

2024

# Year-end Planning Guide

Tax planning strategies to inform  
conversations with your advisor

# In this Guide

The information in this guide is intended to provide you with insights into the current tax landscape and the potential impacts on your personal situation. The key details can help inform conversations with tax, estate, and wealth advisors. As always, we encourage you to consult with your strategic/tax advisors in advance of taking any action.

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# The Current Tax Landscape

The end of the year brings a deadline for many tax-related decisions. With changes to the US Tax code in recent years, additional attention may be needed in some areas of your financial plan. Your wealth advisor, legal team, and tax professionals can help you review your options in the context of these updates.

## Secure 2.0 Act

The SECURE 2.0 Act passed in December 2022 and includes a broad range of new provisions (92 in total to date). Its focus is on helping to close existing gaps across the retirement system. Connect with your financial advisor and tax professional to understand how the legislation could impact your financial plan.

### Key provisions

#### Minimum age for required minimum distributions (RMDs)

73 (DOB between 1/1/1951 – 12/31/1959)\*

#### Retirement plan catch-up contributions (age 50+)†

- 2024 limits
  - 401(k), 403(b), 457 plans: \$7,500
  - SIMPLE plans: \$3,500/\$3,850 (depending on the number of employees)
- The limit on catch-up contributions to retirement plans for employees between ages 60 and 63 will be increased beginning in 2025
  - 401(k), 403(b), 457 plans: to the greater of (1) \$10,000 (indexed for inflation) or (2) 150% of the regular catch-up for 2024 (indexed for inflation)
  - SIMPLE: to the greater of (1) \$5,000 or (2) 150% of the regular SIMPLE catch-up for 2025 (indexed for inflation)

#### Catch-up contributions

The catch-up limit on IRA contributions for those age 50+ will be indexed the same as the regular IRA contribution limit.

#### 401(k), 403(b), or governmental 457(b) plans

Can be amended to allow participants to designate all or a portion of employer matching or non-elective contributions as Roth contributions – provided that such contributions are vested when made.

#### 529 updates

Certain assets in a 529 qualified tuition program can be distributed to a Roth IRA set up for the beneficiary of the 529 account in a direct trustee-to-trustee transfer. Some requirements include:

- The 529 account must have been maintained for at least 15 years
- Aggregate distributions from any 529 plan with respect to a designated beneficiary are subject to a lifetime limit of \$35,000‡

#### 401(k)s and student loans

Employers have the option to make contributions to employees' 401(k)s matching "qualified student loan payments" made by the employee.

Source: SECURE 2.0 Act

\* The minimum age will be increased to 75 for those born on or after 1/1/1960.

† For employees whose FICA wages (from the plan sponsor) in the prior year exceed \$145,000 (indexed), catch-up contributions to 401(k), 403(b) and governmental 457(b) plans must be made on a Roth basis. This provision was delayed until 2026 – the first taxable years begin after December 31, 2025. 26 U.S.C. § 414(v)(7); Notice 2023-62 available at [www.irs.gov/pub/irs-drop/n-23-62.pdf](http://www.irs.gov/pub/irs-drop/n-23-62.pdf)

‡ 26 U.S.C. § 529(c)(3)(E). See also [www.sec.gov/about/reports-publications/investor-publications/introduction-529-plans](http://www.sec.gov/about/reports-publications/investor-publications/introduction-529-plans)

## Tax Cuts & Jobs Sunset

The Tax Cuts & Jobs Act (TCJA), went into effect in 2018. Among its many provisions, high net worth individuals saw significant reductions in their potential gift and estate tax liability under the TCJA's increased lifetime exemptions.

These increased exemptions are scheduled to sunset under current law at the end of 2025. However, the fate of the increased gift, estate, and GST exemption amounts will ultimately be determined by the new Congress and administration next year. Common generational wealth transfer strategies could be greatly impacted by the exemption amounts returning to pre-TCJA levels. There are many strategies high net worth individuals may want to consider as the sunset approaches.

Generally, these strategies take significant time to implement and require working with multiple professionals, such as an estate planning attorney and/or accountant. If you are thinking about updating your estate plan, your wealth advisor can help you review your options and collaborate with these professionals.

### Overview of changes to estate and gift taxes

	2024	2025	Beginning in 2026 (barring changes)
Lifetime gift and estate tax exemption	\$13.61 million	\$13.99 million	\$5 million in 2011 dollars, subject to inflation adjustment (\$7.2 million estimated)*
Generation-skipping transfer (GST) exemption	\$13.61 million	\$13.99 million	\$5 million in 2011 dollars, subject to inflation adjustment (\$7.2 million estimated)*
Maximum federal estate and gift tax rate	40%	40%	40%
Maximum GST tax rate	40%	40%	40%
Portability of a deceased spouse's unused exemption†	Permanently available for individuals who passed/pass after December 31, 2012		

\* See Rev. Proc. 2024-40: <https://www.irs.gov/pub/irs-drop/rp-24-40.pdf>

† The portability provision that currently allows a surviving spouse to use their deceased spouse's unused exemption amount was made permanent for individuals dying after December 31, 2012. This provision will not change with the sunset of the TCJA and will continue to be an important planning tool.



