

# Your Year-End Financial Checklist

*Aspects of your financial life to review as the year draws to a close.*

Provided by Frederick Saide, Ph.D.

The end of the year can help remind us of last-minute things we need to address and the goals we want to pursue. To that end, here are some aspects of your financial life to think about as this year leads into the next.

Keep in mind, this article is for informational purposes only and is not a replacement for real-life advice. Make certain to contact a tax or legal professional before modifying your tax strategy. The ideas presented are not intended to provide specific advice.

**Your investments.** Set a goal to review your investments with your financial professional. You'll want to come away from the meeting with an understanding of your portfolio positions. Look over your portfolio positions and revisit your asset allocation. Remember, asset allocation and diversification are approaches to help manage investment risk. They do not guarantee against investment loss.

**Your retirement strategy.** You may want to consider contributing the maximum to your retirement accounts. It's also a clever idea to review any retirement accounts you may have through your work. This is also a wonderful time to decide on making catch-up contributions if you are eligible.

**Your tax situation.** It's a clever idea to consider checking in with your tax or legal professional before the year ends, especially if you have questions about an expense or deduction from this year. Also, it may be an innovative idea to review any sales of property as well as both realized and unrealized losses and gains. Look back at last year's loss carryforwards. If you've sold securities, gather up cost-basis information. As always, bringing all this information to your financial professional is a smart move.<sup>1</sup>

**Your charitable gifting goals.** Plan charitable contributions or contributions to education accounts and make any desired cash gifts to family members. The annual federal gift tax exclusion allows you to give away up to \$15,000 in 2021, meaning you can gift as much as \$15,000 to as many individuals as you like this year. Such gifts do not count against the lifetime estate tax exemption amount if they stay beneath the annual federal gift tax exclusion threshold. Besides outright gifts, you can explore creating and funding trusts on behalf of your family. The end of the year is also a suitable time to review any trusts you have in place. Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust, consider collaborating with a professional who is familiar with the rules and regulations.<sup>1,2</sup>

**Your life insurance coverage.** The end of the year is an excellent time to double-check that your policies and beneficiaries are up to date. Don't forget to review premium costs and

beneficiaries and think about whether your insurance needs have changed. Several factors could impact the cost and availability of life insurance, such as age, health, and the type of insurance purchased, as well as the amount purchased. Life insurance policies have expenses, including mortality and other charges. If a policy is surrendered prematurely, you may pay surrender charges, which could have income tax implications. You should consider determining whether you are insurable before implementing a strategy involving life insurance. Finally, don't forget that any guarantees associated with a policy are dependent on the ability of the issuing insurance company to continue making claim payments.

**Life events.** Here are some questions to ask yourself when evaluating any large life changes in the last year: Did you happen to get married or divorced this year? Did you move or change jobs? Did you buy a home or business? Was there a new addition to your family this year? Did you receive an inheritance or a gift? All these circumstances can have a fiscal impact on your life as well as the way you invest and plan for retirement and wind down your career or business.

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**Citations**

1. turbotax.intuit.com, October 16, 2021
2. irs.gov, October 14, 2021