

The graphic features a dark blue background on the left with the title 'ANNUAL FINANCIAL TO-DO LIST' in white, bold, sans-serif font. On the right, there is a cluster of overlapping, semi-transparent geometric shapes in shades of blue, yellow, and light grey, creating a modern, abstract design.

ANNUAL FINANCIAL TO-DO LIST

Things You Can Do for Your Future as the Year Unfolds

What financial, business, or life priorities do you need to address for the coming year? Now is an excellent time to think about the investing, saving, or budgeting methods you could employ toward specific objectives, from building your retirement fund to considering an estate strategy. You have plenty of choices.

Remember that this article is for informational purposes only and not a replacement for real-life advice. The tax treatment of assets earmarked for retirement can change, and there is no guarantee that the tax landscape will remain the same in years ahead. A financial or tax professional can provide up-to-date guidance.

Here are a few ideas to consider:

Can you contribute more to your retirement plans this year? In 2025, the contribution limit for a Roth or traditional individual retirement account (IRA) remains at \$7,000 (\$8,000 for those making "catch-up" contributions). Your modified adjusted gross income (MAGI) may affect how much you can put into a Roth IRA. With a traditional IRA, you can contribute if you (or your spouse if filing jointly) have taxable compensation. Income limits are one factor in determining if a traditional IRA contribution is tax-deductible.¹

Once you reach age 73, you must take the required minimum distributions from a traditional IRA. The IRS taxes withdrawals as ordinary income, and if taken before age 59½, they may be subject to a 10% federal income tax penalty.

Roth 401(k)s offer their investors a tax-free and penalty-free withdrawal of earnings. Qualifying distributions must meet a five-year holding requirement and occur after age 59½. Such a withdrawal also qualifies under certain other circumstances, such as the owner's passing. Employer match is pretax and not distributed tax-free during retirement. The original Roth IRA owner is not required to take minimum annual withdrawals.

Make a charitable gift. You may be able to claim the deduction on your tax return, provided you follow the Internal Revenue Service guidelines. The paper trail can be important here. If you give cash, you should consider documenting it. A bank record can demonstrate some contributions, payroll deduction records, credit card statements, or written communication from the charity with the date and amount. Incidentally, the IRS does not equate a pledge with a donation. If you pledge \$2,000 to a charity this year but only end up gifting \$500, you may be able to only deduct \$500.²

Consult your tax, legal, or accounting professional before modifying your record-keeping approach or strategy for making charitable gifts.

See if you can take a home office deduction for your small business. You may want to investigate this if you are a small business owner. You might be able to write off expenses linked to the portion of your home used to conduct your business. Using your home office as a business expense involves complex tax rules and regulations. Before moving forward, consider working with a professional familiar with the tax rules related to home-based businesses.

Open an HSA. A Health Savings Account (HSA) works like your workplace retirement account. There are also some HSA rules and limitations to consider. You are limited to a \$4,300 contribution for 2025 if you are single; and \$8,550 if you have a spouse or family. Those limits jump by a \$1,000 "catch-up" limit for each person in the household over age 55.³

If you spend your HSA funds for non-medical expenses before age 65, you may need to pay ordinary income tax and a 20% penalty. After age 65, you may need to pay ordinary income taxes on HSA funds used for non-medical expenses. HSA contributions are exempt from federal income tax; however, they are not exempt from state taxes in certain states.

Pay attention to asset location. Asset location is one factor to consider when creating an investment strategy. Asset location is different from asset allocation, which is an approach to help manage investment risk. Asset allocation does not guarantee against investment loss.

Review your withholding status. Should it be adjusted due to any of the following factors?

- You tend to pay the federal or state government at the end of each year.
- You tend to get a federal tax refund each year.
- You recently married or divorced.
- You have a new job with adjusted earnings.

Consider consulting your tax, human resources, or accounting professional before modifying your withholding status.

Did you get married in 2024? If so, it may be time to review the beneficiaries of your retirement accounts and other assets. The same goes for your insurance coverage. If you are preparing to have a new last name in 2025, you should get a new Social Security card. Additionally, retirement accounts may need to be revised or adjusted.

Are you coming home from active duty? If so, go ahead and check on the status of your credit. Check on any other orders that you might have preempted, too.

Consider the impact of any upcoming transactions. Are you preparing to sell any real estate this year? Are you starting a business? Might any commissions or bonuses come your way in 2025? Do you anticipate selling an investment held outside of a tax-deferred account?

Vow to focus on your overall health and practice sound financial habits in 2025. And don't be afraid to ask for guidance from a professional who understands your situation.

Sources:

1. IRS.gov, 2025
2. IRS.gov, 2025
3. IRS.gov, 2025