

Fall Cleanup Checklist for You and Your Clients

November is a season of transition. Days are growing darker and cooler, school is back in full swing, summer clothes are packed away, the pool is covered, and anticipation is building about the upcoming holidays.

This is the perfect time to take stock of the year that was and tie up loose ends prior to a frenetic last few weeks that can be equal parts stressful and celebratory. Having a fall to-do list can make the challenges of balancing family and professional commitments more manageable during this busy season.

Holiday Gifting and Gift Taxes

We spend a great deal of time selecting the perfect gifts, but many people are content to receive cold hard cash.

A survey from Statista shows that the most desired Christmas gift in 2023 was money (43 percent of respondents).¹ Seven in ten Americans told a Yahoo Finance/Ipsos poll that they would be happy to receive an investment as a holiday gift, including over 40 percent who said they would be “very happy.”² Top reasons cited for wanting to receive an investment were saving for the future, building wealth, and paying off debt.³

If a client is planning to spread holiday cheer to their loved ones, a cash gift could be the way to go. Remind clients that they have until the end of the year to utilize the annual gift tax exclusion, which for 2024 is set at \$18,000 per person and \$36,000 per married couple.

Explain that gifts exceeding the annual exclusion amount may require filing a gift tax return (IRS Form 709) but will not necessarily result in the assessment of a gift tax payment unless the total amount of all gifts made during their lifetime over the annual exclusion amount exceeds their lifetime exemption (\$13.61 million for a single taxpayer in 2024 and double that for married couples).

Also inform them about the potential gift tax changes on the horizon and that the currently high exemption amounts are set to sunset at the end of 2025. If they are planning on giving money away—whether as a one-time generous act or as part of an estate and gifting plan—they should capitalize on the current window to make large gifts.

Looking Ahead to Tax Season

Like the holidays, tax season has a way of sneaking up on us. But unlike sending a late holiday card, sending a late tax return can result in penalties. The IRS is also generally less forgiving than the people on your holiday list.

Next year's Tax Day is scheduled for April 15, 2025. Clients may be more focused on being with friends and family than on a tax deadline that is still months away. Yet taking tax-related steps

¹ Alexander Kunst, *Christmas gifts most desired by U.S. consumers in 2023*, Statista (Nov. 30, 2023), <https://www.statista.com/statistics/246622/christmas-gifts-desired-by-us-consumers>.

² Jennifer Berg & Talia Wiseman, *Most Americans would be happy to receive investments as holiday gifts*, Ipsos (Nov. 27, 2023), <https://www.ipsos.com/en-us/most-americans-would-be-happy-receive-investments-holiday-gifts>.

³ *Id.*

at the end of the year can help them reduce their tax liability, avoid last-minute stress, and put them in a better financial position heading into the new year.

For example, they may want to make additional charitable contributions, maximize contributions to retirement accounts like an IRA or 401(k), or defer or accelerate certain income or expenses to optimize their current year tax bracket.

The end of the year is also a good time to review their overall planning goals. A change in their income, assets, or family situation, as well as upcoming changes in the law, could affect them moving forward. Use this period to analyze their current tax situation and make adjustments that can help minimize taxes next year.

Refocusing on What Matters Most

Being around loved ones can motivate a client to look at the big picture of what they are ultimately working toward and saving for. An advisor can use this as a motivating factor to look ahead and plan accordingly.

Making time for both family and clients at this time of year can be particularly challenging, but finishing 2024 on a strong note can help to build momentum toward a prosperous 2025. Before you get pulled into the celebrations, vacations, and fun temptations that surround the holidays, reconnect with clients on end-of-the-year housekeeping.

We hope you are able to set aside some time in the next few weeks to get together with your own loved ones. And in lieu of a holiday card, we would be happy to hear from you to discuss how we can work together to align clients' financial and estate planning strategies.