



YEAR-END CHECKLIST 2025

TAX STRATEGIES

Make your 2025 Required Minimum Distribution (RMD) decision.

The age of your first distribution is now at 73, and your RMD is a calculation based on your age and the total balances of your taxable retirement accounts such as a 401(k), IRA, and 403(b).

Time your income and expenses.

Many businesses have found they can help minimize their taxes year-to-year by pushing income and expenses into the following calendar year. A bill sent in December but paid in January can count as income for the following year. Check in with your tax professional and see what works for you.

If you're self-employed, consider an SEP IRA.

A Simplified Employee Pension (SEP) IRA allows small business owners to save up to \$70,000 for 2025¹ toward retirement.

Make a qualified charitable contribution.

One way to gift money at the end of the year is with a QCD or qualified charitable distribution. By taking all (or a portion of) your required minimum distribution and sending it directly to a qualified charity, you may not be subject to taxes on that money, and it counts toward your RMD.

Consider an IRA to Roth conversion.

If you are concerned that taxes will go up in the future and a lot of your money is in taxable accounts, consider converting all or part of that balance to a Roth IRA. You will pay the taxes now on the money you move but, in the future, your withdrawals will be tax-free. Remember, Roths have certain rules such as you cannot access Roth money until it has been in the account for five years.

Harvest tax losses.

December is a time to evaluate the stocks you own that have gained and lost money throughout the year. By selling a stock that has lost money, you can offset the gains of another and lower your tax liability. Keep in mind that selling a stock owned less than a year will incur a short-term capital gains tax which will correspond to your ordinary income bracket. A stock held longer than one year will be considered long-term and be taxed at 0%, 15%, or 20%, according to graduated income thresholds.²

Get your tax documents together.

It's never too early to start collecting the documents you'll need to prepare your return. You won't get key items like year-end statements and 1099 forms until after the beginning of the year, but you should have some information already that you can gather to get an early estimate of what your tax picture will look like.

Flexible Savings Accounts (FSA)

A flexible savings account allows you to save money for copays, deductibles, some drugs, and other out-of-pocket health care costs. For 2025, FSAs are limited to \$3,300³ per year, per employee. Your employer may offer some grace period but generally this money must be used by December 31.

Health Savings Accounts (HSA)

A health savings account is like the FSA with a few differences. : If you have a high deductible plan in 2025, you can contribute \$4,300 for self-coverage and up to \$8,550 for family coverage.⁴ HSA funds roll over from year-to-year if you don't spend them and may earn interest or other earnings which are not taxable.

Review your tax withholding.

That W-4 form you filled out when you started your job told your employer how much to withhold from your paycheck. If you had to write a big check to the IRS after filling out your tax return, you run the risk of underpayment penalties and interest. You may want to consider having more money withheld from your check.

PORTFOLIO PLANNING

Assess yearly goals.

Do you have a purpose and goal for each one of your investments or retirement accounts? Did you hit those goals, or did you fall short? You may want to revisit your holdings or reevaluate your investment style or strategy. You can't set up your plan and then expect it to work on autopilot for a few decades without any oversight.

Re-balance your portfolio.

Only after you are sure you know what your investments should look like do you want to consider re-balancing your portfolio. Your 60/40 mix can drift away from your asset allocation model simply through a positive year of growth. You may want to periodically come in and bring everything back to the desired level.

Revisit your retirement plan contributions.

What percentage of your income are you contributing to your employer retirement plan? Can you contribute more? Is there a match? Set a goal of saving 15% of your income for retirement. Even a 1% increase can make a big difference over time. If you are 50 or older, you can make catch-up contributions to your retirement plan up to certain limits. Beginning in 2025, those between ages 60 and 63 will be eligible to contribute up to \$11,250 as a catch-up contribution. After 2025, those amounts will be indexed for inflation.⁵

Check your fees.

If you are working with a financial advisor, you are likely paying a fee for their services. You should know exactly what you are paying and what you are getting for that fee. Different investments have a varying level of fees. You may be able to find a similar investment with a lower fee.

Review your risk tolerance and asset allocation.