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Our specialists have created a guide [Here Comes the Sunset: A wealth-planning guide to TCJA provisions set to expire at the end of 2025](#) that takes an in-depth look at considerations around gift, estate, and GST taxes. Connect with your Goldman Sachs representative to request a copy of the guide and review your options.

## Corporate Transparency Act

Effective January 1, 2024, the Corporate Transparency Act (“CTA”) requires many privately held small businesses, start-up companies, and closely held entities to disclose certain personally identifiable information about their owners, officers, and controlling persons to the US Treasury Department’s Financial Crimes Enforcement Network (“FinCEN”).

The CTA’s reporting requirements are wide-reaching and will require many entities created for estate planning or wealth transfer purposes, limited liability, and/or privacy to report their beneficial ownership information (BOI).

<b>Effective date</b>	January 1, 2024	
<b>Who is impacted?</b>	“Reporting Companies”* Including many C and S corporations, limited partnerships, limited liability companies, etc.	
<b>What actions are needed?</b>	Reporting Company will be required to file a report with FinCEN to disclose information about itself as well as its “beneficial owners”	
<b>Reporting timeframe</b>	<b>Entities created or registered:</b>	<b>Must report by:</b>
	Before Jan 1, 2024	Jan 1, 2025
	Jan 1, 2024 – Dec 31, 2024	Within 90 days of notice of creation or registration
	On or after Jan 1, 2025	Within 30 days of notice of creation or registration

\* More information about Reporting Company qualifications and filing exemptions can be found at <https://fincen.gov/boi>

Goldman Sachs Ayco will not be able to assist clients with their CTA reporting. At this time, we strongly encourage anyone with direct or indirect ownership interests in privately held entities (including single member limited liability companies) to contact your attorney to determine what action, if any, you should take to prepare for reporting under the CTA – or if any exemptions may apply.

# Relevant Tax Provisions

Your wealth advisor and tax professional can help you review how your finances are impacted by these provisions.

## Common Deductions & Credits

### 2024 Standard Deductions

\$14,600\*

For single taxpayers

\$29,200\*

For married couples filing jointly

\$1,950\*

Additional deduction for taxpayers who are at least 65 years old and filing Single or Head of Household

### Child & Dependent Care Credits

\$2,000<sup>†</sup>

Child Tax Credit (CTC) limit per child

≤ \$3,000<sup>‡</sup>

Qualifying expenses covered under the Child & Dependent Care Credit (CDCC) per qualifying individual. Limits apply based on AGI.

≤ \$6,000<sup>‡</sup>

Qualifying expenses covered under the Child & Dependent Care Credit (CDCC) for 2+ qualifying individuals. Limits apply based on AGI.

\* Source: IRS Publication 505 (2024), Tax Withholding and Estimated Tax

<sup>†</sup> 26 U.S.C. § 24(h). See also Instructions for Schedule 8812 (2022) available at [www.irs.gov/instructions/i1040s8](http://www.irs.gov/instructions/i1040s8)

<sup>‡</sup> <https://www.irs.gov/taxtopics/tc602>

## Income Tax Considerations

### Tax Rates & Healthcare Surtaxes

Your effective tax rate for 2024 may have an impact on investment decisions prior to year-end. Work with your tax professional to review your options.

	Individuals				Trusts & Estates	
	Married Filing Jointly		Single		2024	2025
	2024	2025	2024	2025		
<b>Income Tax (Highest Marginal Tax Rate)</b>	37.0%	37.0%	37.0%	37.0%	37.0%	37.0%
<b>Start of Bracket*</b>	\$731,200	\$751,600	\$609,350	\$626,350	\$15,200	\$15,650
<b>Long-term Capital Gains and Qualified Dividends</b>	20.0%	20.0%	20.0%	20.0%	20.0%	20.0%
<b>Start of Bracket*</b>	\$583,750	\$600,050	\$518,900	\$533,400	\$15,450	\$15,900
<b>Healthcare Surtax on Net Investment Income (NII)<sup>†</sup></b>	3.8%	3.8%	3.8%	3.8%	3.8%	3.8%
<b>Medicare Surtax<sup>‡</sup></b>	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
<b>Combined Highest Federal Tax Rate<sup>§</sup></b>	40.8%	40.8%	40.8%	40.8%	40.8%	40.8%
<b>Combined Highest Federal Tax Rate (LTCG &amp; QDI)</b>	23.8%	23.8%	23.8%	23.8%	23.8%	23.8%

Note: Certain tax rates and thresholds indicated for 2025 are estimates at the time of publication, based on draft legislation available.

Source for 2025 numbers: <https://www.irs.gov/pub/irs-drop/rp-24-40.pdf>

\* The "Start of Bracket" threshold amounts refer to the Taxable Income (TI) where the rate starts to apply.

<sup>†</sup> The Health Care Surtax illustrated above is assessed on Net Investment Income ("NII"), and when MAGI is in excess of \$250,000 (MFJ), \$200,000 (S), \$15,200 Trusts.

