



Year-End Tax Planning for Participants

It's been said that the only things certain in life are death and taxes – but you don't have to be wealthy to reduce your tax burden and boost your retirement security. As the year winds down, it is a great time to review your retirement savings strategy and take advantage of key tax planning moves to help you stay on track for your financial goals.

Proactive financial planning isn't just for high earners or tax experts; it's for anyone who wants to make the most of their money. Year-end planning can help you:

- Maximize contributions before the clock runs out on the year
- Avoid costly penalties
- Leverage powerful savings tools like health savings accounts
- Set up a strong foundation for the new year

Think of it as your year-end retirement “check-up” and a way to make sure you're still on track to capture opportunities that disappear when the calendar flips.

Savings Steps

Review your Current Retirement Contributions

Maxing out your contribution amounts can offer significant tax advantages. Contributions made on a pre-tax basis reduce your taxable income for the year in which you contribute and are not taxed until you withdraw.

Example: If you earn \$70,000 and contribute \$12,000 to your 401(k), your taxable income drops to \$58,000.

Not sure how much you're contributing? Look at your recent paystub or log in to your retirement plan's website!

Note: While maxing out your retirement contributions can lead to substantial tax savings & long-term growth, it may not be feasible for everyone. Participants are encouraged to contribute as much as they comfortably can. Even if it's below the annual limit, every dollar invested helps build financial security for the future & reduces your taxable income.

If you are making Roth contributions into your retirement plan or Roth IRA, note that there is no immediate tax deduction, but qualified withdrawals are tax-free in retirement, including earnings! Roth contributions are ideal if you expect to be in a higher tax bracket in retirement.

Deadlines to Keep in Mind: The last day for annual contributions each year

- Workplace plans (401(k), 403(b), etc.): December 31 each year
- IRAs: You have until April 15 of the following year (your tax filing deadline for current year contributions)

Understand if You Can “Catch Up” on Your Contributions

If you fall into either of these categories, check to see if your plan has either of these options:

Age 50 or Older

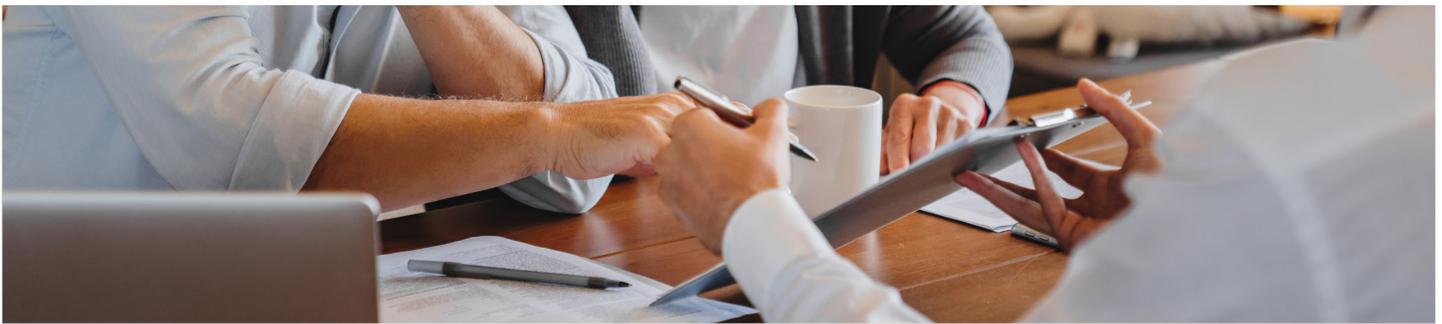
You can generally contribute more to your retirement plan (if your plan allows). These contributions are also tax-deferred and allow for an additional reduction in taxable income.

Age 60 to 63

New this year, the SECURE 2.0 Act introduced a new provision known as the “super catch-up” which allows you to contribute even more to your retirement accounts. This additional contribution amount can add an additional tax reduction for the current year.

