

# 2022 Year-End Financial Planning Checklist

Completed	Recommendation	Responsible Party	Target Date
<b>Retirement Planning / Employee Benefits</b>			
	Maximize Retirement Plan Contributions (Pre-Tax/Post-Tax/Catch-Up Contributions)	Client	December 31 <sup>st</sup>
	Fund Non-Deductible IRAs & Convert to Roth	Client	April 18 <sup>th</sup> , 2023
	Contribute to Traditional or Roth IRAs	Client/BFG	April 18 <sup>th</sup> , 2023
	Take Required Minimum Distributions	BFG to Coordinate	December 31 <sup>st</sup>
	Make Deferred Comp Elections	Client	December 31 <sup>st</sup>
<b>Gifting / Education Planning</b>			
	Complete Annual Exclusion Gifts (\$16,000/\$32,000)	Client	December 31 <sup>st</sup>
	Fund 529 Plans	Client	December 31 <sup>st</sup>
	Open and Fund Roth IRAs for Children (If they have earned income)	Client	April 18 <sup>th</sup> , 2023
<b>Estate Planning</b>			
	Execute Crummey Notices	Trustee	December 31 <sup>st</sup>
	Review Estate Plan & Fiduciary/Beneficiary Designations	Client	Ongoing
<b>Income Tax Planning</b>			
	Adjust Tax Withholding	CPA/Client	December 31 <sup>st</sup>
	Consider Roth IRA Conversion	BFG/Client	December 31 <sup>st</sup>
	Make Charitable Gifts/Consider Bundling Itemized Deductions	Client	December 31 <sup>st</sup>
	Consider Making a Qualified Charitable Distribution (QCD) from your IRA	BFG/Client	December 31 <sup>st</sup>
<b>Other</b>			
	Review Group Benefit Elections & Make Updates for Coming Year	Client	Ongoing
	Enroll in new Health Insurance Plan Through Healthcare.gov	Client	December 15 <sup>th</sup>

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## Other

Complete Medicare Open Enrollment	Client	December 7 <sup>th</sup>
Request Annual Credit Report	Client	Ongoing
Consider Updating Passwords & Security Questions	Client	Ongoing

## Key Milestones

Age 50	You can make catch-up contributions to IRAs and some qualified retirement plans
Age 55	You can take distributions from your 401(k) plan without penalty if retired
Age 59 ½	You can take distributions from IRAs without penalty
Age 62-70	Apply for Social Security benefits
Age 65	Apply for Medicare
Age 72	You must begin taking Required Minimum Distributions from IRAs

## Important Dates

<b>12/31/2022</b>	Last day to complete gifts & make tax moves for the 2022 tax year
<b>1/18/2023</b>	4 <sup>th</sup> Quarter 2022 estimated tax payment due
<b>3/15/2023</b>	Deadline for Partnerships/S Corporations to file tax return or file extension
<b>4/18/2023</b>	Deadline to file 2022 income, trust, estate or gift tax return or file extension
<b>6/30/2023</b>	Last day to file the Free Application for Federal Student Aid (FAFSA)
<b>09/15/2023</b>	Deadline for Partnerships/S Corporations to file tax return if extension was filed
<b>10/16/2023</b>	Deadline to file 2022 income, trust, estate, or gift tax return if extension was filed

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# 2022 Year-End Financial Planning

- 1. Maximize Retirement Plan Contributions:** If you have a 401(k) or other retirement plan at work, remember to make your allowable 2021 contributions before year-end. In 2022, you can elect to defer up to \$20,500 of your compensation to a 401(k). Those aged 50-plus can defer an extra \$6,500 for a total of \$27,000. Additionally, some plans allow you to make after tax contributions, up to the IRS limit of \$61,000 (\$67,500 including catch-up contributions).
- 2. Fund Non-Deductible IRAs & Convert to Roth:** Although your income may be too high to make a direct contribution to a Roth IRA, you can fund a Roth IRA by making a non-deductible IRA contribution and immediately converting it to a Roth IRA.
- 3. Rebalance 401(k):** Periodically rebalancing your 401(k) ensures you're not taking on too much risk and your account is in line with your overall asset allocation.
- 4. Take Required Minimum Distributions:** For individuals who are required to take Required Minimum Distributions (RMDs), you must take the required amount no later than December 31st, 2022.
- 5. Make Deferred Comp Elections:** If applicable you will need to determine ahead of year-end whether to defer a portion of your 2023 compensation. Benefits of deferring include possible tax savings and the opportunity to grow assets at a potentially higher rate of return. As with any investment decision, it is important to weigh the benefits of deferring with your liquidity needs, time horizon and lifestyle choices. Additionally, you will be required to decide on a distribution election at the time of selection.
- 6. Complete Annual Exclusion Gifts:** In 2022, you can gift \$16,000 per person (\$32,000 per couple, if the decision is made to split gifts) to any individual. You should continue to use this annual exemption to help transfer assets and reduce your taxable estate. Please keep in mind contributions to 529 plans are considered gifts as are premiums paid on life insurance policies owned in an Irrevocable Life Insurance Trust. The current lifetime gift exemption is \$12,060,000 per person in 2022.
- 7. Fund 529 Plans:** If you plan to contribute to a 529 account this year, be sure to do so by December 31<sup>st</sup> to take advantage of annual gift exclusions and to qualify for any state tax deductions on your 2022 taxes. If you pay for college directly to the institution, your payment is not considered a gift and there is no limitation on your contributions (please remember contributions to 529 plans are considered gifts). If you plan to pay bills directly and reimburse yourself from a 529 plan, make sure you reimburse yourself in the same calendar year that the expenses incurred in.