<sup>‡</sup> The Medicare Surtax is assessed on earned income, with the surtax component applying on Medicare wages in excess of \$250,000 (MFJ), \$200,000 (S).

<sup>§</sup> Note that the Combined Highest Federal Rates do not include state or local income taxes, which may apply based on the taxpayer's state of residency.

## Alternative Minimum Tax (AMT)

Far fewer taxpayers will be included in the AMT system for tax years 2018–2025, due to changes made under the TCJA.

### 2024 AMT Exemption Amount

\$85,700

For single taxpayers

\$133,300

For married couples filing jointly

### 2024 Exemption Phase-out

\$609,350

For single taxpayers

\$1,218,700

For married couples filing jointly

### 2024 Tax Rate

26% of the AMT base up to \$232,600 and  
28% of the AMT base in excess of \$232,600

Source: [https://www.irs.gov/irb/2023-48\\_IRB#REV-PROC-2023-34](https://www.irs.gov/irb/2023-48_IRB#REV-PROC-2023-34)

 Under current law, AMT exemptions and phase-outs will be reduced for tax years after December 31, 2025



## Retirement Accounts

As you review your finances in preparation for year end, there are many decisions that can be made regarding your retirement accounts. Different types of accounts come with their own sets of tax-planning considerations and rules.

### Required Minimum Distributions (RMDs)

<b>Which Plans are Subject to RMD Rules?</b>	<p>Employer-sponsored retirement plans, including:</p> <ul style="list-style-type: none"> <li>• Profit-sharing plans</li> <li>• 401(k) plans</li> <li>• 403(b) plans</li> <li>• 457(b) plans</li> </ul> <p>Traditional IRAs and IRA-based plans, including:</p> <ul style="list-style-type: none"> <li>• SEPs</li> <li>• SARSEPs</li> <li>• SIMPLE IRAs</li> </ul>
<b>Roth Retirement Accounts</b>	Roth retirement accounts (including Roth IRAs, Roth 401(k)s, and Roth 403(b)s) do not require the original account owners to take any minimum distributions.
<b>Age You Must Begin Taking RMDs</b>	73 (DOB between 1/1/1951 – 12/31/1959)*
<b>Calculating Your RMD</b>	Generally, an RMD is calculated for each account by dividing the prior December 31 balance of that IRA or retirement plan account by a life expectancy factor that the IRS publishes. The IRS provides <a href="#">information</a> to help you calculate RMDs, however, your advisor or tax professional can review the specifics of your situation.
<b>Penalties</b>	If you do not withdraw the full amount of your RMD by the due date, any remaining amount of the RMD may be subject to a 50% excise tax. <sup>†</sup>
<b>Qualified Charitable Distributions (QCDs)</b>	Taxpayers are still able to make QCDs from retirement accounts of up to \$105,000 in 2024 <sup>‡</sup> (indexed for inflation) beginning at age 70½, which count toward a taxpayer's RMD but are not counted in the taxpayer's taxable income.

Source: <https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs>

\* Per the IRS: Account owners in a workplace retirement plan (for example, 401(k) or profit-sharing plan) can delay taking their RMDs until the year they retire, unless they're a 5% owner of the business sponsoring the plan.

<sup>†</sup> Per the IRS: SECURE 2.0 Act drops the 50% excise tax rate to 25%; possibly 10% if the RMD is timely corrected

<sup>‡</sup> <https://www.irs.gov/pub/irs-drop/n-23-75.pdf>

## Inherited Individual Retirement Accounts (IRAs)

The SECURE Act brought sweeping changes to the distribution rules for certain beneficiaries of inherited IRAs (both traditional and Roth) and defined contribution qualified plans. These distribution rates are complex and depend on the specific facts and circumstances. Generally beginning with deaths in 2020 or later, distributions from inherited plans to certain named non-spouse “non-eligible designated beneficiaries” must be completed by the end of the 10th calendar year following the year of the owner’s death (the “10-year rule”).

Named eligible designated beneficiaries who are excluded from the 10-year rule:

- Spouses
- Owner’s minor children (until they reach the age of majority, at which time the 10-year rule begins)
- Disabled individuals
- Chronically ill individuals
- Non-spouse beneficiaries who are older or not more than 10 years younger than the deceased owner

These excluded named beneficiaries may still be able to take life expectancy payouts (also known as “stretch” distributions) if the plan does not have a default rule in place.

Taxpayers are strongly urged to review their retirement accounts (particularly accounts inherited since 2019), estate plans and designated beneficiaries with their legal and tax advisors to determine:

- If distributions are required to be made
- The size of the distributions (if required)
- If changes are needed to maximize the tax efficiency of their plans as a result of the SECURE Act

## Traditional and Roth IRAs

If you earn income, you can consider contributing to an IRA for 2024.

### Contribution limit (aggregate of all traditional and Roth IRAs)

**\$7,000**

**\$8,000**

(if age 50+)

Source: <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-ira-contribution-limits>

Depending on your income, contributions made to a traditional IRA may be tax deductible. If not, you can receive basis in the traditional IRA for the amounts contributed that are nondeductible.