Note: Catch-up contributions can either be made on a pre-tax, or post-tax (Roth) basis, depending on what your specific plan allows. However, beginning in 2026, individuals making \$145,000 or more can only make catch-up contributions on an after-tax (Roth) basis.

Deadlines to Keep in Mind: December 31 each year



Consider Contributing to a Health Savings Account

A health savings account (HSA) can be a great way to help you set money aside for healthcare expenses in retirement, but it also offers several tax advantages today. Here’s why HSAs are sometimes called the “triple tax advantage”:

- 01 Contributions are pre-tax (or tax-deductible) – just like your retirement plan
- 02 Growth is tax-free; any interest, dividends or investment gains are not taxed
- 03 Withdrawals are tax-free when used for qualified medical expenses (things like doctor visits, prescriptions, dental, vision, or even over-the counter items)

An added benefit is that you don’t have to wait until retirement to use HSA funds; you can pay out of pocket now, let your HSA grow, and reimburse yourself later (even years down the road, as long as you save receipts).

Deadlines to Keep in Mind: December 31 each year

Note: While many employers offer an HSA benefit, yours may not. Be sure to confirm whether an HSA is available to you. Even if an HSA is not available through your employer, you may still be able to contribute to an HSA directly if you have a high-deductible health plan.

Avoiding Tax Penalties

Two of the most common, and costly, retirement account penalties to watch for are:

- 1. Early Withdrawals:** If you withdraw funds before age 59½, you will be subject to a 10% early withdrawal penalty
- 2. Required Minimum Distributions (RMDs):** If you're 73 or older in the current year, the Internal Revenue Service (IRS) requires that you take a calculated portion from your retirement account by December 31 (with an exception for your very first one, which can be delayed until April 1 of the following year)
 - Missed RMDs may trigger a penalty of up to 25% of the amount not withdrawn, plus income tax owed on the distribution
 - The IRS provides worksheets and calculators to help determine your required withdrawal amount, and your retirement plan recordkeeper may also help calculate your RMD amount



To calculate the amount that you must withdraw, see Retirement topics - [Required minimum distributions \(RMDs\) | Internal Revenue Service.](#)

Deadlines to Keep in Mind: RMDs from traditional IRAs and most workplace plans must be taken by December 31 (first-time RMD takers may have until April 1 of the following year)

Other Year End Considerations

- **Roth vs. Pre-Tax:** If you expect higher tax rates in the future (e.g., in retirement), consider Roth contributions now so that you'll pay taxes today but avoid them later
- **Consolidating Old Accounts:** If you have retirement accounts from previous employers, consider consolidating for easier management and potentially reduced fees
- **Charitable Giving from Retirement Accounts (Qualified Charitable Distributions, QCDs):** If you are age 70½ or older, you can donate up to \$108,000 per year directly from your IRA to charity, reducing your taxable income and satisfying your RMD

Action Items for Participants

For participants who are still employed:

- Review your year-to-date contributions to see if you can afford to contribute more, and adjust your contribution amounts to take advantage of additional tax deductions
- Check your eligibility and status for catch-up or super catch-up contributions
- Review and update beneficiary designations
- Gather and organize tax documents related to your retirement accounts

For participants in retirement:

- Confirm you've taken (or scheduled) your annual RMD, if applicable
- Review and update beneficiary designations, as even in retirement, it is important to keep this information current
- Gather and organize tax documents related to your retirement distributions



DISCLOSURES

Securities offered through LPL Financial, Member FINRA/SIPC. Investment advisory services are offered through WELLth Advisory Services, LLC, dba Strategic Retirement Partners (SRP), an SEC Registered Investment Advisor. WELLth Advisory Services, LLC and Strategic Retirement Partners (SRP) are separate entities from LPL Financial.

WELLth Advisory Services, LLC employs (or contracts with) individuals who may be (1) registered representatives of LPL Financial and investment adviser representatives of WELLth Advisory Services, LLC; or (2) solely investment adviser representatives of WELLth Advisory Services, LLC. Although all personnel operate their businesses under the name Strategic Retirement Partners (SRP), they are each possibly subject to differing obligations and limitations and may be able to provide differing products or services.