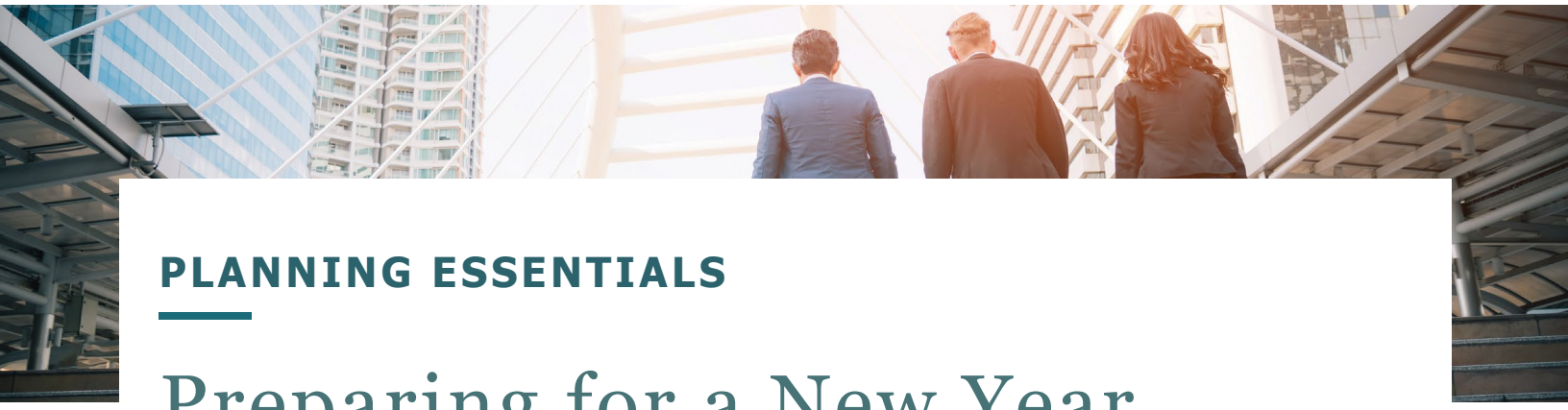


PLANNING ESSENTIALS

Preparing for a New Year

11 Year-end Planning Tasks



Effective year-end planning requires a good understanding of both your current circumstances and how they might change next year. The uncertainty of future tax rates and exemptions makes it vital that you plan now based on what we know today. Work with your advisory team now and consult with your accountant and/or attorneys to make these determinations. With that in mind, here's a look at end-of-year financial tasks you may wish to tackle.

1. DONATE TO CHARITY.

Before gifting cash, you may wish to consider gifting appreciated securities or funds from your Individual Retirement Account (IRA). Gifting appreciated securities, such as low-basis stock or mutual funds, will allow you to avoid capital gains tax and reap the benefits of a charitable deduction. If you've reached age 70½, you won't have to pay income taxes on the amount of a qualified charitable distribution of up to $108,000, or $216,000 for a married couple, per year from your IRA to a public charity (other than a donor-advised fund).

If you are not sure of which charity to give to right now, but have determined that you would benefit from the deduction for this tax year, you can set up a donor-advised fund, make a gift to that fund, and get the tax deduction this year. Then, in future years, distribute funds to the charities of your choosing. Donor-advised funds can be opened with as little as $5,000 and funded with a wide range of assets—including cash, appreciated stock, bonds, mutual funds, real estate, and other illiquid assets—making them a simple and effective way to donate. Ask your advisor about how you can contribute to a donor-advised fund today.

2. MAKE 529 PLAN CONTRIBUTIONS.

Money saved in a 529 plan grows tax-free when used for eligible educational expenses. 49 states, including the District of Columbia, offer additional tax benefits for residents who contribute to a plan within that state, thereby increasing the benefit of the contribution. The Setting Every Community Up for Retirement Enhancement (SECURE) Act expanded allowances on 529 plan fund distributions, which can now be used for K–12 private education, college, graduate school, and vocational and trade schools.

3. MAXIMIZE GIFTS TO FAMILY.

If you are likely to leave an estate large enough to incur estate taxes, you might consider maxing out your gift allowance, which is $19,000 per person per year (meaning a couple can gift up to $38,000 per year to as many individuals as they want). You can also pay college tuition directly to the institution, so that money doesn't apply toward the $19,000 gift allowance. There is no carryover of gift allowances from year to year, so gifts need to be made on or before December 31.

