# 2024 Year-End Planning

## Take Our Compatibility Survey

As we approach the end of the year, itâ??s essential to finalize key action items to maximize your tax efficiency and optimize your financial plan. Review the key points below, and reach out to your wealth consultant to ensure you are well-prepared for 2025. Please note that processing times at Charles Schwab and other custodians are often delayed as year-end approaches, so we recommend completing these items as soon as possible.

## Required Minimum Distributions (RMDs):

- If you are age 73 or older, take your RMD by 12/31/2024.
- If you turned 73 in 2024, you may delay your first RMD until 4/1/2025.
- Individuals under age 73 must take RMDs for inherited IRAs. If you inherited an IRA after 2020 and are a non-designated beneficiary, you may be subject to a 10-year distribution schedule.

#### **Retirement Plans**

- IRA and Roth IRA contributions for 2024 are due by 4/15/2025. The maximum contribution is \$7,000, with a \$1,000 catch-up for those aged 50 or older. Contribution limits remain unchanged for 2025.
- 401(k), 403(b), and other employer-sponsored plans: Contributions for 2024 must be made by 12/31/2024. Contribution limits are \$23,000, plus a \$7,500 catch-up for those aged 50 or older. Limits increase to \$23,500 in 2025.
- **SEP IRA contributions:** The 2024 limit is \$69,000, and contributions must be completed by **10/15/2025** or when your taxes are filed. For 2025, the limit increases to \$70,000.
- New Schwab retirement accounts: Digital onboarding must be completed by 12/30/2024. Paper and DocuSign applications must be received in good order by 12/20/2024.

### **Roth Conversions:**

- Converting pre-tax IRAs to tax-free Roth IRAs can reduce taxes in retirement. If this strategy aligns with your financial goals, consult your wealth consultant and tax advisor.
- Roth conversions must be completed by **12/31/2024**. To avoid delays, we recommend processing conversions before **12/20/2024**.

### **Qualified Charitable Distributions (QCDs):**

- If you are over age 70½, you can make a QCD from your IRA to help satisfy your RMD. You can donate up to \$105,000 directly to a 501(c)(3) charity, and the donation will be excluded from your taxable income.
- QCD checks must be cashed by 12/31/2024 to count toward the 2024 tax year. As many
  organizations close during the holidays, we recommend sending checks in the first half of
  December to ensure timely processing.

#### **Schwab Charitable Deadlines**

- Contributions to donor-advised funds (DAFs) must be received by 12/31/2024.
- Wire transfers take 2â??3 business days.
- Stock and mutual fund transfers from accounts outside Schwab typically take 2â??6
  weeks.
- Cryptocurrency donations: Call Schwab Charitable by 12/6/2024.
- Checks must be postmarked by 12/31/2024 and made payable to DAFgiving360.
- Grant recommendations: Processing takes 3â??5 business days but may be delayed at year-end. Recommendations should be submitted by 12/3/2024 to ensure timely completion.

For more information, visit Schwab Charitable 2024 Guidelines or call 800-746-6216.

## Gifting:

- The **annual gift tax exemption** is \$18,000 per person (\$36,000 per couple). Gifts must be completed by **12/31/2024**.
- Amounts over \$18,000 per year count toward the **lifetime gift tax exemption** of \$13.61 million and must be recorded on **IRS Gift Tax Form 709**.
- This amount increases to \$19,000 per year in 2025. 4

#### Medical:

- **Medicare Open Enrollment**: Review plan options from October 15th through December 7th.
- Flex Savings Accounts (FSAs): Spend down your FSA dollars as these typically do not roll over to 2025. Some employer plans will allow you to use it until March of the following year, so check with your plan.
- **Health Savings Accounts (HSAs):** If eligible, contribute a maximum of \$4,150 per individual or \$8,300 per family, with those 55 and older able to contribute an additional \$1,000.

https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs#:~:text=Beginning%20in%202023%2C%20the%20SECURE,1%2C%202025%2C%20for%202024

<sup>[2]</sup>https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000

[3] https://www.irs.gov/newsroom/give-more-tax-free-eligible-ira-owners-can-donate-up-to-105000-to-charity-in-

2024#:~:text=WASHINGTON%20%E2%80%94%20The%20Internal%20Revenue%20Service,from%20%

[4] https://www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes

[5] https://www.irs.gov/publications/p969

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