PIMCO

Year-End Planning Strategies Checklist

As the year-end approaches, it is important to consider a variety of your clients' planning needs.

Use the list below to review actionable strategies for clients, checking off topics as you go.

INCOME TAX

When evaluating year-end tax planning opportunities with clients, be sure to partner with the client's tax professional to review the details of each client's individual circumstances.

☐	Manage income tax brackets	Manage an investor's tax bracket by considering various strategies to accelerate or defer deductions and reduce or accelerate income.
☐	Ensure appropriate income tax withholding	Help ensure affected clients pay required tax during the year (lesser of two methods) to avoid underpayment penalty
☐	Evaluate state income/estate taxes	Review state income and estate taxes and consider state residency requirements to change state domicile if necessary.
☐	Reduce AMT liability	Discuss AMT planning with an investor's tax advisor and assess income and deduction strategies when the investor is subject to regular taxes vs. AMT.
☐	Lower taxable income for closely held business owners	Identify additional strategies to reduce qualified business income (Sec. 199A).
☐	Consider non-qualified deferred compensation	Optimize potential tax savings by electing deferral amount in line with next year's estimated income.

INVESTMENT PORTFOLIOS

The end of the year is the perfect time to reevaluate a client's investment portfolio, including goals, risk tolerance and liquidity needs.

☐	Recognize capital gains/losses	Realizing gains and harvesting losses may help minimize income tax consequences of the year's market activity and position portfolio holdings for next year.
☐	Review strategies to avoid wash loss sales	Assess planning options to help avoid a wash loss sale (e.g. doubling up on the position and selling the original lot, selling the position and buying a new position in the same sector, etc.)
☐	Consider executive compensation provisions	Consider AMT exposure with disqualifying disposition or tandem exercise of incentive stock options.
☐	Rebalance portfolios	Address unintentional portfolio allocation drift and reduce overall portfolio volatility with the potential for higher returns.

RETIREMENT PLANNING

There are a host of other planning opportunities to keep on a client's radar when it comes to retirement planning. Where appropriate, some ideas to consider include:

☐	Fund retirement accounts	Maximize contributions to retirement accounts including catch-up contributions for investors who are age 50 and older by 12/31/2023.
☐	Contribute to health savings account (HSA)	Build a source of tax-free income for investors through an HSA. Maximize contributions including catch-up provisions for investors who are age 55 or older.
☐	Fund Roth accounts for children	Contribute to a child's Roth IRA or match contributions as long as the child has at least as much earned income as the total contribution amount.
☐	Weigh Roth conversion	Discuss with an investor's tax advisor whether it makes sense to convert a traditional IRA to a Roth IRA; Consider the investor's tax bracket over time and assess liquidity to address the additional tax burden.
☐	Review beneficiary designations	Verify all beneficiary information is correct and accurate as significant life events such as marriage, divorce and births can impact beneficiary designations.
☐	Take retirement account distributions	Remind individuals age 73 or older that they must generally take required minimum distributions (RMDs) from IRAs, profit sharing, 401(k), 403(b), 457(b) and other retirement plans by December 31, with some exceptions.
☐	Review benefit elections for Social Security and Medicare	Consider if an investor became eligible to apply for Social Security benefits during the year.

WEALTH TRANSFER AND LEGACY PLANNING

Review actions that clients can take to reduce their future estate tax liability and help maximize lifetime gifting.

☐	Make annual gifts	Make annual exclusion gifts on or before December 31. Annual gifts up to $17,000 per donor, per year can be made to an unlimited amount of recipients and are excluded from gift tax and do not count toward estate tax exemption.
☐	Fund 529 plans	Consider taking advantage of "front loading" a 529 plan by making 5 years' worth of annual exclusion gifts, which transfers $85,000 (single) to $170,000 (married couple) without generating gift tax or using any of a taxpayer's estate tax exemption.
☐	Fund charitable giving	Work with an investor's tax advisor to determine if it is beneficial to bunch multiple years of charitable gifts into a single year.
☐	Elect qualified charitable distribution from IRA	Consider charitable distributions from a qualified retirement account for individuals age 70 ½ and older up to a maximum of $100,000 per year; Distribution is excluded from income and satisfies RMD.
☐	Consider advanced estate planning strategies for HNW clients	Evaluate estate planning options and discuss strategies with qualified counsel including asset titling, QTIP trust, GRATs and credit shelter trusts.
☐	Conduct family meetings/ mission statements	Schedule a family meeting to engage in productive discussions around the stewardship of wealth, investments, planning, philanthropy and more with children and grandchildren.

MARK YOUR CALENDAR

Carve out time with clients at the end of the year to review a few general financial planning considerations.

- October/November Pay attention to annual distribution of capital gains (and losses) to shareholders; Note record date and ex-date to avoid purchasing new mutual funds with large expected capital gain distributions. Pay particular attention when rebalancing portfolios at year-end so that a client does not buy into capital gains distributions.
- November 28 This is the last day to double up on a security for 2023 to avoid violating the wash sale rule. To “double up” on a security refers to the practice of buying the same amount of shares of a security as a client’s original lot. In order to recognize a loss in 2023, the client would sell the original lot on December 29 and still benefit from any potential appreciation during the period. Reminder: During the doubled up period, the client has twice as much exposure to the security and therefore faces twice as much gain or loss.
- December 29 This is the last day to sell stock to harvest gains or losses. Keep in mind the wash sale rule if a security has been purchased within the past 30 days.

CLIENT MILESTONE BIRTHDAYS IN 2023?

If your clients had a milestone birthday, consider changes to eligibility.

AGE	ELIGIBILITY
50	May be eligible to make catch-up contributions to an IRA and/or employer plan (e.g. 401(k), 403(b), SIMPLE IRA or governmental 457(b) plan)
55	May be eligible to take a distribution from 401(k) without being subject to the 10% early distribution penalty
55	May be eligible to make catch-up contributions to a health savings account (HSA)
59½	May be eligible to take penalty-free distribution from IRA and company plan; May be able to take tax-free distributions from Roth IRA (must be open for at least 5 years)
62	Eligible to apply for Social Security benefits
65	Eligible to applyfor Medicare
73	Must begin taking required minimum distributions from IRAs (incl. SEP and SIMPLE) but not Roth.

Pacific Investment Management Company LLC, 650 Newport Center Drive, Newport Beach, CA 92660, 800-387-4626.

pimco.com/advisoreducation

PAEYEPB_ 3660287

CR2023-0830-3089512