Note: Individuals currently have an $13,990,000 lifetime gifting exemption from gift and estate tax ($27,980,000 with portability). Although the Tax Cuts and Jobs Act was scheduled to expire, causing the lifetime estate and gift tax exemption to be reduced by half in 2026—the One Big Beautiful Bill Act reverted the expiration and is set to increase the exemption limit to $15 million beginning Jan 1, 2026.

4. MAX OUT RETIREMENT CONTRIBUTIONS.

You have until you file your tax return next year to make a 2025 contribution to an IRA, SEP, or SIMPLE, but 401(k) and Health Savings Account contributions are only deductible when made in the same calendar year. If you want to establish a retirement plan for 2025 (if you are self-employed or own a business), the plan documents must be signed and put into place by year-end. You are generally able to contribute up to $23,500 to a 401(k) plan ($31,000 if you're age 50 or older) and up to $7,000 to a traditional or Roth IRA ($8,000 if you're age 50 or older).

5. ROTH CONVERSIONS.

If you have an IRA and low taxable income, you might want to convert some or all of those funds to a Roth IRA before the end of the year. Working together with your advisors, you may want to consider only converting an amount up to the limit of your current marginal tax bracket, and make sure you have the cash outside of the IRA (i.e., after-tax funds) to pay taxes on the converted amount.

6. SPEND DOWN FLEXIBLE SPENDING ACCOUNTS (FSA).

If you still have money set aside in an FSA for healthcare expenses, see if you can order new glasses or schedule that dental work you've been putting off. Some companies offer a grace period into the spring or "FSA carryover" from one year to the next, but this is not commonplace. If your employer doesn't offer these provisions, you'll lose any unused funds once we ring in the new year.

7. **REQUIRED MINIMUM DISTRIBUTIONS (RMDs).**
Once you turn 73 years old, you are required to take withdrawals from your IRA, SIMPLE IRA, SEP IRA, or retirement plan account. Roth IRAs do not require withdrawals until after the death of the owner; however, the beneficiaries will be subject to the RMD rules. The penalty for failing to take the RMD is subject to an excise tax of 25% on what should have been withdrawn, 10% if the RMD is timely corrected within two years.

8. **TAX-LOSS HARVESTING.**
Selling investments that have lost value can be a useful tax-reduction strategy for investors. This strategy involves selling stocks, bonds, or mutual funds that have lost value to help reduce taxes on capital gains from winning investments. You can then use those losses to offset any taxable gains you have realized during the year. Losses offset gains dollar for dollar, and if your losses are more than your gains, you can reduce ordinary income on your current federal income tax return by up to $3,000. Of course, you don't want to undermine your long-term investing goals by selling an investment just for tax purposes.

9. **ADJUST YOUR TAX WITHHOLDING.**
If you or your advisors have determined that you are going to have a balance due on your federal or state tax return, consider increasing your withholding to cover the shortfall prior to year-end. Larger estimated tax payments at the end of the year can still expose you to underpayment penalties, but withholding is considered to have been paid ratably throughout the year.

10. **BENEFICIARY DESIGNATIONS.**
You can check and modify the beneficiaries on your retirement accounts or insurance policies at any time, but it's a good idea to do this at least annually. You should especially make this part of your year-end financial task list if you've gotten married, divorced, or had kids in the previous 12 months.

11. **PROTECT YOUR IDENTITY.**
You can obtain one free annual credit report per year from each credit reporting agency. With the increase in identity theft, you should strongly consider purchasing some type of identity theft protection as well.

* Please seek the advice of a tax professional concerning all the above recommendations.
All information is based on the current Internal Revenue Service website at https://www.irs.gov/.

Eagle Strategies LLC (Eagle) is an SEC-registered investment adviser. Registration with the SEC does not imply a certain level of skill or training. Eagle investment adviser representatives (IARs) act solely in their capacity as insurance agents of New York Life, its affiliates, or other unaffiliated insurance carriers when recommending insurance products and as registered representatives when recommending securities through NYLIFE Securities LLC (member FINRA/SIPC), an affiliated registered broker-dealer and licensed insurance agency. Eagle Strategies LLC and NYLIFE Securities LLC are New York Life Companies. Investment products are not guaranteed and may lose value. No tax or legal advice is provided by Eagle, its IARs or its affiliates.

ES.PE.PreparingNewYear
SMRU 5313945 (Exp.10.31.2027)

Eagle Strategies LLC

PROTECTION. RETIREMENT. INVESTMENT. ESTATE.

Trusted Guidance. Comprehensive Solutions.