You may be able to contribute to a Roth IRA if your income is less than the applicable income threshold that would prohibit Roth IRA contributions.

If you have a traditional IRA, you may wish to discuss with your advisors whether it could make sense to convert all or a portion of your traditional IRA to a Roth IRA.

### Potential Benefits of Converting to a Roth IRA

- Income tax is paid at ordinary income tax rates on the pre-tax dollars converted.
- After-tax dollars can be converted without incurring additional income tax.
- It can be partially converted in order to spread the tax liability over several years.
- Tax-free growth follows the conversion.
- There are no RMDs from the Roth IRA during the account owner’s lifetime.

### Potential Pitfalls

- This may trigger taxable income in the year of conversion and incur associated income taxes.
- A conversion cannot be recharacterized, or undone at a later date.

## Home Mortgages and Home Equity


The TCJA changed the rules on interest deductibility of debt on a primary residence and on one secondary home.

### Key Changes to Deductibility

	Acquisition Indebtness	Home Equity Indebtness
<b>Use</b>	Buy, build, or substantially improve a residence	Any (debt consolidation, educational expenses, etc.)
<b>Secured by</b>	The qualified residence the loan was used to purchase, build, or improve	Any qualified residence
<b>Prior to TCJA</b>	Indebtedness incurred on or before December 15, 2017: <b>\$1 million</b>	Prior to January 1, 2018: <b>\$100,000</b>
<b>Since TCJA</b>	Indebtedness incurred after December 15, 2017: <b>\$750,000*</b>	As of January 1, 2018: No longer deductible, unless used for some otherwise deductible purpose

*The rules governing the deductibility of interest on home-related debt can be complex, so we suggest reviewing with a tax advisor for clarity on how these change your personal tax planning.*

*\* 26 U.S.C. § 163(h)(3)(F). See also IRS Pub. 936, pg. 9 (2022) at [www.irs.gov/pub/irs-pdf/p936.pdf](http://www.irs.gov/pub/irs-pdf/p936.pdf)*

 **Qualified residence:** A qualified residence is your primary residence plus one secondary home. You can elect different secondary homes each year (but generally not mid-year).

### Existing Loans

The TCJA allows the interest on most acquisition indebtedness incurred on or before December 15, 2017, to continue to take advantage of the prior \$1 million limitation (\$500,000 for married taxpayers filing separately). New loans incurred after December 15, 2017, may also qualify for the \$1 million limitation, but only to the extent they are used to refinance the remaining balance of loans incurred on or before December 15, 2017.

### Considerations

- If acquisition debt is refinanced and the principal of the new loan exceeds the principal outstanding on the mortgage at time of refinance, excess principal is not deemed acquisition debt and therefore is nondeductible interest (unless excess is used for improvements or some other deductible purpose, like purchasing taxable investments).
- The rules on deductibility for construction loans can be complex relative to the construction period, cash used, and timing of lien.

## Clean Energy Tax Credits

As access to clean energy options becomes increasingly available across the US, there are tax implications to keep in mind.

### Home Credits

	The Energy Efficient Home Improvement Credit*	The Residential Clean Energy Credit <sup>†</sup>
<b>Credit</b>	The credit equals 30% of certain qualified expenses — up to \$3,200	This credit equals 30% of the cost of qualifying expenses
<b>Qualified expenses</b>	<ul style="list-style-type: none"> <li>• Qualified energy efficiency improvements, like energy efficient windows and doors, installed during the year — up to \$1,200</li> <li>• Residential energy property expenses, like heat pumps and heat pump water heaters — up to \$2,000</li> <li>• Home energy audits — up to \$150</li> </ul>	<ul style="list-style-type: none"> <li>• Solar electric</li> <li>• Solar water heating</li> <li>• Fuel cell</li> <li>• Small wind energy</li> <li>• Geothermal heat pump</li> <li>• Qualified battery storage expenditures</li> </ul>
<b>Timeline</b>	Credit can be claimed through 2032 (under current law)	Credit can be claimed through 2034 (under current law)
<b>Limit</b>	The credit is nonrefundable, but has no lifetime dollar limit <sup>‡</sup>	The credit is refundable and has no annual or lifetime dollar limit except for credit limits for fuel cell property. <sup>‡</sup> You can claim the annual credit every year that you install eligible property until the credit begins to phase out in 2033.

\* Applies to qualified energy-efficient improvements made after January 1, 2023. For improvements made in 2022 or earlier, use previous versions of Form 5695.

