



Top Five Year-End Planning Moves to Consider

Making these moves will impact your financial health for a better future

As the end of the year approaches, it's an opportune time to review your financial status and make strategic decisions that can impact your financial well-being in the coming year. Implementing certain financial moves before the year ends can potentially save you money, optimize your taxes, and set a solid foundation for the future.

Here are the top five financial moves you should consider before the calendar flips:

1. Maximize Retirement Contributions

Contributing to retirement accounts, such as 401(k)s, IRAs, or Roth IRAs, before the year ends can bring several advantages. Firstly, it allows you to take advantage of tax-deferred or tax-free growth. Maxing out your contributions can reduce your taxable income for the year, potentially lowering your tax bill.

Moreover, funding these accounts to the maximum extent possible sets the stage for a more financially secure retirement. The power of compound interest means that the earlier you invest, the more time your money has to grow.

Don't miss the opportunity to contribute as much as you can before the year concludes.

2. Review and Adjust Investment Portfolios

A thorough review of your investment portfolio is crucial as the year ends. Assess whether your investments are aligned with your financial goals and risk tolerance.

Consider rebalancing your portfolio to maintain your desired asset allocation. Rebalancing involves selling some overperforming assets and reinvesting in underperforming ones to realign with your original strategy. This move not only mitigates risk but also positions your investments for potential growth in the upcoming year.

3. Take Advantage of Tax-Loss Harvesting

Tax-loss harvesting involves selling investments that have experienced a loss to offset realized gains. By strategically selling underperforming assets, you can reduce your tax liability on capital gains.

Be mindful of wash-sale rules, which prevent you from repurchasing the same or substantially identical securities within 30 days to claim the tax benefit. Tax-loss harvesting can be a valuable tool for optimizing your tax situation and enhancing your overall portfolio returns.

4. Utilize Flexible Spending Accounts and Health Savings Accounts

Check your balances in FSAs and HSAs, as these accounts often have "use-it-or-lose-it" policies for funds not utilized by the end of the year. Consider using these funds for eligible medical expenses, as they can provide substantial tax advantages.

Some FSAs might have a grace period or allow a carryover of a limited amount of funds, but it's

essential to understand the specific rules governing your accounts.

5. Review Insurance Coverage and Estate Planning

Evaluate your insurance policies, including health, life, and property insurance, to ensure they still meet your needs. Life changes and evolving circumstances may necessitate adjustments to coverage levels or beneficiaries. Additionally, review and update your estate planning documents, such as wills and trusts, to reflect any changes in your life or financial situation.

Taking the time to execute these financial moves before the year ends can significantly impact your financial health and set the stage for a more prosperous future.

Consider consulting with a financial advisor to tailor these strategies to your specific circumstances and goals. By making these proactive financial decisions, you can pave the way for a more secure and prosperous financial journey in the year ahead.