

2022 Year-End Wealth Planning Checklist

As we approach the end of 2022, it is important to take time to review your current financial situation to ensure you are taking full advantage of opportunities to lower your 2022 tax bill while potentially providing positive impacts to your community and loved ones. Changes in your personal circumstances, along with a volatile investment environment, make it critical that you review your financial plan and work with your advisor to take action before year-end.

The following checklist is a guide for you to determine any important action items, outstanding risks and timely opportunities to hone your plan. We recommend you review this checklist prior to meeting with your advisor to facilitate a productive discussion.

FAMILY

- Do you want to make annual exclusion gifts in 2022 to help others and reduce your taxable estate?** *The annual gift tax exclusion increased from \$15,000 to \$16,000 per person in 2022.*
- Do you want to contribute to a College Savings Plan?** *Ask your advisor about making tax-free gifts to a 529 Plan to fund a child's or grandchild's education expenses.*
- Do you own title to life insurance policies in your personal name?** *Transferring life insurance policies into an irrevocable life insurance trust (ILIT) can reduce your estate tax exposure and increase the after-tax return for your family.*
- Did your ILIT trustee provide Crummey notices to the beneficiaries?** *If cash has been added to the ILIT trust, it may qualify for the annual gift tax exclusion.*
- Have you considered helping your child or grandchild who has earned income establish a Roth IRA?** *Doing so early in their life can have a tremendous impact on their retirement savings.*
- Have you reviewed your current estate plan to determine if it is still appropriate based on your current situation?** *Significant life events such as marriages, births, divorces, deaths and state relocations, can have a significant impact on your net worth as can changes in tax and other laws.*
- Have you reviewed executor and trustee designations to determine if they are still appropriate?** *Selecting the right fiduciaries is critical to achieving your estate planning goals and ensuring your legacy is preserved.*
- Have you considered utilizing a corporate trustee or co-trustee?** *Trust administration can be complex and having the expertise and experience of a corporate trustee or co-trustee can help ensure your legacy is protected.*
- Have you reviewed accounts and real estate to ensure proper titling in trust or with rights of survivorship?** *We recommend an annual review, particularly if you've experienced any life or family changes or recently completed a mortgage or refinance.*

RISK MANAGEMENT

- Have you reviewed your insurance policies (property, umbrella, life)?** *Doing so can help ensure the level of protection is sufficient to cover the property's full replacement cost and increasing net worth. Cost-savings opportunities are often discovered through policy reviews as well.*
- Have you explored interest rate hedging strategies?** *Review your loan costs and refinance if needed to protect against anticipated rate increases on variable loans.*
- Have you reviewed the need for or sufficiency of any long-term care and/or disability insurance policies?** *Exploring your needs and goals with your advisor early on can save you money and provide you with different options.*

INVESTMENTS AND TAXES

Intentionally triggering gains or losses in your taxable portfolio in the current calendar year can result in optimal tax consequences when those gains and losses are offset by other gains and losses. Conduct an analysis with your advisor of trades in all accounts wherever held (including retirement accounts) to avoid wash sale rules that could limit beneficial tax treatment.

- Is your current investment allocation still optimal?** *Your advisor can help you decide if your overall allocation is well-positioned in light of the future investment and economic outlook, by reviewing investments held at Union Bank and with other investment advisors.*
- Are you considering investing in Qualified Opportunity Zone Funds?** *Investing in Qualified Opportunity Zone Funds is one strategy that could help you defer capital gains generated in 2022.*

(continued)

CHARITABLE CONTRIBUTIONS

- Are you interested in charitable giving while minimizing capital gains?** Giving appreciated assets to charity can maximize the tax benefits to you by providing a tax deduction and avoiding tax on capital gains. Your advisor can help analyze which charitable strategy is the most efficient to reach your giving goals.

RETIREMENT PLANNING

- Have you reviewed your 401(k)?** An annual review of your 401(k) can help you ensure that you maximize contributions and your employer match and ensure beneficiary designations are up to date.
- Have you maximized your after-tax contributions to an IRA?** You can contribute up to \$6,000 (\$7,000 if over 50) in 2022.
- Do you own employer stock in a work-based retirement plan (401(k), profit sharing or stock bonus plan)?** If so, your advisor can help you evaluate if you should consider rolling it into a taxable account to receive preferential tax treatment on the appreciation.
- Are you age 72 or older in 2022?** If so, you will want to ensure that you have taken your Required Minimum Distributions (RMDs) for all retirement accounts.
- Have you optimized your RMDs?** If you have multiple IRAs, your advisor can help you ensure that you are taking distributions from your accounts in the order that maximizes continued growth.
- Have you considered whether converting all or part of traditional IRA to Roth IRA accounts is advisable?** Your advisor can help model whether paying income taxes now to gain the many benefits of a Roth IRA is advisable given your financial situation.
- Have you reviewed and updated your LIFE Map financial plan?** An annual review can help you to ensure you are on track to meet your financial goals.
- Have you reviewed your retirement account beneficiary designations?** Annual review of beneficiaries can ensure you stay synced up with any changes in your family and personal life.

INCOME TAX PLANNING

- Do you have vested and exercisable stock options?** Your advisor can help you assess your best course of action, particularly if: 1) You have any stock options or stock purchase plans set to expire; 2) You have vested stock options as part of an employee compensation plan; 3) You are considering selling some or all of the stock in the next few years.
- Would deferring any compensation, property sales or other transactions lower your tax bill?** Your advisor can help you assess what approach is right for you.
- Do you have loss carry-forwards from prior years?** You may be able to use these in 2022 to lower taxable income.

BUSINESS OWNERS

- If self-employed or a small business owner, have you established qualified plans for you and your employees, such as a 401(k) or SEP IRA plan, to defer income and save for retirement?** Your advisor can help review the different retirement plan options available to business owners to maximize the benefits to you and your employees.
- Have you considered investing in qualified business assets in 2022?** In 2022, business owners can immediately deduct the cost of qualifying new and used business equipment. The amount deductible as bonus depreciation will decline to 80% starting in 2023 and phase out completely by 2027.
- Have you recently reviewed your buy/sell agreements and any associated insurance contracts?** Ensuring your agreement is fully funded will help protect your family and prevent unnecessary business disruption if you or a business partner becomes incapacitated or dies.
- Are your current Key Person insurance policies (life and disability) sufficient?** Key person policies are critical to protecting your business in the case of an unexpected accident, illness or death of a critical employee.
- Have you considered using insurance policies as “golden handcuffs”?** This is a potential approach if you want to compensate and retain key employees.

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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.

