



Year End Financial Wellness Checklist

Maximize Your Retirement Plan Contributions

If you're planning on maxing out your contributions to your 401(k) or 403(b), there is still time. The limit on amounts an employee can contribute in 2022 are \$20,500 if you're under 50 years old. If you are age 50 or over this year, you can contribute an additional \$6,500 for a total of \$27,000. While you're at it, you might want to start thinking about 2023. The amount you can contribute in 2023 has been raised to \$22,500, an increase of \$2,000 over 2022. You can also contribute an additional \$7,500 catch-up contribution if you are 50 or older (an increase of \$1,000 over 2022). Even if you don't turn 50 until December 31, 2023, you can make the additional \$7,500 catch-up contribution for the entire year.

Pay Close Attention to Your Group Benefits Offering

Open enrollment for many companies takes place in the fall. Sit down with your family and carefully look through what the company is offering for health insurance options, disability and life insurance. Pay particular attention to what your company may be offering from a pre-tax perspective, like a Health Savings Account (HSA) or a Flexible Savings Account (FSA). Contributions to these types of accounts lower your taxable income, just like your retirement plan contributions.

Spend Down Your Flexible Spending Account Balance

Speaking of FSAs, if you have a balance remaining in your account, you might want to find ways to spend it, or you might lose it. Generally, you must spend the amount in your account by the end of the year; however, some employers allow you to carry over a small amount into the next year. Reach out to your benefits provider to make sure you understand the rules.

Take Your Required Minimum Distribution (RMD) for 2022

If you have a retirement saving account, such as a 401(k), Roth 401(k), or traditional IRA, you are required to take a minimum distribution every year. If you turned 72 this year, you must take that distribution by April 1 of 2023. If you're older than 72, you must take your RMD by December 31 of each year. Don't forget to take them because the IRS will penalize you if you don't!

- The amount that must be taken is based off of the balance of your retirement accounts on December 31 of the prior year. You divide that balance by a life expectancy factor that the IRS provides to arrive at your RMD amount by that year.
- If you don't need the money yourself but are looking for a tax break, you can make a direct transfer from your IRA to a qualified charity. This is called a Qualified Charitable Distribution (QCD).



A QCD can satisfy your RMD requirement, and the donation amount is excluded from your taxable income. The maximum per year is \$100,000 and the distribution must be made by December 31st.

Maximize your Tax Bracket

There is still time to make a Roth conversion. If you made less income in 2022 and are thus in a lower tax bracket, it might make sense to talk to your tax professional or financial advisor about converting funds from a Traditional IRA to a Roth IRA.

Take Advantage of Gifting

You may give \$16,000 to anyone (and \$32,000 between you and your spouse) without triggering a gift tax. Gifting strategies can reduce your taxable estate while providing for the people you love.

- These rules also apply to 529 savings plans, which can be set up for a loved one's future college and other qualified education expenses. Not only can 529 plan assets be used to pay for tuition and books, funds can also pay for computers, internet access and other equipment.
- 529 plan assets can also be used to pay tuition at a vocational, technical or trade school — not just colleges and universities. In addition, 529 plans were expanded to cover K-12 education in 2017. The money can even be used to pay tuition up to \$10,000 per student per year at public, private or religious K-12th grade institutions.



Review Your Insurance Needs

Health insurance, life insurance, homeowners insurance and auto insurance — the types of insurance you can and should have seems endless. It's important to reevaluate your insurance policies regularly — to make sure you're properly insured and are not paying too much for them.

Review or Update Your Beneficiary Designations

Make any needed updates to the beneficiary portion of your bank accounts, retirement accounts, life insurance policies and annuities. Have you gotten married or had a child within the last 12 months? Or perhaps a loved one has passed away or you've been through a divorce. Choosing a beneficiary for your life insurance policy is a decision you should consider carefully. This is important because beneficiaries named on a life insurance policy take precedent over who's named in a will.

- To help you keep track of your beneficiaries, write down their names along with the date when any updates were made. Also, be sure to name a contingent beneficiary in case your primary beneficiary passes away. Store this document in a binder and review it annually.
- And don't forget to name a beneficiary on your 401(k) or IRA so that it doesn't have to pass through your estate. This could result in an unintended beneficiary getting paid or your heirs could miss out on important tax advantages.

HUB Retirement and Private Wealth offers institutional and retirement services to for-profit and not-for-profit organizations and customized private wealth management services to individuals and families. HUB Retirement and Private Wealth employees are Registered Representatives of and offer Securities and Advisory services through various Broker Dealers and Registered Investment Advisers, which may or may not be affiliated with HUB International. Insurance services are offered through HUB International, an affiliate.

This material was created for educational and informational purposes only and is not intended as ERISA, tax, legal or investment advice. If you are seeking investment advice specific to your needs, such advice services must be obtained on your own separate from this educational material.

RPW-052-1022 (EXP. 12/23)

[hubinternational.com](https://www.hubinternational.com)

