

AS THE END OF THE YEAR APPROACHES, OUR THOUGHTS NATURALLY TURN TO HOLIDAY PLANS & SHOPPING LISTS. IT IS ALSO THE PERFECT TIME TO GO THROUGH THE **NEPSIS[®] YEAR-END CHECKLIST**.

In fact, some items are highly time-sensitive, and it is vital you check them before December 31st.

Life is a journey, and every journey requires checking the map from time to time. A well-crafted financial plan must also include a consistent review routine. Our goal at Nepsis[®] is to help guide your journey.

The Big Picture

- ❑ **Review Your Plan** – Are your financial and investment objectives still consistent with your desires? Take time to evaluate your goals in light of your highest priorities, and then update your written financial plan as appropriate.
- ❑ **Consider Transitions** – Did you experience any significant transitions this year, such as change of employment, marriage, divorce, birth of a child, retirement, or death in the family? Do you anticipate any of these in the coming year? Be sure to incorporate these changes into your plan.

Employee Benefits

- ❑ **Review Your 401(k)** – Review your contribution percentage to ensure you are putting in enough to get your full employer match. Also evaluate whether you can increase your contribution.
- ❑ **Open Enrollment** – Review your health insurance coverage options and make changes, as appropriate. Many employer-based health insurance plans have open enrollment toward the end of the year, while Medicare open enrollment starts Oct. 15th and the Health Insurance Marketplace open enrollment starts Nov. 1st.
Source: www.medicare.gov/sign-up-change-plans; www.healthcare.gov/quick-guide/dates-and-deadlines/
- ❑ **Use Flexible Spending Dollars** – Unused funds in a Flexible Spending Account (FSA) are typically forfeited at the end of the year. Use any remaining funds on eligible health and medical expenses.

Retirement Planning

- ❑ **RMDs** – Required Minimum Distributions must be completed by December 31st. (They are NOT waived this year as they were in 2020.) Source: <https://www.irs.gov/newsroom/tax-time-guide-irs-reminds-taxpayers-of-recent-changes-to-retirement-plans>
- ❑ **Consider QCDs** – You can utilize Qualified Charitable Distributions from your IRA to make a donation to charity. This provides the tax advantage that the distribution is not included in your taxable income.
Source: <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-iras-distributions-withdrawals>
- ❑ **Consider Roth IRA Conversions** – Roth conversions are a great tool for diversifying the tax treatment of your retirement portfolio, as well as creating income tax-free inheritance. Conversions are taxable, so review your tax bracket to determine the optimal conversion amount.

DISCLOSURE: Nepsis, Inc. is not a tax advisor or law firm. This checklist contains general suggestions related to your overall financial plan; however, you should consult with your tax professional and/or attorney regarding the implementation of any strategy pertaining to your specific situation.

Tax Planning

- ❑ **Reduce Capital Gains with Tax-Loss Harvesting** – Review your taxable non-qualified portfolio for capital losses that may be realized to offset capital gains. If capital losses exceed your gains, up to \$3,000 can offset ordinary income, while further losses carry forward to future tax years. Source: www.irs.gov/taxtopics/tc409
- ❑ **Evaluate Deferral of Taxable Gains or Distributions** – Review your tax situation and evaluate if it may be advantageous to delay selling capital gain property or receiving taxable distributions until the following calendar year, i.e. January.
- ❑ **Evaluate “Bunching” Itemized Deductions** – If your itemized deductions are close to the standard deduction amount, you may want to consider bunching deductions. This is where you pre-pay certain deductible expenses for next year, such as medical expenses or charitable contributions. **Seek advice from your tax professional before implementing any “bunching” strategy.*
- ❑ **Catch up on Withholdings** – You can designate up to 100% of an IRA distribution to be withheld for taxes, which the IRS considers as having been paid evenly throughout the year. This allows you to “catch up” on withholdings in a year when your tax liability is greater than expected. Source: www.irs.gov/publications/p505; www.thetaxadviser.com/issues/2018/mar/minimizing-estimated-tax-payments.html; www.law.cornell.edu/uscode/text/26/3405

Giving Strategies

- ❑ **Complete Charitable Giving** – Taxpayers who itemize can deduct cash charitable gifts up to 100% of their Adjusted Gross Income in 2021 due to the extension of temporary provisions under the CARES Act. (The usual limit is 60% of AGI.) For non-itemizers, the new \$300 “above the line” deduction still applies. Source: <https://www.irs.gov/newsroom/expanded-tax-benefits-help-individuals-and-businesses-give-to-charity-in-2021>
- ❑ **Consider Donating Appreciated Stock** – Another great option for charitable giving is to gift shares of appreciated stock instead of cash. You’ll receive credit for the full value of the gift while avoiding the capital gains.
- ❑ **Complete Annual Exclusion Amount Gifting** – If gifting of assets to non-charity recipients is part of your financial and estate plan, be sure to complete your gifts before year-end. This includes gifts to family members. The Annual Exclusion amount for 2021 is \$15,000 per person. Source: www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes

Estate & Legacy Planning

- ❑ **Review Your Beneficiaries** – Audit the beneficiaries listed on your accounts and insurance policies to be sure they are correct. A quick review can save an enormous amount of difficulty in the event they are incorrect and not updated.
- ❑ **Evaluate Status of Your Estate Plan Documents** – Life circumstances are constantly changing and the laws affecting your estate plan are also subject to revision. That’s why it’s important to review your estate plan every 3-5 years. If you have not done that, or if you have experienced life changes, plan to meet with your attorney for an estate plan review.

**WE BELIEVE EVERY INVESTOR’S TWO MOST IMPORTANT FINANCIAL QUESTIONS ARE:
“IS MY PORTFOLIO DOING THE BEST IT CAN?” & “AM I ON TRACK TO REACH MY GOALS?”**

A Nepsis® Advisor can help answer these vital questions with our **Investment Stress Test®** and **Clarity Roadmap® Planning Process**. Contact us today at **(952) 746-2003** or **www.InvestWithClarity.com** for a no-cost, no obligation **Investment Stress Test®** and Clarity Assessment.

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