<sup>†</sup> Annual limits on specific items do apply. See the IRS website for more details: <https://www.irs.gov/credits-deductions/energy-efficient-home-improvement-credit>

<sup>‡</sup> <https://www.irs.gov/credits-deductions/residential-clean-energy-credit>

## Qualifications for Electric Vehicle Credits

	New Electric Vehicles Credits (Purchased in or after 2023)*	Used Electric Vehicles†
<b>You must</b>	<ul style="list-style-type: none"> <li>Buy the vehicle for your own use (not for reselling)</li> <li>Use it primarily in the US</li> <li>Have a modified AGI that doesn't exceed:                             <ul style="list-style-type: none"> <li>\$300,000 (married filing jointly)</li> <li>\$225,000 (head of household)</li> <li>\$150,000 (all other filers)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>Buy the vehicle for your own use (not for reselling)</li> <li>Use it primarily in the US</li> <li>Have a modified AGI that doesn't exceed:                             <ul style="list-style-type: none"> <li>\$150,000 (married filing jointly)</li> <li>\$112,500 (head of household)</li> <li>\$75,000 (all other filers)</li> </ul> </li> </ul>
<b>The qualifying vehicle must</b>	See specifics at <a href="https://www.fueleconomy.gov">fueleconomy.gov</a>	See specifics at <a href="https://www.fueleconomy.gov">fueleconomy.gov</a>
<b>Credit</b>	<p>If your vehicle was placed in service on or after April 18, 2023:</p> <ul style="list-style-type: none"> <li>\$3,750 if the vehicle meets the critical minerals requirement only</li> <li>\$3,750 if the vehicle meets the battery components requirement only</li> <li>\$7,500 if the vehicle meets both</li> </ul>	The credit is capped at \$4,000 or 30% of the sales price of the vehicle, whichever is less.

\* <https://www.irs.gov/credits-deductions/credits-for-new-clean-vehicles-purchased-in-2023-or-after>

† <https://www.irs.gov/credits-deductions/used-clean-vehicle-credit>

# Year-end Tax-planning Strategies

Our Tax Policy & Research team has compiled some common year-end tax-planning strategies to consider with your advisor and tax professional.

## Annual, Medical, and Education Exclusion Gifts

### Annual exclusion for gifts in 2024\*

**\$18,000<sup>†</sup>**

For individuals

**\$36,000<sup>†</sup>**

For spouses combined

**\$185,000<sup>†</sup>**

Gifts to a non-citizen spouse<sup>‡</sup>

\* Only available for outright gifts to individuals and gifts to certain types of trusts

<sup>†</sup> <https://www.irs.gov/businesses/small-businesses-self-employed/frequently-asked-questions-on-gift-taxes>

<sup>‡</sup> If you are gifting to a spouse who is a non-citizen, the unlimited marital deduction does not apply.

### Considerations for the Annual Exclusion for Gifts

- The annual exclusion is frequently used for gifts to family members or to certain trusts for their benefit.
- Only living persons may make annual exclusion gifts.
- Gifts must be completed by December 31.
- Many people make their annual exclusion gifts early in the year so that the recipient benefits from a full year of income and appreciation.

### Gift Splitting

Gift splitting is a technique that allows a married couple to split the value of a gift made by one spouse equally between the two for gift tax reporting purposes. This may allow a larger total tax-free gift by combining the exclusion amounts of both spouses.

In some cases, gift splitting may not be appropriate, due to other planning techniques you may be using. In addition to the gift tax considerations mentioned here, care must be taken for estate and income tax purposes to ensure that the actual funds used to make a gift to a trust come from the proper person.

Please consult with your tax professional for more information about this technique, which will require the filing of a gift tax return.

### Minor Beneficiaries

For beneficiaries who are minors, you might consider a gift to a:

- Custodial account — sometimes referred to as an "UTMA" or "UGMA" account
  - "Crummey Trust"
  - Section 2503(c) trust
  - Qualified state sponsored tuition program/529 Plan
- A 529 Plan may offer some income tax advantages, but those advantages may be offset by certain gift and estate tax inefficiencies. Thus, those tradeoffs must be weighed carefully when assessing a family's broader plan.

### Educational and Medical/Dental Expenses

In addition to the annual exclusion, you can pay for certain educational and medical/dental expenses (for example, orthodontist bills and health insurance premiums) for an unlimited number of individuals. As long as you pay the service provider directly, these gifts are excluded from any gift tax or use of exemption.

Keep in mind:

- The healthcare exclusion applies only to expenses that are not reimbursed by insurance.
- The educational exclusion applies only to tuition, not to related expenses such as books or room and board.

The IRS allows this benefit only if you make the payments properly, so please consult with your tax professional about how best to make the payment in a way that allows you to qualify for the exclusion.

## Charitable Contributions

### Charitable Deduction Limits

The amount of charitable contributions you can take as an income tax deduction may be limited to a percentage of your adjusted gross income (“AGI”). The limitations vary depending on the assets you gift and the charity to which you donate. The chart below summarizes some of the AGI limitations associated with different scenarios.

	Public Charities	DAFs/Supporting Organizations	Private Foundations
Cash gifts*	60%	60%	30%
Long-term Appreciated Publicly Traded Securities	30%	30%	20%

\* The 60% cash gift AGI limitation applies to taxpayers who only make cash gifts during the tax year. If the taxpayer makes both cash and non-cash gifts during the tax year, the cash gift limitation is 50% of AGI.

### Timing the Gift

In order to be eligible for a tax deduction in 2024, charitable donations must be made by December 31, 2024.

