

Year-End Tax Planning Activities – Tax Planning Overview

As year-end approaches, the importance of gathering necessary tax items is essential. Even though not much may have changed since 2023, it is always clever to have accurate estimates and tax items prepared for 2024.

Employer Qualified Retirement Plans

Whether you are a self-employed individual or a W-2 employee, it is important to tally up any contributions that may have been made to your retirement accounts over the year. Most employer retirement accounts allow for year-end contributions until December 31st. So any additional contributions that you can make to a company-qualified plan such as a 401(k) or a 403(b) should be made before the end of the year. It's a good idea to estimate how much more you can contribute then, spread out the additional contributions between now and year end. The maximum employee contribution for tax year 2023 is \$22,500.

Investment Portfolios

For investors that hold securities as various types of positions, it is important to identify any investments that may have either significant losses or significant gains, which should be realized before the end of the year. With the market being as volatile as it has been, it is also important to identify any investment positions that may yield some type of tax benefit before year end.

Alternative Minimum Tax (AMT)

Affecting more and more people every year, Alternative Minimum Tax (AMT) should be carefully considered when implementing tax planning strategies going into the new year. Originally enacted in 1969, AMT was never indexed for inflation, thus it continues to affect more and more taxpayers each and every year. AMT is essentially an additional tax on top of the standard tax tables. There's a good chance that taxpayers taking significant deductions at the state and local levels (such as state tax-free municipal-bond income), claiming multiple dependents, exercising stock options, or recognizing a large capital gain for the year, may eventually be affected by AMT.

Sources: Tax Foundation, IRS

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