8. **Open and Fund Roth IRAs for Children:** If your children have earned income, you can use part of their annual gifting exclusion to fund a Roth IRA for each working child. This strategy helps transfer wealth to the next generation in a tax-efficient manner.
9. **Execute Crummey Notices:** Confirm with your estate planning attorney or trustees that written notice (Crummey Notice) is being provided to beneficiaries of their withdrawal power each year a gift is made to an irrevocable life insurance trust or other trust that contains Crummey powers. It is important to store these notices in the event the IRS challenges past gifting. Failure to provide this documentation could compromise the tax status of assets held in the trust.
10. **Review Estate Plan & Fiduciary/Beneficiary Designations:** Year-end is a good time to review your overall estate plan & fiduciary designations to make sure they are still in line with your wishes. Additionally, you should verify/update your beneficiary designations on your retirement accounts and life insurance policies.
11. **Consider Roth IRA Conversion:** Anyone, regardless of income, is now eligible to convert a Traditional IRA to a Roth IRA. The Roth IRA carries significant income tax advantages for both you and your beneficiaries, especially if the conversion is done with reduced asset levels. Please consult with your accountant to discuss potential taxes that could be owed in the same year as the Roth conversion.
12. **Make Charitable Gifts/Consider Bundling Itemized Deductions:** All charitable contributions must be made prior to December 31<sup>st</sup> to be taken as a deduction on this year's tax return. Please keep in mind the new tax law when completing gifts as the laws have changed since last year. In 2022, the standard deduction increased from 2021 (\$12,950 for single filers and \$25,100 for couples). Some of the more prevalent changes from the 2018 Tax Reform include a \$10,000 cap on state and local tax deductions and the elimination of itemized deductions subject to the 2% floor (i.e. investment fees, tax prep fees). Charitably inclined individuals who are unable to itemize under the new law may want to consider bundling two or more years of gifting into a single year (possibly through a Donor Advised Fund). This will increase the likelihood of being able to itemize deductions in alternate years. Taxpayers can deduct cash gifts up to 60% of adjusted gross income (AGI) and stock gifts up to 30% of AGI.
13. **Consider Making a Qualified Charitable Distribution (QCD) from your IRA:** Individuals who are charitably inclined and are required to take a Required Minimum Distribution (RMD) from their IRA should consider whether a Qualified Charitable Distribution (QCD) is a better way to do this. A QCD is a non-taxable distribution from your IRA directly to a qualified charity, which still counts towards your RMD. When making a QCD election, the amount you select will not be added to your adjusted gross income. Please be aware the amount you contribute is limited to \$100,000 and you cannot make the distribution from SEP and SIMPLE plans if an employer contribution is made for that year.

14. **Review Group Benefit Elections & Make Updates for the Coming Year:** Open enrollment is under way at many employers. Please take time to review your employee benefit elections (group health, dental, life, disability, FSA, HSA) to ensure you have selected the right plan with the right coverage amount and a deductible that you are comfortable paying.
  
15. **Enroll in New Health Insurance Plan Through Healthcare.gov:** The 2023 open enrollment period for marketplace health insurance plans runs from Tuesday, November 1<sup>st</sup>, to Thursday, December 15<sup>th</sup>. If you fail to act by the end of that period you will not be able to get 2023 coverage unless you qualify for a special enrollment period.
  
16. **Complete Medicare Open Enrollment:** If you're on Medicare you have until December 7<sup>th</sup> to decide whether to keep your current coverage or make changes that will take effect January 1<sup>st</sup>, 2023. Beneficiaries can pick a new Medicare Part D drug plan, a new Medicare Advantage plan or switch from original Medicare into a Medicare Advantage plan. Please remember Medicare supplement plans are not part of this open enrollment.
  
17. **Request Annual Credit Report:** We recommend that you review a full credit report annually to make sure there are no surprises. You are allowed one free copy of your credit report each year. To request, go to [www.annualcreditreport.com](http://www.annualcreditreport.com) or call 877-322-8228. For those of you who have not done so already, you should consider signing up for a credit monitoring service.
  
18. **Consider Updating Passwords & Security Questions:** We recommend you regularly update your passwords and security questions to prevent against fraud and cyber security attacks. Additionally, to assist family members in the event you become incapacitated or pass away prematurely, create a list of usernames and passwords for all of your digital assets and properties and store this in a secure place.

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