If you plan to make a gift by check close to year end and would like to take the tax deduction in 2024, mail the check on or before December 31, 2024, and retain records showing the date on which the check was mailed.<sup>†</sup>

The timing rules for donating securities differ from the check rules and may also require coordination with your brokerage and the charity’s brokerage. Taxpayers should give themselves sufficient time to ensure any desired 2024 charitable donations of securities meet the timing rules.

### Charitable Vehicles

You are entitled to a charitable deduction in the year you make a gift to a private foundation or DAF, even if you do not make a grant from the private foundation or recommend distributions to public charities from the vehicle until later years.

You should consult with your advisors to determine which charitable vehicles are most appropriate for your situation. Be sure to leave sufficient guidance to the people or institutions that will implement your wishes.

### Donor-Advised Funds (DAFs)

A DAF allows you to make tax-deductible contributions in the year of the gift, but then keep the funds in an account until you decide to make distributions to a particular charity. You could realize an upfront tax

deduction in the current year, while retaining the ability to spread grant-making over several years.

With a DAF, you can:

- Fund individual DAF accounts advised by you and your family members during your lifetime or at your death
- Transfer your 5% RMD from a private foundation to the DAF, or even terminate your private foundation into the DAF
- Make attributed or anonymous gifts from the DAF
- Accumulate funds inside the DAF for a future larger gift

Keep in mind: You cannot use a DAF to make a contribution which confers a benefit on you or some other individual (such as sponsoring a table at a charitable event).

### Considerations

- Funds in a DAF can be invested to grow tax free, providing even more funds to transfer to charity in the future.
- Make sure you select the most appropriate charitable vehicles to meet your goals.
- DAFs are eligible for the 60% and 30% AGI limits. You can carry forward any unused charitable deduction for up to five years. Careful planning should be done in conjunction with your legal and tax advisors if you are considering maximizing your charitable deductions.

<sup>†</sup> The rules for checks can work differently for non-charitable beneficiaries.

## Bunching

If you have the ability to control the timing of charitable donations, bunching can help maximize your tax benefit by concentrating contributions from two or more years into a single year. By delaying a year's worth of charitable giving from one year to the next, and giving double in the second year, the total amount of giving stays the same, but the tax benefit over multiple years could be increased. Make sure you're still under the percentage-of-AGI contribution limits for the particular year in the applicable charitable contribution category (i.e., 60%/50%/30%/20%).

The benefit arises from:

- Making charitable gifts when you're in a higher tax bracket
- Avoiding making charitable gifts in a year you won't itemize

DAFs and private foundations can be used as part of a bunching strategy.

## Donating Appreciated Property

### Long-term Securities

When long-term appreciated securities are donated to a charity:

- The embedded capital gain on the securities will generally not be taxed
- You generally receive an income tax deduction based on the fair market value of the contributed securities (subject to a 30% of AGI limit for public charities/DAFs and a 20% of AGI limit for private foundations)

Later, when the charity sells the property, it will not pay long-term capital gains tax.

### Short-term Capital Gain Property

When you donate short-term capital gain property that you have owned for less than a year:

- You avoid the gain on the appreciated short-term stock if you contribute it rather than sell it
- Your allowable charitable deduction will generally be limited to what you paid for the property, even if the value of the property has appreciated

## Substantiation

The IRS is placing increased emphasis on having the necessary documentation to substantiate charitable deductions.

- Any donation of cash or property valued \$250 or more requires a letter of acknowledgement from the receiving charity.
- Donations to a DAF should include language that states the sponsoring charity has exclusive legal control over the donations.

- Larger deductions — especially property — may require additional substantiation, such as an appraisal.
- There is also a deadline for such substantiation. Check with your tax advisor before December 31, 2024.

## Common Pitfalls

Some charitable contributions may create unintended consequences for a donor. Depending on the circumstances and the asset donated, the charitable deduction may be disallowed or the donor may be forced to recognize income.

Unfortunately, many issues are not fully explored until after the fact when it may be too late. Some common pitfalls encountered in charitable giving are:

- Failure to obtain a necessary appraisal of gifted assets
- Failure to obtain a contemporaneous written acknowledgement of the gift
- Failure to specifically identify low basis, long-term shares held with the broker as the ones donated
- Failure to properly report non-cash contributions on an income tax return
- Donations of property that may not receive a full FMV deduction, such as certain partnership interests, including interests in certain MLPs, and Passive Foreign Investment Company (PFIC) stock
- Donations that run afoul of the assignment of income doctrine

To avoid these and other pitfalls, consult with your tax advisors about any charitable gift before you make the donation.



## Tax Loss Harvesting

Consult with your advisors to evaluate if you have any realized capital gains for the current year that could be offset by unrealized losses, which could mitigate your tax burden if realized. Just keep in mind that the deduction for capital losses in excess of current year capital gains is limited.

If ordinary income and long-term capital gains tax rates are expected to be the same in the following year, the conventional wisdom is to accelerate the recognition of losses to accelerate the income tax benefit received.

