

BEFORE YEAR – END: FOUR FINANCIAL PLANNING AREAS WORTH A CLOSER LOOK

How taxes, investments, retirement income, and estate planning can intersect & why timing matters.

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This time of year has a funny way of feeling like there isn't enough time in the day.

Between holiday plans, school, and sports schedules, travel, and everything else competing for your attention, important financial decisions can easily get pushed into December or the next year. Depending on the situation, that can mean a planning opportunity gets missed.

A year-end review doesn't need to mean creating a long list of financial homework. I don't like homework any more than the next person.

Instead, it can be an opportunity to step back, review your financial picture, and more importantly, look ahead at planning windows that may be approaching.

Here are four areas worth reviewing before the year gets too busy.

“
Tax planning
is rarely just
about taxes.”

01 Review Your Tax Picture

Year-end is a natural time to take a fresh look at your tax situation.

Your income, deductions, and potential planning opportunities may look different now than earlier in the year, and certain decisions can have a ripple effect well into the future.

It is important to consider the bigger picture. A decision that reduces this year's tax bill could affect future RMDs, Medicare premiums, retirement income, or the tax treatment of your portfolio.

Depending on your circumstances, this could be a good time to explore:

- Whether a **roth conversion** makes sense for your situation.
- When **required minimum distributions (RMD)** begin and how they may fit into your broad income plan.
- If **qualified charitable distributions (QCDs)** could be a tax-efficient way to support the causes you care about, if you are eligible.
- How **recent tax-law changes** may affect your contribution and distribution strategy going forward.

02 Revisit Your Investment Portfolio

Market movements throughout the year can leave your portfolio looking very different from the allocation you started with. A year-end review can be a useful time to make sure your investments are still aligned with your goals and risk tolerance.

Topics to consider include:

- Whether your **current allocation** still matches your objectives and risk tolerance.
- A review of fund quality, portfolio expenses, and any tactical positioning opportunities.
- A potential **tax-efficient rebalancing**.
- **Cash management** opportunities to enhance yield potential.
- Impending distribution needs and the potential benefits of taking distributions now versus later.

“ Is my portfolio still positioned for what I need it to accomplish?

03 Look Ahead at Retirement Income

For retirees and those approaching retirement, year-end is a valuable time to look ahead and begin coordinating the income plan for the coming year. A review now can help you feel more prepared and potentially avoid surprises later.

There are several areas to consider, including:

- **Required minimum distributions (RMDs)** and how they fit with your overall income plan.
- **Social Security income** and the potential impact of when you choose to start or adjust benefits.
- **Medicare** income thresholds and how higher income may affect premiums.
- Portfolio withdrawals, Roth conversion opportunities, and cash reserves.
- Your anticipated **spending needs** for the year ahead.

Each of these decisions can affect another. The goal is not simply to generate income, but to create an income strategy that works alongside your tax plan and investment plan, while also supporting your broader financial goals.

“ It's not simply about generating income; it's about creating a coordinated income strategy that works for you.

04 Review Your Beneficiaries and Estate Plan

A year-end financial review is a natural reminder to make sure your estate planning documents and beneficiary designations still reflect your current wishes. Life events and changing circumstances can make a review especially important.

This includes reviewing beneficiaries on:

- IRAs and other retirement accounts
- Life insurance policies
- Annuities
- Transfer-on-death accounts.

Marriage, divorce, births, deaths, business interests, property, charitable intentions, and changing family dynamics can all warrant another look. Even when estate planning documents have not changed, beneficiary designations still matter and may not always align with your current wishes. A conversation with an estate planning professional can help your plan continue to reflect your goals.

The Value of Connecting the Dots

Tax planning, investments, retirement income, estate planning, and cash flow are often discussed as separate topics. In reality, they are interconnected.

A decision in one area can create consequences, or opportunities, in another.

For football fans, there may be several moving pieces on the field at once; someone still needs to see the whole field, understand the situation, and help coordinate the play.

You don't need to solve every financial question before year-end, but before December gets crowded, it may be worth identifying one or two areas that deserve a closer look.

Questions about your financial plan? Waznik Heike Group can help you start the conversation.

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