BRYN MAWR CAPITAL MANAGEMENT

A WSFS COMPANY

2023 Year-End Planning Checklist

The Year-End Planning Checklist is intended to be used in tandem with the Bryn Mawr Capital Management Tax Guide to assist clients with year-end tax planning. While Bryn Mawr Capital Management does not provide tax or legal advice, this information is provided to assist in conversations with your tax and legal advisors. Bryn Mawr Capital Management firmly believes in a coordinated approach to holistic wealth management, so please contact us with any questions or if you would like one of our team members to join a conversation with your tax and legal advisors.

Income Tax Planning

- ☐ Required Minimum Distributions (RMDs) from qualified retirement accounts for 2023 are due to be taken BEFORE December 31, 2023. RMDs include distributions from defined benefit pension plans and 457 plans. Communicate with your advisor to ensure you are taking the calculated required distribution for this year.
- ☐ Maximize employer retirement plan contributions (e.g. 401(k), 403(b), 457, Simple IRA, SEP IRA, and non-qualified deferred compensation plans) to defer income recognition.
- ☐ The deadline for IRA contributions for the 2023 tax year is April 15, 2024. Consider 2023 AGI thresholds to determine if you are eligible for Roth IRA contributions or eligible to deduct contributions to a traditional IRA.
- ☐ Accelerate or defer income in 2023 or 2024 depending on expected tax brackets and AMT impact.
- ☐ Accelerate or defer deductions for maximum tax reduction based on expected tax brackets and AMT impact (see page 24 of BMCM's Tax Guide).
  - Consider your ability to time income such as bonuses, stock compensation, or business income.
  - Review the timing of state and local income tax and real estate tax payments to see if payments should be made in December of 2023 or January of 2024 for deduction purposes as they are now limited to a cap of $10,000, or $5,000 if filing separately.
  - Consider the timing of charitable gifts for additional tax deductions and/or qualified charitable distributions from IRAs.
- ☐ Charitable Deduction Limits: Individuals can deduct cash donations up to 60% of their 2023 AGI and noncash donations up to 30% of their 2023 AGI. Corporations may deduct up to 10% of taxable income. This deduction is for gifts that go to public charities, donor-advised funds, and private foundations.
- ☐ Review cash flow needs for additional tax liability resulting from 3.8% Medicare surtax, 0.9% Medicare payroll tax, and limitations on itemized deductions for taxpayers with taxable income in excess of $250,000 for married couples filing jointly or $200,000 for single filers.
- ☐ Review executive compensation agreements (e.g., options and restricted stock units) for upcoming expiration or vesting dates.
- ☐ Consider a possible Roth IRA conversion if you will likely be in a lower tax rate this year than in future years, or if your heirs will be at higher tax rates after your lifetime.
- ☐ If you intend to make charitable gifts, consider in-kind gifting of appreciated property to charity to receive a charitable deduction equal to the fair market value of the property with the added benefit of avoiding capital gains recognition on the property.
- ☐ Consider additional contributions to Health Savings Accounts (HSAs) which are tax deductible up to the limits of $3,850 ($4,850 if 55+) for single filers and $7,750 ($8,750 if 55+) for families; HSA balances can be deferred indefinitely.
- ☐ If you have a Flexible Spending Account (FSA) balance in 2023, inquire as to whether your specific plan provides for a 2 ½ month grace period allowing you to expend the account balance for the first 2 ½ months of 2024 and, if there is not a grace period, make sure the balance is expended prior to year's end because what you do not use you will lose.
- ☐ If it is possible to recharacterize income, determine if it is most beneficial to have your income characterized as passive or active, taking into consideration whether your passive income is subject to the 3.8% Medicare surtax or if you have passive losses that can only offset passive gains.

Trusts and Estates Tax Planning

- ☐ Review the current gifting program to family members, which includes making annual exclusion gifts up to the 2023 annual exclusion amount of $17,000 to each beneficiary from each donor.
- ☐ Distribute Crummey letters to beneficiaries of any irrevocable trusts receiving annual exclusion gift payments (typically insurance trusts for premium payments) in the 2023 tax year.
- ☐ Review terms of distribution and administration to ensure that you are satisfying requirements of irrevocable trusts and to the extent income of non-grantor irrevocable trusts is distributed on a discretionary basis, distribute income from non-grantor irrevocable trusts to beneficiaries in lower tax brackets.
- ☐ Consider making contributions to 529 education accounts, Coverdell Education Savings Accounts, or prepaid tuition plans after considering the advantages and disadvantages of each plan.
- ☐ Review current estate plan to ensure planning is aligned with current lifetime estate, gift and GST exemptions of ~$12.92 million per person, allowing married couples to pass ~$25.84 million free of federal tax. Exemption amounts may be reduced next year so careful planning may be needed by year's end for those with potentially taxable estates.

Additional Year-End Tax Considerations and Disclosure

- ☐ This year-end tax planning list provides an outline of common year-end considerations, however, does not represent an exhaustive list. There are many other issues to consider, so please contact your tax advisor prior to year's end to discuss applicable items for this year-end tax list and any other additional items that may apply to your personal tax situation.