However, if the expectation is that your effective tax rate could increase in the following year, then careful consideration should be given to the benefit of deferring the realization of losses to a future year in which your tax rate may be higher. You may wish to discuss this consideration with your tax advisor in view of the scheduled increase in federal income tax rates at the end of 2025.

### The Wash Sale Rule

If you believe in the upside potential of an investment and want to retain economic exposure to it, it is possible to sell the security and then repurchase it at a later time. However, the "wash sale" rule of the Internal Revenue Code temporarily disallows the deduction of any losses from the sale if you either:

- Buy back (or enter into a contract to acquire) the security you just sold in the 30-day period before or after the sale date; or
- Buy "substantially identical" securities in the 30-day period before or after the sale date

The wash sale rule applies across all accounts a taxpayer may own for income tax purposes, including IRAs. You should consult with your tax advisors to determine if securities bought and sold constitute a wash sale and how this rule may impact your year-end planning. Note that no wash sale rule applies for investments sold at a gain.

## Accelerating Income or Deductions

Depending on your financial situation, you may benefit from having more or less income in 2024 — and you can make changes by accelerating income or deductions. For both, you should consider the impact of your 2024 activities on your 2025 taxes. Always consult with your financial and tax professionals before making decisions.

### Accelerating income

Some options to consider for accelerating income may include:

- Exercising non-qualified stock options
- Making an 83(b) election upon receipt of certain restricted property from an employer
- (For taxpayers reaching age 73 in 2024) Taking their first RMD in 2024 rather than delaying it
- Converting part or all of a traditional IRA to a Roth IRA
- To the extent possible, billing customers and clients early enough that payment can be received prior to year end
- Accelerating (to the extent possible) the timing of discharge of indebtedness income
- Selling appreciated investments in 2024

### Limit on Capital Losses that Can Offset Other Income

**\$3,000**  
per year\*

*\* Any losses above this are carried forward to future tax years.*

### Review Your Investment Portfolio

Tax considerations are often viewed as secondary to investment considerations. For example, minimizing tax liabilities may be less important than prudently diversifying a single stock concentration or rebalancing your portfolio. However, tax efficient investment management may add to a portfolio's net after-tax return over time.

You should also consider the allocation of assets among different accounts. Many taxpayers have different buckets of assets (such as a taxable account, a tax-deferred traditional IRA, a tax-free Roth IRA, or an irrevocable trust), each of which has different tax attributes, and aligning the proper asset or investment strategy with the proper bucket may increase after-tax portfolio returns.

## Accelerating deductions

If you're thinking about accelerating deductions, review the difference between itemized and "above-the-line" deductions. Benefiting from accelerating above-the-line deductions may not mean benefiting from accelerating itemized deductions.

### Itemizing

Most taxpayers are wary of the high standard deduction and cap on itemizing deductions for state and local taxes, so it's important to determine if you'll actually benefit from itemizing. For those who will, some potential strategies may include:

- Bunching multiple years of charitable deductions into one by funding a DAF, if it is applicable to do so
- Deciding to settle a claim with your insurance company when you have deductible casualty losses

### "Above-the-line" deductions

Taxpayers looking to accelerate their above-the-line deductions can consider:

- Placing business property in service to obtain bonus depreciation or 179 deductions in 2024
- Accelerating the payment of business-related expenses for the purpose of 2024 deductions

## State and Local Tax (SALT)

If your property and state income tax payments have already exceeded the \$10,000 SALT limitation, any acceleration into the current year will have no impact on your deductions for this year. If this is the case, consider postponing such payments while being mindful of underpayment penalties.

Consult your advisor or tax specialist — this strategy depends on the timing of the property assessment by your local tax jurisdiction.



**Disaster Relief:** For more information on disaster relief and the options that may be available to you, please visit the [IRS page](#).

## Foreign Financial Assets

If you have an interest in a foreign financial asset, you may need to file special informational forms, in addition to your federal and state tax returns. These forms have significant potential penalties for noncompliance. If you hold any foreign financial assets, you should discuss with your tax advisor the potential filing obligations associated with your foreign financial assets.



**The scenarios below are just some of the foreign informational filings you may encounter. Please note that there may be other forms required as well as timely tax elections that need to be made, depending on your particular investment, which can increase the complexity and cost of your return.**

