

# 2024 Year-End Financial Checklist



As the year comes to a close, it's important to review and act on key financial strategies to help maximize your benefits and ensure you're on track for the coming year. Below are strategies and rules that you may want to pursue by Dec. 31. Use this checklist to stay organized and make sure you don't miss any opportunities to help enhance your financial well-being.

## Charitable Giving

- As part of your year-end planning, you may be considering how to lower your tax bill or philanthropic efforts. Charitable giving and gifting, as noted below, are two strategies to consider.
- If you plan to take the standard tax deduction (\$14,600 for single filers, \$29,200 for married filing jointly), consider bunching your charitable contributions over multiple years which might allow you to itemize if your total contributions exceed the standard deduction.
- Explore contributing to a donor-advised fund (DAF). When you contribute cash, securities, or other assets to a [DAF](#), you are generally eligible to take an immediate tax deduction. Those funds can be invested for tax-free growth, and you can recommend grants to any eligible IRS-qualified public charity.
- You can make a qualified charitable distribution (QCD) from a retirement plan if you're 70 ½ or older tax-efficient options such as Notably, the [QCD](#) contribution limit increased to \$105,000 in 2024 (up from \$100,000), and QCDs can satisfy required minimum distributions if you're aged 73 or older. This giving method could offer tax benefits regardless of whether you itemize.

## Gifting

- For 2024, the gift tax exclusion increased to \$18,000 for individuals (\$36,000 for couples) which means you can give up to that amount to each recipient this year without having to file a federal gift tax return. This yearly tax exclusion is separate from, and does not apply to, the [lifetime gift exclusion](#) of \$13.1 million per person in 2024. Taking at least part of the tax break on gifts before Dec. 31, 2024 can help you maximize the benefit before the exclusion amount is set to [lower in 2026](#).

## Savings Plan Contributions

- Retirement plan:** If you have an employer retirement plan, such as a 401(k), you may be able to bump your contributions before year-end if the plan allows it. The maximum salary deferral contribution to an employer plan is \$23,000 in 2024, plus the catch-up contribution is \$8,000 per year, if age 50 or over. If you are on the threshold of a higher tax bracket and are age 59 ½ or over, consider accelerating withdrawals from a traditional individual retirement account (IRA) now to take advantage of being in the lower tax bracket, which can help with paying less in taxes on the withdrawals.
- Health savings account (HSA):** If you have an HSA, you may be able to save more for future health care expenses. You can contribute up to \$4,150 (\$8,300 for a family) in 2024, and an additional \$1,000 if you are age 55 or over.
- 529 college savings plan:** You can use your annual gift exclusion amount to contribute up to \$18,000 in 2024 to a beneficiary's 529 account, gift tax-free. Alternatively, you can make a lump sum contribution of up to \$90,000 to a beneficiary's 529 account and elect to treat the sum as if it were made evenly over a 5-year period, gift tax-free. A new provision in 2024 could allow you to rollover unused 529 funds into the beneficiary's Roth IRA, according to [rules and limitations](#). Some states also provide a tax deduction or credit for contributions.

## Flexible Spending Accounts (FSAs)

- Use any remaining funds in your FSA for qualifying expenses incurred in 2024. You may have until March 15, 2025, to spend unused funds, but check with your employer's plan for specifics. Ensure you submit all receipts by the end of the year or by the extension date, if applicable.
- Carry over remaining funds, if needed and your plan allows. Note that some companies allow a maximum of \$640.
- This is a good time to evaluate how much you will be putting into your FSA in 2025. The money comes out of your paycheck pre-tax which can help lower your taxable income.

## Required Minimum Distributions (RMDs)

- If you are subject to RMDs, ensure you take them before Dec. 31, 2024. RMDs from multiple IRAs can generally be aggregated, but RMDs from inherited IRAs cannot be combined with those from traditional IRAs. RMDs from employer retirement plans, such as 401(k)s, must be calculated and taken separately, with no aggregation allowed. However, RMDs from multiple 403(b) plans can be aggregated.
- Starting in tax year 2024, Roth 401(k)s are no longer subject to RMDs, similar to Roth IRAs so it isn't necessary to convert if you had been previously.
- Consider your [RMD strategy](#) for next year.

## Insurance Policies

- Did you meet your health insurance plan's annual deductible? If so, consider scheduling necessary medical appointments or procedures before the new year which can save you money, as your deductible will reset in January.
- How long has it been since you checked on other insurance policies to ensure they're up to date with coverage and beneficiaries? The end of the year is a great time to evaluate your other insurance policies, such as automobile and home. For instance, if you've made significant home improvements, your current coverage may not be adequate if there are damages or loss.
- Compare rates on coverage providers annually.

## Estate Planning

- Reevaluate your plan to see if it needs [revisions](#). Have there been any changes this year to your family, heirs, or assets? Depending on when you last updated your estate plan, [tax laws](#) may have changed this year — or you may want to prepare for upcoming changes to tax laws.
- Update your incapacity documents if they are older than four years.

## Tax Implications

- Gains and losses:** If you have unrealized investment losses in taxable accounts or capital losses, you may be able to write off the loss and reduce your ordinary income by up to \$3,000 with tax-loss harvesting. There might be an opportunity to defer income or accelerate deductions to manage capital gains and losses. Your taxable income will determine your [tax bracket](#), capital gains tax, and net investment income tax. Consult with a tax professional if this is a subject of concern for you.
- Windfalls:** Have you received any significant windfalls that could impact your tax liability ([inheritance](#), RSUs vesting, stock options, bonus)? If so, review your tax withholdings to determine if estimated payments may be required.
- Check out our article on [6 Year-End Tax Strategies](#).

If you have any questions about the items on this checklist, consult with your wealth advisor. Not a Mercer Advisors client? [Let's talk](#).

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