



Tax Season Checklist

*During tax season our **wealth advisors** at Kayne Anderson Rudnick can work directly with our clients' CPAs to ensure all key tax documents are collected and accounted for. To simplify the data gathering process, we've created a Tax Filing Checklist Questionnaire to ensure important tax information does not get overlooked. These questions are meant to help our clients recall any financial decisions made during the prior year that may have tax implications and should be reported to their CPA.*

Will I receive tax forms for my non-retirement accounts?

Situation: While it's easy to recall your largest or best performing investments, don't lose sight over certain accounts that may have been liquidated, earned little income, were retitled, or possibly transferred to another financial institution during the prior tax year.



Tax Forms: In February, **1099-Bs** are typically generated for your non-retirement accounts. These may include joint taxable accounts, trusts, or "transfer on death" (TOD) accounts. However, a 1099 may not be produced if the investments in your account made less than \$10 of income or had no realized gains or losses during the year.

For example, an account holding a single investment that paid no dividends or interest may not produce a 1099. But if you sold that investment, you should receive a 1099 reporting the details of your gain or loss.

Will I receive tax forms for retirement accounts I didn't add or withdraw money from?

Situation: Even if you didn't add or pull money from your retirement accounts in the prior tax year, your custodian is required to provide a report to the IRS with the year-end market value of your IRAs and the beneficiaries listed on these accounts.

Remembering and gathering documents and forms for your tax filing can be a harrowing activity. Here's a checklist to help.



Tax Forms: This information is provided on a **Form 5498**, which is generated by your custodian no matter if you made contributions to your IRA. While the 5498 usually isn't available until May, it's not required to file your tax returns. Let your CPA know if you made a Traditional or Roth IRA contribution.

Do I own any alternative investments with separate tax reporting?

Situation: You may own certain partnerships, REITs, private lending funds or other alternative investments that report income, gains or losses on a Schedule K-1, rather than a 1099.



Tax Forms: While **K-1s** are normally generated by late March, sometimes you may not receive them until summertime. Since your CPA cannot accurately file your returns without your K-1s, make sure to file for an extension if you expect your K-1s to be late. But keep in mind that your taxes are still due by Tax Day, April 15th, no matter when your returns are filed.

Did I roll over an old 401(k) to another retirement plan?

Situation: If you changed jobs last year, you could leave your old 401(k) with your former employer, roll it into an IRA, or transfer it to your new employer's 401(k).



Tax Forms: If you chose to move your old 401(k) assets into a new retirement plan, you would have received a **1099-R** in January reporting the transfer. This tax form would have been generated by your old 401(k)-plan custodian and should be given to your CPA.

Usually by May, your new retirement plan custodian will

send a **Form 5498** reporting the contribution you made into your new 401(k) or IRA. While this form isn't needed to file your taxes, it's smart to keep for your records. Your CPA should also be informed that you rolled over your old 401(k) to another retirement plan.

Did I take money out of my IRA last year?

Situation: At age 59.5 you can freely take money out of your IRA without penalty. But beginning in the year you turn 73 (changes to 75 starting in 2033) you will be forced to take required minimum distributions (RMDs) from your IRA each year going forward. While RMDs must be withdrawn from your IRA by December 31st each year, you may delay taking your first RMD until April 1st of the year after turning 73.

If you inherited an IRA during the prior tax year, it's important to contact your CPA to learn about the special tax rules that apply to inherited IRAs based on the type of beneficiary.



Tax Forms: If you took money out of a retirement account last year, you would have received a **1099-R** in January reporting the withdrawal. Make sure your CPA receives a copy of your 1099-R as qualified IRA distributions and RMDs are generally taxed as ordinary income.

Don't forget about tax forms for your Roth IRA, which has a unique set of rules for distributions. For example, if your Roth IRA has been opened for five years or more, you may take out prior contributions tax- and penalty-free. However, you cannot withdraw earnings on those contributions tax- and penalty-free until you turn 59.5. If you took distributions from your Roth last year, tax-free or not, you would have received a 1099-R in January for the amount you withdrew.

Did I make a “backdoor” contribution to a Roth IRA?

Situation: A “backdoor” Roth contribution is a way for high income earners to save money into a tax-free Roth IRA, even though their income is over the IRS threshold to make a direct contribution. A “backdoor” Roth contribution is made by contributing cash directly into a Traditional IRA, and then immediately transferring that cash into a Roth IRA.



Tax Forms: Three separate tax forms are generated for a “backdoor” Roth contribution. In January, you would have received a **1099-R** for the money you transferred from your Traditional IRA to your Roth IRA. This form should be given to your CPA. By May you will also receive two corresponding **5498s**. One for the money initially contributed into your Traditional IRA, and another for the money later added to your Roth IRA. Even though 5498s aren’t needed to file your taxes, keep them for your records and let your CPA know about your savvy “backdoor” Roth contribution.

Did I convert Traditional retirement money to Roth?

