



2023 TAX REDUCTION CHECKLIST

RETIREMENT SAVINGS	NOT APPLICABLE	ASK ADVISOR
Defer the maximum annual amount into qualified retirement plans (e.g., \$22,500 for 401k) . You may contribute an additional \$7,500 catch-up contribution if you are over the age of 50.		
Contribute some or all of your retirement plan deferrals to a Roth 401(k) if you expect to be in same or higher marginal tax bracket in retirement.		
Convert some or all of your IRA to a Roth IRA if you expect to be in the same or higher marginal tax bracket in retirement.		
Utilize the Backdoor Roth strategy and contribute up to \$6,500 (\$7,500 if age 50+) of non-deductible contributions to an IRA that can later be converted to a Roth IRA.		
Establish a cash balance pension plan (if you own a business or are self-employed and are age 40+) to make substantial tax-deductible contributions.		
Elect 83(b) upon receipt of restricted stock to convert taxation of growth from ordinary income to capital gain income.		

INVESTMENT	NOT APPLICABLE	ASK ADVISOR
Pay investment management fees attributable to a Traditional IRA using assets from within the IRA.		
Pay investment management fees attributable to a Roth IRA using assets outside of the Roth IRA to allow for greater tax-free compounding within the Roth IRA.		
Utilize municipal bonds for a portion of your bond holdings if you are in a higher marginal tax bracket to reduce taxation of bond income.		
Sell assets with capital losses to offset taxable capital gains and reduce the 3.8% Net Investment Income Tax (NIIT), if applicable.		
Sell assets with capital gains to the extent eligible to maximize the 0%, 15%, and 20% long term capital gain rate.		
Utilize stock index funds and "low-turnover" active stock strategies for a portion of your stock holdings to reduce capital gain taxes.		
Replace an out-of-date or under-performing annuity contract (or life insurance policy) with another without incurring tax consequences ("1035 exchange").		
Exchange a real estate property used in business or for investment for another property of like-kind without incurring capital gain taxes ("1031 exchange").		

EDUCATION	NOT APPLICABLE	ASK ADVISOR
Save for primary and secondary education costs using a 529 savings plan for tax-free growth and potentially a state tax deduction.		
Consider using a 529 savings plan (up to \$10,000) towards the 529 plan beneficiary's student loan.		
Consider rolling unused 529 funds (\$35,000 lifetime limit) into a Roth IRA for the beneficiary. (Applicable in 2024 and beyond).		
Contribute up to 5x's the annual gift tax exclusion amount (single: \$17k x 5 = \$85k; married: \$34k x 5 = \$170k) to a 529 plan in one year to jump-start savings and avoid gift taxes.		
Pay tuition bills for someone directly to the institution to avoid paying gift taxes.		
Claim the American Opportunity Tax Credit (up to \$2,500) or the Lifetime Learning Credit (up to \$2,000) if eligible.		



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RETIREMENT DISTRIBUTION	NOT APPLICABLE	ASK ADVISOR
Determine how much to withdraw from each account type per year—taxable (e.g. brokerage), tax-deferred (e.g. IRA), or tax-free (e.g. Roth IRA)—to reduce your effective tax rate.		
Plan for distributions from retirement accounts that will occur prior to age 59 1/2 to avoid tax penalties.		
If you are still working and don't own 5% or more of the company you work for, consider transferring IRA assets back into your company 401(k) to defer taking the required minimum distributions on those assets.		
Distribute company stock from a qualified retirement plan using Net Unrealized Appreciation (NUA) rules to pay capital gain rates vs. ordinary income rates on stock growth.		

CHARITABLE	NOT APPLICABLE	ASK ADVISOR
Donate appreciated assets to charity to mitigate the potential capital gain tax.		
Lump charitable gifts into a single tax year to help exceed standard deduction amount and become eligible to itemize deductions.		
Utilize a Donor Advised Fund (DAF) to simplify the donation of appreciated assets to charity and to provide more control on the timing of gifts.		
Make a Qualified Charitable Distribution (QCD) by donating up to \$100,000/year to charity directly from your IRA (if age 70 1/2+) to avoid taxation on the amount given.		
Direct some or all of your IRA to charity at death to eliminate or reduce the income taxation of IRA assets that would otherwise be paid by heirs.		
Consider charitable remainder trusts (CRT) and charitable lead trusts (CLT) to receive a tax deduction while retaining some use of the assets either for yourself or for heirs.		

PERSONAL INCOME TAX	NOT APPLICABLE	ASK ADVISOR
Contribute to a Health Savings Account (HSA) up to \$3,850 for an individual or \$7,750 for a family to obtain a "triple tax advantage" (tax deduction + tax-free growth + tax-free withdrawals for qualifying expenses). Note: A catch-up contribution of \$1,000 is available if you are age 55 or older.		
Contribute to a Flexible Spending Account (FSA) up to \$3,050 and/or a Dependent Care FSA up to \$5,000 (single filers and couples filing jointly) to pay qualifying expenses with pre-tax dollars.		
Withdraw up to \$5,000 (per parent) from a qualified retirement account penalty free within a year of birth or adoption for qualified expenses.		
Reconsider home equity loans that are not used to buy or improve your home as this loan interest is not deductible.		
Deduct qualified health care expenses if they exceed 7.5% of your Adjusted Gross Income.		
Pay long term care premiums with tax-free dollars from a Health Savings Account if you do not qualify for the medical expense deduction.		
Adjust income and deductions to reduce taxation of Social Security benefits, 3.8% Net Investment Income Tax (NIIT), 0.9% Medicare surtax, and Medicare insurance premiums.		



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ESTATE	NOT APPLICABLE	ASK ADVISOR
Implement estate tax reduction strategies if your total net worth is approaching or is in excess of \$12,920,000 (single) / \$25,840,000 (married).		
Review beneficiary designations on retirement plan assets given the new law eliminating the stretch IRA provision for most non-spousal beneficiaries who inherit in 2020 and beyond.		
Review your trust documents to assure no unintended consequences given the new law eliminating the stretch IRA provision for most non-spousal beneficiaries who inherit in 2020 and beyond.		
Review your estate documents to assure no unintended consequences given the large estate tax exemption amount.		
Make annual gifts to loved ones up to the annual gift tax exclusion amount (single: \$17,000 per person; married \$34,000 per person) to avoid gift taxes.		
Defer large capital gains later in life to obtain a step-up in cost basis at death.		
Harvest capital losses on assets later in life to assure the tax savings are not lost due to death.		
Distribute all assets from an irrevocable trust, if there are no longer any estate tax or asset protection reasons for maintaining it, to avoid higher tax rate on trust income.		

BUSINESS PLANNING	NOT APPLICABLE	ASK ADVISOR
If you own a pass-through business, consider the Qualified Business (QBI) deduction eligibility rules.		
Consider the use of a Roth vs. traditional retirement plan and its potential impact on taxable income and Qualified Business Income.		
Deduct purchase of qualifying equipment (e.g. machines for business use, computers, off-the-shelf software, etc.) up to \$1,160,000 Section 179 limit.		
Employ your children to divert income to a lower tax bracket and begin their retirement savings early.		