

2023 YEAR-END TAX AND ESTATE PLANNING GUIDE

As year-end approaches, here are some estate planning ideas that may offer valuable financial and tax-savings opportunities. This is also a good time of year to speak with your wealth advisor to consider and adjust your current financial strategies to ensure they align with your goals.

1. Tax-loss harvesting opportunities

With two years of volatile markets now behind us, it's a good time to review portfolios for thoughtful tax-loss harvesting opportunities — especially if you have realized capital gains so far in 2023.

2. Charitable donations

Consider donating low-basis stock positions to charities to avoid a capital gains tax. If you have not established a donor-advised fund (DAF), consider doing so, as you'll then be permitted to take a current charitable deduction for the entire amount of the donation but delay the distributions to the charities. This may be particularly helpful if your income is expected to decrease due to retirement in the next year or so.

3. Retirement accounts and contributions

Confirm that the amounts you contribute to your qualified plans are consistent and take full advantage of what is permissible by the IRS and your employer, if applicable. The Internal Revenue Service increased the amount individuals can contribute to their 401(k) plans in 2023 to \$22,500, up from \$20,500 for 2022. Additionally, individuals who are age 50 or over at the end of the calendar year can make an annual catch-up contribution of up to \$7,500 in 2023.

In addition to boosting the amount put aside for retirement, now may be a good time to review your asset allocation with your wealth advisor to ensure it meets your long-term goals.

Separately, confirm any required minimum distributions have been taken for you or your family members as appropriate.



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4. Roth conversion

Consider converting your traditional IRA to a Roth IRA, which will increase your present taxable income but allow the converted assets to grow tax-free thereafter. This option is beneficial to those who expect to be in a high or higher tax bracket at retirement. It is important to use other funds to pay the income tax that will arise as a result of the conversion, as it is counterintuitive to use IRA assets.

5. Family gifting

For 2023, the annual cash and securities exclusion amount is \$17,000 (\$34,000 for a married couple), which means you may make gifts up to this amount to an unlimited number of individuals without paying a gift tax or applying your exclusion. This amount will increase to \$18,000 (\$36,000 for a married couple) in 2024.

If gifting securities rather than cash is preferable, select positions without large, imbedded gains as the gain would be passed along to the recipient. Also, it is ideal to find securities with a higher likelihood of appreciating, as any appreciation will not be subject to gift or estate taxes.

Payment of medical expenses, health insurance, and tuition are outside of the lifetime exemption and can be done in addition to the annual exclusion.

Gifts above this will be applied toward your lifetime exemption, which is currently \$12.92 million per person (\$25.84 million for married couples). This amount is scheduled to be reduced by approximately half on December 31, 2025, so it may be wise to use it now. There will be no “clawback” for gifts made during this period if a person dies after the sunset date.

6. Intrafamily loans

With mortgage and interest rates higher than they've been in many years, intrafamily loans may be attractive. These loans must use the Internal Revenue Service's Applicable Federal Rate, which tends to be lower than rates available from third-party loan providers.

Before taking this step, carefully consider the impact a loan might have on your financial well-being, the loan terms, and family logistics involved.

7. Estate and financial planning

Having your estate plan in place can give you a sense of comfort. Reviewing the plan annually is a great way to confirm it reflects your current intentions and accounts for any recent changes, such as a divorce, marriage, birth, or change in domicile. We suggest you:

- a. Review or establish wills, trusts, guardianships, powers of attorney, and health care proxies.

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- b. Notify trustees, advisors, and/or family members about existing documents and how to access them.
- c. Review life insurance policies' terms and coverage.

Our Private Wealth Team of advisors is here to help you manage volatile markets and plan for the future. We have the capabilities to review and assist with financial and estate planning, as well as provide investment management and asset allocation services. We encourage you to contact your wealth advisor to discuss your goals and consider opportunities that may exist to meet them. [Learn more on our website.](#)

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