



End-of-Year Wealth Management Reminders

2025 is nearly upon us, and as we say our goodbyes to 2024, there are a variety of tasks that may need to be wrapped up before year-end. We're here to keep you informed and well-prepared for any potential processing delays with custodians as they receive last-minute requests.

In this letter, we flagged a few wealth management deadlines that are fast approaching. We want to ensure these key areas are on your radar so that you can finish the year with confidence.

Charitable Donations: DAF Contributions and IRA QCD's

There are multiple methods to donate to charity. Some donors contribute cash to their favorite organizations while others will give appreciated stock. One easy way to give charitably is through a **Donor Advised Fund (or DAF)**, a special vehicle that lets taxpayers receive a deduction for the year in which they contributed and then manage the disbursements to charities over time.

Another method for those aged 70.5 or older is a **"qualified charitable distribution" (QCD)**, which can reduce the amount of taxes owed in the year of a contribution. The current rules allow each person to contribute up to \$105,000 annually from their IRA directly to any charity (or charities) of their choice (excluding Donor Advised Funds).

Keep in mind that the deadline for charitable contributions this year is December 31, 2024.

Tip: If you plan on a charitable contribution in 2024, let your advisor know immediately. Custodians such as Schwab and Fidelity are usually flooded with requests in the last few months of the year to set up Donor Advised Funds and processing times can increase dramatically. We recommend notifying your advisor by December 15th to allow time for processing.

Qualified Plan Contributions

If you are still working and are contributing to a qualified plan (meaning a work-sponsored plan), the deadline for your 2024 contributions is **December 31, 2024**. These plans include 401(k)s, 403(b)s, 457s, among others.

The most you, as an employee, can contribute to these plans for 2024 is \$23,000 (if you are under 50 years old) or \$30,500 (if you are 50 or older). These limits only reflect the maximum annual amount that you, as an employee, can defer into your own plan and do **not** include *employer* contributions.

Tip: If this is applicable, you may want to reach out to your payroll/HR department to ensure you

are contributing the right amount to your qualified plan for 2024 and that you are receiving the full amount of matching funds that your employer may be offering. If you have been contributing an accelerated amount in the second half of 2024, it is a good idea to check to make sure that your January 2025 contribution is still appropriate.

Individual Retirement Account Contributions

The deadline for your contribution to individual retirement accounts (such as Traditional, Roth, SEP IRA, and SIMPLE IRA) has more breathing room. The deadline to contribute to a Roth IRA or a Traditional IRA for 2024 is **April 15, 2025**. SEP-IRA and SIMPLE-IRA owners have until **April 15, 2025** or **October 15, 2025**, depending on whether or not you plan on extending your tax return.

The limit for IRA/Roth IRA contributions for 2024 is \$7,000 (or \$8,000 if you're 50 or older)

Tip: Be sure to check with your tax advisor or CPA about the timing and amounts of any contributions. A Roth IRA, for example, has income phase-out limits - listed here - that are different for single and married tax filers.

Required Minimum Distributions (RMDs)

The IRS requires investors who have Traditional IRAs, SIMPLE IRAs, and SEP IRAs, and qualified plans to begin withdrawing amounts from those accounts once they reach their Required Beginning Date (RBD). These withdrawals are called **required minimum distributions (RMDs)**.

Under Secure Act 2.0, which became law in 2022, the required age to begin taking RMDs was extended to 73 for any accounts that you own directly in your own name (not an inherited IRA, in other words). Secure Act 2.0 also eliminated the RMD requirement from Roth 401(k) accounts.

Your first-ever RMD must be taken by April 1 in the year after it was technically due (meaning you have a few extra months if you need them for your first-ever RMD). For each subsequent RMD (your second, third, and so forth) the deadline is **December 31** of that year.

Your advisor will work with you on the amount to withhold for taxes and whether to reinvest the after-tax proceeds or send them to you for your living expenses. If you have inherited an IRA or a Roth IRA, your advisor and Client Operations Specialist will work with you on an appropriate distribution strategy.

Roth Conversions

In some limited cases, it may be advantageous to convert a portion of your pretax retirement account to a Roth IRA. This requires thoughtful analysis and coordination with you and your CPA/tax preparer. Roth conversions may generate a favorable tax tradeoff for some investors. For example, if you are in the 12% bracket today but might be in the 22% bracket at the time you would be taking RMDs, a Roth conversion may improve the economics. And it actually gets better, because those after-tax dollars are reinvested and can grow over the course of your lifetime and will never be taxed again assuming tax laws remain the same.

The deadline for Roth conversions this year is **December 31, 2024**.

As the remainder of 2024 unfolds, we will also be looking forward to more information about estate planning laws and other tax changes that may be coming our way. We will be sure to update you as more details become available there.

If you have questions about the items above, please do not hesitate to reach out to us at anytime. We look forward to the opportunity to discuss your personal wealth management plan.

Please find this newsletter and others on our website at <http://www.gardecapital.com>.

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