

Tax Planning Checklist

Nobody wants to pay more in taxes than they have to. Below you will find some common strategies to minimize the amount you pay in income taxes and eventually estate taxes. While not all items are applicable in each situation, it's important to be aware of these strategies in your tax planning.

Minimizing Income Taxes

General Methods

Defer or accelerate income as appropriate and if possible

If you have flexibility in when you take income, consider changes to minimize tax bracket

Take advantage of all available deductions and credits

Work with accountant to ensure you are claiming all you qualify for

Investment Related

Maximize tax-deferred investments

Maximize annual savings into 401ks, IRAs, HSAs, FSAs

Choose index equity strategies over active management

Index fund turnover, capital gain payouts and overall tax consequences are lower

Utilize Exchange Traded Funds (ETFs) in taxable accounts as much as possible

ETFs are inherently more tax-efficient as they pay little to no fund-level cap gain distributions

Locate more tax-efficient assets in taxable accounts

Consider holding investments that create higher taxable distributions in tax-deferred accounts

Use tax-free municipal bonds in taxable accounts if in higher marginal tax bracket

If in 22-24% tax bracket or higher, the tax-free income of muni bonds is often beneficial

Utilize capital loss harvesting strategies to offset gains

If you have positions at a loss, you can sell to realize that loss to offset other gains

When placing sales, choose tax lots wisely

With partial position sales, choose lots to minimize gains (timing as well as gains)

Consider tax-savvy strategies to rebalance account

Rather than selling equities to buy bonds, have equity dividends go to cash to buy bonds

Be aware of the Net Investment Income Tax (NIIT)

3.8% surcharge applies to investment income if total income over \$200k (single)/\$250k (joint)

Use 529 accounts if saving for education

529s not only grow tax-deferred but qualified distributions are tax-free

Retirement (if applicable)

Determine if you can get into 12% marginal tax bracket in early retirement

Between retirement and start of RMDs from IRAs, may be able to get into lower tax bracket

Plan to minimize IRMAA surcharges for Medicare Part B/D premiums if possible

If MAGI is over certain limits, you will pay higher Medicare Part B/D premiums

Charitable Giving

Utilize Qualified Charitable Distributions (QCDs) from IRA

If over 70 ½, making donation directly from IRA keeps distribution off tax return

Donate highly appreciated securities

Rather than selling positions (realizing gains) and donating cash, donate position in-kind

Use Donor Advised Funds (DAFs) when applicable

Allows you to take large deduction in year of contribution and spread gifts to charities after

Consider bunching contributions into alternate years

Bunch 2 years' worth of contributions into 1 year and take standard deduction in other year

Minimizing Estate Taxes

If you have current or possible future exposure to estate taxes, these are not applicable or advisable to all and need to be vetted with a qualified estate planning attorney.

Spend more now

Get money out of your estate by spending more of it now and passing less through estate

Make annual gifts now

Take advantage of current \$16,000 annual gift allowance to as many people as you want

Use some of your estate tax exemption now

Prior to exemption being lowered in 2026 (or before), make larger gifts sooner

Purchase and hold life insurance in an Irrevocable Life Insurance Trust (ILIT)

This can provide liquidity and a legacy while lowering estate taxes at the same time

Consider Roth conversion strategies

By converting IRA assets, prepaying taxes during your lifetime can reduce taxes later

Plan effectively to fulfill charitable giving and intentions

Whether during your lifetime or at passing, the use of Charitable Remainder UniTrusts (CRUTs), outright bequests, family foundations, etc. can minimize your taxable estate

Since every family's situation is personal and unique, it's important to work with qualified professionals (accountant, financial planner/adviser, estate planning attorney) when planning for tax optimization.

Reach out to us at Conrad Siegel for help in navigating this checklist to make sure you are not paying more in taxes than you need. We can also dig deeper and perform a complimentary analysis and report on your most recent tax return to make sure you are as tax-efficient as your situation allows.

conradsiegeladvisors.com

 **Conrad Siegel**

All investment advisory services and fiduciary services are provided through Conrad Siegel Investment Advisors, Inc. ("CSIA"), a fee-for-service investment adviser registered with the U.S. Securities and Exchange Commission with its principal place of business in the Commonwealth of Pennsylvania. CSIA operates in a fiduciary capacity for its clients. Investing in securities involves the potential for gains and the risk of loss and past performance may not be indicative of future results. Any testimonials do not refer, directly or indirectly, to CSIA or its investment advice, analysis or other advisory services. CSIA and its representatives are in compliance with the current notice filing registration requirements imposed upon registered investment advisors by those states in which CSIA maintains clients. CSIA may only transact business in those states in which it is noticed filed, or qualifies for an exemption or exclusion from notice filing requirements. Any subsequent, direct communication by CSIA with a prospective client shall be conducted by a representative that is either registered or qualifies for an exemption or exclusion from registration in the state where the prospective client resides. For additional information about CSIA, please refer to the Firm's Form ADV disclosure documents, the current versions of which are available on the SEC's Investment Adviser Public Disclosure website (www.adviserinfo.sec.gov) and may also be made available upon request.