3,659.50	+	37.0	15,200.00

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Standard Deductions & Child Tax Credit	
Filing status	Standard deduction
Married, filing jointly and qualifying widow(er)s	\$29,200
Single or married, filing separately	\$14,600
Head of household	\$21,900
Dependent filing own tax return	\$1,300*
Additional deductions for non-itemizers	
Blind or over 65	Add \$1,550
Blind or over 65, unmarried & not a surviving spouse	Add \$1,950
Child Tax Credit	
Credit per child under 17	\$2,000 (\$1,700 refundable)
Income phaseouts begin at AGI of:	\$400,000 joint, \$200,000 all other
Tax Rates on Long-Term Capital Gains and Qualified Dividends	
If taxable income falls below \$47,025 (single/married-filing separately), \$94,050 (joint), \$63,000 (head of household), \$3,150 (estates)	0%
If taxable income falls at or above \$47,025 (single/married-filing separately), \$94,050 (joint), \$63,000 (head of household), \$3,150 (estates)	15%
If income falls at or above \$518,900 (single), \$291,850 (married-filing separately), \$583,750 (joint), \$551,350 (head of household), \$15,450 (estates)	20%
3.8% Tax on Lesser of Net Investment Income or Excess of MAGI Over	
Married, filing jointly	\$250,000
Single	\$200,000
Married, filing separately	\$125,000
Exemption Amounts for Alternative Minimum Tax**	
Married, filing jointly or surviving spouses	\$133,300
Single	\$85,700
Married, filing separately	\$66,650
Estates and trusts	\$29,900
28% tax rate applies to income over:	
Married, filing separately	\$116,300
All others	\$232,600
Exemption amounts phase out at:	
Married, filing jointly or surviving spouses	\$1,218,700
Single and married, filing separately	\$609,350
Estates and trusts	\$99,700

Gift and Estate Tax Exclusions and Credits		
Maximum estate, gift & GST rates		40%
Estate, gift & GST exclusions		\$13,610,000
Gift tax annual exclusion		\$18,000
Exclusion on gifts to non-citizen spouse		\$185,000
Education Credits, Deductions, and Distributions		
Credit/Deduction/Account	Maximum credit/deduction/distribution	Income phaseouts begin at AGI of:
American Opportunity Tax Credit/Hope	\$2,500 credit	\$160,000 joint \$80,000 all others
Lifetime learning credit	\$2,000 credit	\$160,000 joint \$80,000 all others
Savings bond interest tax-free if used for education	Deduction limited to amount of qualified expenses	\$145,200 joint \$96,800 all others
Coverdell	\$2,000 maximum; not deductible	\$190,000 joint \$95,000 all others
529 plan (K-12)	\$10,000 distribution	None
529 plan (Higher Ed.) †	Distribution limited to amount of qualified expenses	None
Tax Deadlines		
January 16 – 4th installment of the previous year's estimated taxes due		
April 15 – Tax filing deadline, or request extension to Oct. 15. 1st installment of 2024 taxes due. Last day to file amended return for 2020. Last day to contribute to: Roth or traditional IRA for 2023; HSA for 2023; Keogh or SEP for 2023 (unless tax filing deadline has been extended).		
June 17 – 2nd installment of estimated taxes due		
September 16 – 3rd installment of estimated taxes due		
October 15 – Tax returns due for those who requested an extension. Last day to contribute to SEP or Keogh for 2023 if extension was filed.		
December 31 – Last day to: 1) pay expenses for itemized deductions; 2) complete transactions for capital gains or losses; 3) establish a Keogh plan for 2024; 4) establish and fund a solo 401(k) for 2024; 5) complete 2024 contributions to employer-sponsored 401(k) plans; 6) correct excess contributions to IRAs and qualified plans to avoid penalty.		

\* Greater of \$1,300 or \$450 plus the individual's earned income.  
\*\* Indexed for inflation and scheduled to sunset at the end of 2025.  
† \$10,000 lifetime 529 distribution can be applied to student loan debt.

Check with your financial professional for updates.

## Consider bunching itemized deductions in alternate years

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Taxpayers get to choose between itemized deductions and the standard deduction.

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To get the most benefit out of both of these , consider itemizing in alternate years and using the large standard deduction in the other years.

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This means concentrating your deductions in a single year and skipping the next year.

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In other words, you would double up your charitable deductions and property taxes in alternate years.

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This strategy may not work as well if you have a mortgage with significant interest expense.

# Consider a Qualified Charitable Distribution (QCD)

- Consider satisfying your required minimum distribution with a qualified charitable distribution directly to charity (a QCD)
- In 2024, individuals 70 ½ years old may use a QCD to donate up to \$105,000 to qualified charities directly from an IRA.
- The distribution isn't included in your income, and you can't take it as a charitable deduction. However, it can yield a much better tax result if you are a non-itemizer not able to deduct charitable contributions or if you have phase-outs of certain deductions.

# Tax Loss Harvesting

Tax loss harvesting can be important at year end. Tax loss harvesting means looking at your portfolio for securities or funds that are selling at a price below what you purchased them for.



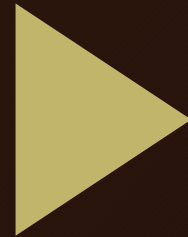
Especially in 2024 where investors may have a lot of gains in their portfolio, capital losses could offset these gains. Despite a generally bullish market in 2024, investors may still have stocks or funds with unrealized losses.



When you implement tax loss harvesting strategies, losses may fully offset capital gains PLUS up to an additional \$3,000 per year of ordinary income.

# Rebalancing

**Rebalance your portfolio-** It's important to review your asset allocation to make sure your investments are still allocated according to your financial plan to meet your goals.



For example , equities or other investments may be up significantly due to this stellar 2 year run of the bull market. Rebalancing back to your personalized goals could help you avoid losses if there is a downturn in the market.

# The Market and Control of US Congress

- Nearly a century of US stock market returns suggests that making investment decisions based on who is President and which party is in control of Congress is unlikely to lead to better financial outcomes.
- From 1926 to 2023, stocks trended higher regardless of whether Democrats or Republicans controlled the White House, the House and Senate, or whether control was mixed.
- We caution investors against making changes to a long-term plan to profit or avoid losses from changes in the political winds.
- Shareholders invest in companies, which focus on serving their customers and growing their business, regardless of what happens in Washington.
- Stocks tend to reward disciplined investors no matter who has the upper hand in the White House, House, and Senate.



## Income Tax Management



Should you defer income to 2025 or accelerate income in 2024?



Should you bunch charitable contributions and itemize in alternate years?

Questions or Need Assistance ?

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