2024 TAX CHECKLIST

Do you have any tax planning opportunities? Review the checklist and schedule a conversation with your planner if any of these situations apply to you.

☐ YOU'LL HAVE A BIG INCOME INCREASE IN 2024 OR THE NEXT FEW YEARS

Action to consider: Review the impact to your tax bill

Timing: Now

For example, these kinds of changes can result in a much higher tax bill:

- Receiving a windfall (for example, an inheritance, bonus, settlement or lottery winnings)
- Starting a new job
- Selling a house, other property or a business
- Starting Social Security
- Starting Required Minimum Distributions

Your planner can help you understand whether these changes might impact your tax strategy as well as options to potentially offset the impact. And remember that planning can and sometimes should begin years in advance.

☐ YOU'RE RECEIVING SOCIAL SECURITY

Action to consider: Check whether any of your payments will be taxed

Timing: Now

Cost-of-living increases for the past few years are the highest in recent history. But the threshold that triggers taxes on your Social Security payments is fixed – a "combined income" of $25,000 if you're single or $32,000 if you're married.

Higher payments combined with other income could mean your payment will now be subject to taxes even if they weren't before. Talk with your planner about whether any change in your tax strategy could be warranted.

☐ YOU'VE STARTED TAKING THE STANDARD DEDUCTION

Action to consider: Make qualified charitable distributions instead of cash donations

Timing: Now

Many people now find the increased standard deduction to be more valuable than itemizing deductions. Of course, taking the standard deduction means you can't deduct things like charitable contributions. But if you're at least age 70.5, you can make qualified charitable distributions from your IRA instead of using cash. That way, the amount you take from your IRA won't be added to your income and taxed.

☐ YOU INHERITED AN IRA IN 2020 OR AFTER

Action to consider: Review the tax implications of taking RMDs from inherited IRAs vs. leaving the money in the IRA

Timing: New rules could take effect at any time

The IRS is still clarifying recent changes to the rules for drawing down certain IRAs that were inherited starting in 2020. At issue – whether beneficiaries subject to the 10-year rule who inherit an account from someone who was already taking RMDs must withdraw a minimum amount after inheriting the IRA or whether they can wait 10 years to remove the money.

The IRS has waived any penalties for not taking RMDs from these accounts through the 2024 tax year. Talk to your planner about whether leaving the money in the IRA could be advantageous or if it's better to make withdrawals throughout the 10-year period.

☐ YOU'RE IN YOUR LATE 50S OR EARLY 60S

Action to consider: Making increased catch-up contributions

Timing: 2025

Courtesy of SECURE Act 2.0, beginning in 2025, people ages 60 to 63 will be able to make extra-large catch-up contributions to their 401(k) if their employer allows it, giving you the potential opportunity to further reduce your taxable income and increase your retirement savings during those years.

☐ YOU'RE A TAXPAYER, ESPECIALLY ONE WITH A LARGE ESTATE

Action to consider: In-depth review of the impact of reverting to pre-2017 tax brackets, deductions and limits

Timing: Before the potential sunset of the Tax Cuts and Jobs Act in 2026

Pretty much everyone will be affected if the Tax Cuts and Jobs Act is allowed to expire with no action from Congress. And while changes to income tax bills will have the broadest impact, the *biggest* impact could be to those with large estates, as the Gift and Estate Tax exclusion is cut by more than half.

NEED TO SCHEDULE YOUR CHECK-IN?

Tax planning is an ongoing collaboration between you, your Edelman Financial Engines planner and a tax professional. Meet with your planner at least annually to review your situation.

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Sources: IRS.gov, SSA.gov, senate.gov, Congressional Research Service.