

# 2021 Year-End Wealth Planning Checklist

As we approach the end of 2021, it is important to take the time to review your current financial situation to ensure you are taking advantage of opportunities this year. Changes in your personal circumstances, along with a fluid regulatory environment, make it critical that you work with your advisor on any year-end planning decisions.

The following checklist has been developed as a guide for you to determine any important action items, outstanding risks and timely opportunities. We recommend you review this prior to meeting with your advisor, in order to have a productive discussion.

## FAMILY

- Do you want to make annual exclusion gifts in 2021 to others?
- Do you want to make a contribution to a College Savings Plan?
- Did your Irrevocable Life Insurance Trust (ILIT) trustee provide Crummey notices to the beneficiaries?
- Have you considered making gifts to children or grandchildren this year?
- Have you reviewed your current estate plan to determine if it is still appropriate based on changes in your life (moved states, marriage, birth, divorce, death), changes in your net worth or changes in laws?
- Have you reviewed accounts and real estate to ensure proper titling in trust or with rights of survivorship?
- Are current debt terms the most favorable possible given historically low interest rates?

## RISK MANAGEMENT

- Have you reviewed your insurance policies?
- Have you explored interest rate hedging strategies?
- Have you reviewed the need for or sufficiency of any long-term care and/or disability insurance policies?

## INVESTMENTS AND TAXES

- Are there gains or losses in your taxable portfolio that should be realized in the current calendar year?
- Have you evaluated the potential tax consequences of distributions and income from your taxable investments?
- Have you assessed what your tax liability in 2022 might be under various proposed federal and state tax law changes?
- Is your current investment allocation well positioned in light of proposed tax changes and the future investment and economic outlook?
- Have you considered investing in Qualified Opportunity Funds to defer capital gains?

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## CHARITABLE CONTRIBUTIONS

- Have you considered maximizing your tax deduction by giving appreciated assets to charity?
- Have you considered making larger charitable gifts in 2021 to take advantage of The CARES Act which allows deduction of up to 100% of your income?
- Have you considered frontloading future gifts by contributing to a Donor Advised Fund?
- Are you aware that, even if you don't itemize, charitable gifts up to \$300 (\$600 for married couples) are deductible in 2021?
- Are you aware that you can exclude RMDs from your income by making a Qualified Charitable Distribution?

## RETIREMENT PLANNING

- Have you reviewed your 401(k) to ensure you maximize contributions and your employer match?
- Have you maximized your after-tax contributions to an IRA?
- If you are age 72 or older in 2021, have you taken Required Minimum Distributions (RMDs) for all retirement accounts?
- Have you considered whether converting all or part of traditional IRA to Roth IRA accounts is advisable?
- Have you reviewed your financial plan to ensure you are on track to meet your retirement goals?
- Have you reviewed your retirement account beneficiary designations?

## INCOME TAX PLANNING

- Have you considered whether to exercise stock options in 2021?
- Would deferring any compensation, property sales or other transactions lower your tax bill?
- Do you have loss carry-forward from past years?

## BUSINESS OWNERS

- If self-employed or a small business owner, are you utilizing the tax incentives of an Individual 401(k) or SEP IRA?
- Have you considered investing in qualified business assets in 2021 to potentially deduct 100% of the cost at tax time?
- Have you recently reviewed your buy/sell agreements and any associated insurance contracts?
- Are your current Key Person insurance policies (life and disability) sufficient?

Wealth planning strategies have legal, tax, accounting and other implications. Prior to implementing any wealth planning strategy, clients should consult their legal, tax, accounting and other advisers.

Union Bank does not create estate plans. Estate plans should be reviewed by an attorney who specializes in estate planning and is licensed to practice law in a client's state.