**Common assets/scenarios that can trigger informational form filings**

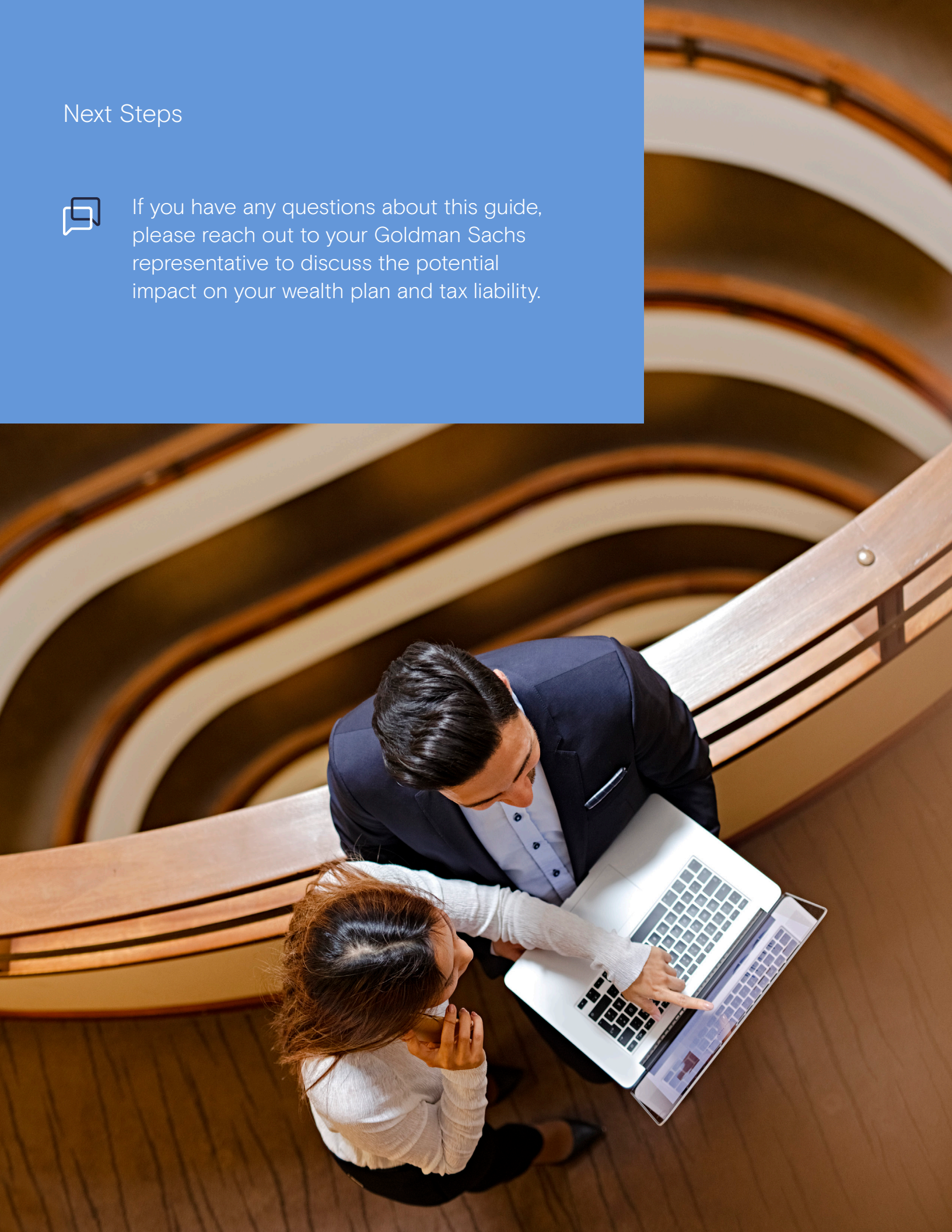
<b>Scenario</b>	<b>Example</b>	<b>Filing obligation</b>	<b>Penalties for failing to report include, but are not limited to:</b>
Financial interest in or signature authority over “foreign financial accounts” exceeding – in the aggregate – \$10,000	Foreign bank accounts, foreign brokerage accounts, and cash value foreign insurance policies	Report of Foreign Bank and Financial Accounts (FBAR)	Non-willful violation: \$10,000 adjusted annually for inflation Willful violation: Greater of \$100,000 (adjusted annually for inflation) or 50% of the account balance at the time of the violation
Interest in “specified foreign financial assets” exceeding – in the aggregate – the applicable filing threshold	Foreign bank accounts, foreign brokerage accounts, foreign pensions, and other retirement accounts, and an interest in any foreign corporation, partnership, trust, or estate	Form 8938	\$10,000 penalty per year of noncompliance
Investing over \$100,000 in a foreign entity within a 12-month period		Foreign partnership: Form 8865 Foreign corporation: Form 926	10% of the FMV of the amount transferred – capped at \$100,000, unless the failure was due to intentional disregard
Receiving a gift or bequest from a nonresident alien individual or foreign estate in excess of \$100,000 per calendar year		Form 3520	5% of the FMV of the gift/bequest each month for which the failure to report continues (not to exceed a total of 25%)
Various interactions with a “foreign trust”	Creating a foreign trust, making transfers to or receiving distributions from a foreign trust, and being considered the owner of a foreign trust under the US grantor trust income tax rules	Form 3520 and/or 3520-A	Generally, range from the greater of \$10,000 to 35% of gross trust assets contributed/distributed. For foreign grantor trusts, can range from the greater of \$10,000 or 5% of gross trust assets deemed owned

*Examples provided for illustration purposes only, results may vary. These scenarios are not all inclusive and there may be others. Discuss your specific situation with a tax professional.*

## Next Steps



If you have any questions about this guide, please reach out to your Goldman Sachs representative to discuss the potential impact on your wealth plan and tax liability.



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11.2024 | J9009 | SEAL: 477401