

8 Financial Planning Action Items for 2022

We would encourage our clients to think about these key 8 actionable items before year-end, with the help of their financial advisors .

Some of these actionable items are evergreen and good habits to be in, while others should be viewed more opportunistically given the volatile year for the markets:



1. Tax Loss Harvesting

During this difficult year for the equity markets, we believe clients with taxable accounts who have the ability to tax-loss harvest should consider doing so. This can be coordinated with your financial advisor and CPA. For those not familiar with this

practice, you are able to book losses to offset existing or future capital gains in your taxable accounts. Given that 2022 has been historically difficult for the markets, this may be a good opportunity to evaluate this strategy.



2. Contribute

For investors looking to maximize the impact of investing money into the market, we think they should consider maximizing the contribution limits of their retirement plans. Check your ability to max out contributions to relevant plans and ensure this fits with your lifestyle / cash flow plan.

What is the current status of your financial plan? Where do you want to be in the future? How will you get there?

Develop a plan for a more secure financial future.



3. Evaluate Roth IRA Conversions

Consider turning a tax-deferred asset like an IRA into a tax-free asset, which would be ideal for future heirs to inherit. Ensure that you have the ability to pay the tax on the conversion and pay this out of available taxable assets if possible vs. from within the IRA account. You should evaluate the merits and risks of Roth conversions with your financial advisor and CPA.



4. Review Your Asset Allocation

Consider turning a tax-deferred asset like an IRA into a tax-free asset, which would be ideal for future heirs to inherit. Ensure that you have the ability to pay the tax on the conversion and pay this out of available taxable assets if possible vs. from within the IRA account. You should evaluate the merits and risks of Roth conversions with your financial advisor and CPA.



5. Take your Required Minimum Distributions (RMDs) RMDs As Required by Law

If you are of RMD age (72+) and have retirement plan assets, you are required to take required minimum distributions from your IRA account during the calendar year. If you don't take the minimum RMD, you will be assessed a penalty. Reach out to your financial advisor and CPA to discuss your RMDs.



6. Review Your Estate Planning & Gifting Strategy

How will I leave money to my heirs? Or do I want to incorporate charitable gifting? How will I leave my legacy? Am I taking advantage of annual gift limits? These are important questions which we strive to help address with our clients. If you do not have an existing estate plan or have not updated it in some time, now may be a time to explore that. From our perspective, it's best to do this every 5-10 years.



7. Double Check Your Beneficiaries

Who will my wealth be left to when I pass? This is the function of naming beneficiaries on certain accounts like IRA's. You should re-evaluate these named beneficiaries every few years and double check them.



8. Finally, during an especially volatile year like 2022, we believe it's important to **limit your emotions and stick to the plan**: At KAR we work with each client to develop a fully customized investment and holistic plan. This plan is designed for the long-term to help our clients achieve financial peace of mind. During volatile markets, it's important to ensure that you have a carefully crafted plan that can be followed through the inevitable ups and downs of the market.

Ready For a Financial Plan Check Up?

At Kayne Anderson Rudnick, our proactive wealth advising model means we are prepared to take advantage of new opportunities as they arise. And as circumstances in your life change, we're ready with a strategy that adjusts to your changing needs. [Contact us today](#) to find the expert personal service your financial picture deserves.

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