Situation: If your financial plan indicates your taxes may likely increase in retirement, **converting tax-deferred IRA assets to a tax-free Roth** allows you to recognize ordinary income at a lower tax rate now, reduce your required minimum distributions (RMDs) later, and build tax-free growth going forward.

This strategy works especially well for those who would otherwise have RMDs exceeding what’s needed to cover their living costs in retirement. Converting assets to Roth now helps eliminate unnecessarily large RMDs later and smooths out your taxes over the long run.



Tax Forms: If you made a Roth conversion in the prior tax year, you would receive two tax forms. In January, you would have received a **1099-R** from your Traditional IRA. This form shows the money taken out of your Traditional IRA and should be given to your CPA.

By May you will also receive a corresponding **Form 5498** reporting your Roth contributions to the IRS. In this case, your 5498 will show the amount of tax-deferred IRA assets you converted to your tax-free Roth IRA. Even though your 5498 isn’t needed to file your taxes, keep it for your records and let your CPA know about your Roth conversion.

Did I contribute to a Health Savings Account?

Situation: If you have access to a Health Savings Account (HSA) through your employer, you may want to consider choosing a high-deductible healthcare plan that allows you to save money into an HSA, which offers triple tax benefits. First, your contribution is tax-deductible no matter how high your income. Second, the investments inside the HSA grow tax-free. Third, you can take money from your HSA tax free so long as it’s used to pay for qualified medical expenses.



Tax Forms: If you made an HSA contribution last year, you would receive a **Form 5498-SA** in February or May. While this form isn’t needed to file your taxes, make sure your CPA knows about your HSA contribution so you receive a tax deduction.

Did I track my charitable donations?

Situation: If the sum of your itemized deductions for charitable donations, state and local taxes paid, mortgage interest, and certain unreimbursed medical

costs exceeds the standard deduction, then you may receive a tax break for your charitable giving.

But if your itemized deductions are less than the standard deduction, you may consider frontloading several years of charitable donations into a single tax year to maximize the tax benefits of your charitable giving. This strategy may be especially valuable in a higher-than-average tax year from the sale of a business, real estate property, or other successful investment.



Tax Forms: If you made donations of less than \$250, make sure to keep your receipts. But if

you donated \$250 or more to any one charity, you should receive a confirmation letter from the receiving charity. Make sure to save this for your records and give to your CPA.

Did I donate assets from my IRA directly to charity?

Situation: If you're age 70.5 or older, you can give up to \$100k in 2023 directly from your IRA to charity. This is called a Qualified Charitable Distribution (QCD). By donating IRA assets to charity, you are moving funds out of your IRA that otherwise would have been taxed upon withdrawal.

A QCD is tax-free, lowers your taxable income, and counts towards satisfying your required minimum distribution (RMD). If you're charitable and don't rely on your RMD to cover expenses, ask your Kayne Anderson Rudnick wealth advisor about making a QCD from your IRA.



Tax Forms: If you made a QCD in the prior tax year, you would have received a **1099-R**

in January reporting your IRA distribution. However, your 1099-R won't clearly indicate the portion of your IRA distribution that was considered a tax-free gift to charity. For this reason, it's important to let your CPA know how much was deemed a tax-free QCD.

Did I need to report gifts to the IRS?

Situation: If you **gifted to any one individual**, except your spouse¹, an amount exceeding the annual exclusion (\$17,000 for single tax filers, \$34,000 for married couples filing jointly in 2023), you must file a gift tax return.



Tax Forms: This gift tax return is called a **Form 709** but filing it doesn't mean you owe taxes on

the gift you made. The 709 is simply a way for the IRS to track your lifetime exemption amount. In general, gift taxes are only paid if you've already used up your lifetime exemption amount (\$12.92 million for 2023, increased to \$13.61 million for 2024).

Can I deduct my advisory fees?

Situation: Advisory fees are not deductible on your federal tax returns. However, certain states like California allow tax deductions for advisory fees paid on taxable investments accounts. Please reach out to your CPA to see if you qualify for any state specific tax deductions.



Tax Forms: Advisory fees for the prior tax year would typically be reported on **1099Bs** issued

for your non-retirement accounts in February.

¹ So long as your spouse is a U.S. citizen, there's no limit on how much you can gift him or her tax-free. But because the IRS has unique and complex rules for calculating gift taxes, it's best to let your CPA know of any gifts you made during the year, even those that were under the annual exemption amount.

Am I tax planning for the future?

If you'd like help finding ways to potentially reduce your taxes, your Kayne Anderson Rudnick wealth advisor can review your recent tax returns and work directly with your CPA to put any relevant **tax saving opportunities** into action. While this Tax Season Checklist is meant to help lessen the burden of collecting your tax documents, Kayne Anderson Rudnick recommends speaking with a tax advisor before making any decisions that have tax or accounting implications. **Contact us** to start working with our one of our wealth advisors.

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