

“Is my year-end financial TO DO list the same as last year’s?”

Not quite. There is one new task: check if you have filing requirements under the CTA (Corporate Transparency Act). If you do, file a Beneficial Ownership Information Report.

The CTA is recent legislation designed to increase transparency in corporate and partnership ownership and to help combat financial crime. It affect tens of millions of businesses—businesses that might be as small as someone making candles in their garage and who formed an LLC for tax purposes.

The deadline for complying with this new law is January 1, 2025.

Failure to comply can result in a fine of up to \$591 per day and 2 years in jail.

You do not want to be the one the U.S. Treasury decides to make an example of.

Plan with confidence your journey in retirement.™

A GUIDE TO

Navigating Retirement

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This issue:

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So you do not make candles in your garage. But do you have a professional corporation or limited liability partnership? Do you own rental property and have formed an LLC to minimize your liability?

Legal entities doing business in the U.S. who have filed their organizational papers with a state's corporation division —C-corps, S-corps, limited liability partnerships, limited liability companies, etc.—are likely obligated to file a Beneficial Ownership Interest Report. (There are some exceptions to the requirement to file.) In addition, trusts and individuals with a 25% or greater beneficiary ownership in such an entity, or who exercise substantial control over the entity, must also file. **Ask your professional advisors if you are subject to filing!**

Other than the possibility that you need to file a Beneficial Ownership Interest Report, your year-end financial TO DO list will probably be like last year's list—**which does not make checking off these tasks any less important.**

The Tax Cuts and Jobs Act (TCJA) will expire at the end of 2025.

Given the recent election in which Republicans won the White House, took control of the Senate, and as of the time of this writing may have maintained their majority in the House, the possibility of major tax legislation that would increase taxes is considered greatly reduced. **The new administration will likely push to have the current tax provisions of the TCJA be extended, thus reducing the uncertainty in your tax and estate planning for the near term.**

The following must be accomplished by December 31, 2024:

- Take Required Minimum Distributions from retirement plans, but with one exception: **If you have an Inherited IRA whose Owner had died on or after January 1, 2020, the IRS will waive any penalties for not taking a RMD in 2024.**
 - You can aggregate the RMDs of all your IRA's and take the distribution from just one account.
 - RMDs of qualified retirement plans (e.g., a 401k) must be taken from that specific plan account.
- Take advantage of annual deductions that will be lost if not made in 2024, e.g., charitable and retirement plan deductions.
 - If you are self-employed, consider setting up by year-end a Solo 401K with its high contribution limits.
- If you must take a Required Minimum Distribution and you will be over age 70 1/2 this year, **consider making your charitable contribution from your IRA as a Qualified Charitable Deduction.**
 - Another tax-smart strategy is to donate appreciated stocks.
 - If you will not be itemizing deductions on your 2024 tax return, discuss with your professional advisor the tax benefits of charitable contributions to a Community Foundation or Donor Advised Fund.
- If 2024 will be a higher income year than 2025, try to shift income into next year.
- If year 2024 will be a very low income year, evaluate a Roth conversion in 2024 but only with the help of your financial planner. **What seemingly is a simple transaction can have long-term implications best evaluated with software capable of undertaking an Income Needs Analysis** (Topic 14, *A Guide to Navigating Retirement*).
- If making lifetime gifts to family members, in 2024 you can gift up to \$18,000 per recipient without reducing your federal estate exclusion. (Almost all taxpayers will not pay taxes on gifts over \$18,000.)

The stock market has done well this year (up to the date of this writing), but you might have losses in your bond portfolio. Your investment advisor should be "harvesting" portfolio losses to help offset any realized capital gains or dividends. **If you have a tax loss carry forward from last year's tax return, let your advisor know its amount.** If for 2024 you still have a net loss, only up to \$3,000 can be used as a reduction in your taxable income.

- A low taxable income year can result in you paying zero dollars in capital gain taxes. Selling appreciated stock may make good sense! Work with your professional advisor to understand the taxation of capital gains.

The Open Enrollment Period for Medicare started October 15 and ends December 7. Evaluate your current coverage and determine if your choice of Medicare Part B or an Advantage plan is the best decision. Medicare and its various options are confusing. **Work with a Medicare Consultant!**

Your Financial TO DO list starts anew in January 2025. One task comes up quickly on January 15: the last installment of estimated tax payments for year 2024. You also need to start gathering 1099's sent you by your bank and investment account custodians for 2024's tax return preparation. **A Financial TO DO List might qualify as a First World problem! Be grateful you have the financial assets and income to be burdened by the tasks.**

Please contact me with your questions, or if you or a friend wants a copy of *A Guide to Navigating Retirement*.

Artificial Intelligence programs were not used in the writing of this Newsletter.

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The contents of *A Guide for Navigating Retirement* are solely the opinions of Fred Payne. The development of the *Guide* is the work of Fred's wholly owned business: 4LNA, LLC (*For Life's Next Adventure*). 4LNA, LLC is operated as a separate business activity from the advisory firm (and its affiliates) through which Fred provides financial planning and investment advisory services.

Filing a Beneficial Ownership Interest Report at BOIR.org is relatively easy and requires little information:

- Full legal name;
- Date of Birth;
- Current residential or business address; and
- Copy of a passport or a driver's license number.

If you have multiple entities for which you must file, first apply for a FinCEN ID number—a unique ID that functions like your SS#. A BOIR only requires the FinCEN ID. Subsequent annual filings are not required, only updates to a change in address or percentage of ownership.

Capital gain distributions from mutual funds and ETFs might be quite high this year. Selling a security and realizing the capital gain tax consequences might be cheaper tax-wise than accepting the dividend. Also, **be careful in purchasing funds in your taxable account before a fund's dividend record date.** Newly purchased shares receive the same taxable dividends as do shares owned for years!