Your portfolio should be built around your risk tolerance. You want to make sure your portfolio doesn't take so much risk that you can't weather the inevitable ups and downs of the markets. Over time, the amount of risk that you are comfortable taking may change. The end of the year is a great time to make sure that your portfolio is still targeting the amount of risk that you are comfortable taking.

LEGACY PLANNING

Conduct a beneficiary review.

Who is assigned as beneficiary on each of your accounts? Companies and their human resource departments make mistakes. Be sure that it's not with your accounts. Some of the most catastrophic legacy planning mistakes stem from IRA beneficiary problems. Most such mistakes derive from life changes that occurred due to a death or divorce where the beneficiaries were never changed/reassigned. It is a popular misconception that IRAs are covered by a will. An IRA is passed directly to the named beneficiary, as it appears on the beneficiary form.

Check all accounts for proper titling.

Check all your accounts for proper title. Maintaining consistent titles on checking, savings, and investment accounts can be a challenge for some people. This also includes the title on your home, your life insurance policies, annuity contracts, etc. If your trust is in one name but you have accounts that are titled differently, it could cause problems for your heirs at the time of your death.

Create essential legal documents.

Create a financial durable power of attorney as well as a medical/health care durable power of attorney. Illness and incapacity can be sudden and come at any age. Without a durable power of attorney, your loved ones will be relegated to a court of law to obtain authority to handle your affairs.

- Notify your attorney of any changes in your family status that may affect a possible change in your estate plan. An annual review of your estate plan is important, even if it is only a call to your estate planning attorney to double check on any changes in the law that might apply to you. Don't wait. Make your call today.

Review your insurance needs.

As life changes, so does your need for insurance. That term policy you bought in your 30s may need to be revisited as it gets closer to expiration or as premiums start to climb. As your children become adults and as you close in on retirement be sure you are covered for this new stage of life and that the costs are in line.

RETIREMENT PLANNING

Identify goals and objectives.

At this point in your life, you need more than a vague notion of what retirement will entail. Do you know what age you want to retire? How are you preparing for that date? Do you have plans for those 40 to 60 hours a week when you were working AND the money to fund those plans? Plus, you'd better check with your spouse to ensure he or she doesn't have different plans.

Pay off debt.

Eliminating debt before retirement can put you in a more powerful financial position. Having fewer bills can help you stretch your retirement savings. While paying off high-interest credit cards is a plus, think carefully before dipping into your retirement savings too deeply to pay off your mortgage. Being completely debt-free can be a psychological lift but also a financial drag on the life of your savings.

Create a tax strategy.

The tax efficiency of your portfolio is easy to overlook. You may think about general tax planning, but people often fail to think about how their investments are impacted by Uncle Sam's cut. It is hard to imagine but, other than health care, taxes may be your biggest expense in retirement.

Create an income plan.

Saving enough money is only the start. How are those savings going to create income? Different buckets of money may fall under different tax rules. You need to draw up a plan that helps minimize taxes while providing the consistent income you'll need to maintain your lifestyle.

Decide on a Social Security strategy.

Although retirees can claim benefits as young as age 62, they can lose up to a third of their monthly benefit by failing to wait until their full retirement age. With people living longer, it may make sense to delay the start of Social Security. Doing so provides up to an 8% increase in monthly benefits for each year from full retirement age to age 70.⁶

Research health insurance options.

If you're retiring early, have a plan for health insurance. Medicare won't begin until age 65, so early retirees need to find coverage elsewhere. There are also many options when making your Medicare decision and it's something you should revisit every year if your medical needs change.

¹ <https://www.fidelity.com/learning-center/smart-money/sep-ira-contribution-limits>

² www.investopedia.com/articles/personal-finance/101515/comparing-longterm-vs-shortterm-capital-gain-tax-rates.asp

³ <https://www.kiplinger.com/taxes/higher-fsa-contribution-limits>

⁴ <https://www.fidelity.com/learning-center/smart-money/hsa-contribution-limits>

⁵ <https://www.fidelity.com/learning-center/smart-money/401k-contribution-limits>

⁶ www.ssa.gov/benefits/retirement/planner/delayret.html