WEALTH FINANCIAL PARTNERS
INVESTMENTS • TAXES • LEGACY

Maximizing Your Financial Situation Ahead of Tax Day:

Six Key Areas to Consider

STRATEGIZE WITH FUTURE PROJECTIONS

To predict estimated tax payments and plan for future expenses, start by reviewing income and deduction information from your previous tax return. Adjust the information with any new or current data, especially when/if your income may decrease or cash flow is reduced.

UNLOCK TAX BENEFITS WITH A ROTH IRA CONVERSION

By converting a traditional IRA or 401(k) into a Roth IRA, you can take advantage of a tax-saving strategy that allows for tax-free withdrawals. Consider the potential impact on your tax bracket, Social Security benefits, Medicare premiums and college financial aid before making this decision.

EVALUATE YOUR RETIREMENT ACCOUNT CONTRIBUTIONS

Take advantage of retirement accounts with tax benefits, like the 401(k) and traditional IRA, to maximize your savings. By contributing to these accounts, you can lower your taxable income. In 2023, the maximum contribution for a 401(k) is $22,500 (or $30,000 if you're 50+). For traditional and Roth IRAs, the maximum contribution is $6,500 ($7,500 if you're 50+).

OPTIMIZE TAX-EFFICIENT INVESTMENT VEHICLES

Make the most of savings plans and accounts that offer tax benefits, such as health savings accounts (HSAs). Ensure you maximize deductible contributions to lower your taxable income and explore the potential for rolling over HSA funds for retirement or long-term care planning.

BUNCH YOUR CHARITABLE CONTRIBUTIONS

Taxpayers who donate to charities below the standard deduction threshold may consider charitable bunching, which involves consolidating donations made over several years into a single tax year. The 2023 standard deduction is $27,700 for married couples filing jointly and $13,850 for single individuals.

ENHANCE POTENTIAL RETURNS THROUGH HARVESTING

To maximize net returns on investments, consider tax-loss harvesting, which involves strategically selling underperforming assets to offset gains in your portfolio. This can be done at the end of the year or during market downturns and portfolio rebalancing.

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