



Post-Election Year-End Planning Webinar

Thursday, November 21

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Post-Election Year-End Planning

1. Election Results & Tax Policy
2. Estate & Gift Tax Exemption Sunset
3. Tax & Financial Planning Checklist
4. Market Commentary & Economic Outlook



Post-Election Year-End Planning

Your Presenters



Holly Pantzer

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Managing Advisor

01

Election Results & Tax Policy



Post-Election Year-End Planning

Election Results & Tax Policy

President

- President-elect Donald Trump
 - During first term he signed into law the *Tax Cuts & Jobs Act of 2017* (TCJA)
 - Notable campaign promises
 - TCJA permanence
 - Tariffs: 10%-20% baseline, 60% Chinese
 - 2024 Tax Bill provisions (bonus depreciation, §174 R&D expense, §163j business interest)
 - Corporate tax rate from 21% to 15% for domestic manufacturers
 - Open federal lands to development of affordable housing
 - Clean energy credit repeal (at least partially)
 - Exempt from tax tips, social security benefits, & overtime pay
 - & more...



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Election Results & Tax Policy

Senate

- Republican Control
 - Majority control but short of 60 seat super majority
 - Moderate Republicans could provide pivotal votes
 - Collins (ME), Murkowski (AK), Young (IN)
 - *E.g.*, Sinema & Manchin during Democratic control
- Senate Committee on Finance leadership change
 - Mike Crapo (R-ID) Chair
 - Ron Wyden (D-OR) Ranking Member



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Election Results & Tax Policy

House of Representatives

- Republican Control
 - Very narrow margins
 - Pivotal votes from members more concerned with debt than tax relief
- Committee on Ways & Means leadership remains the same
 - Jason Smith (R-MO) Chair
 - Richard Neal (D-MA) Ranking Member



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Election Results & Tax Policy

Reconciliation

- Generally, majorities from each chamber of Congress required to pass legislation
- Due to Senate filibuster, often 60 votes needed to pass legislation
- Reconciliation may be used to pass tax legislation
 - Budget resolution is done once a year & resulting bill is not subject to filibuster, *i.e.*, simple majority vote to pass
 - Reconciliation process done by committees to adjust spending or revenue
 - Committee recommendations combined into single omnibus bill
 - Only revenue & spending measures
 - Byrd rule
 - Prevent provisions extraneous to the budget
 - Cannot increase deficits beyond budget window
 - TCJA & Inflation Reduction Act of 2022 (IRA) were enacted by reconciliation

02

Estate & Gift Tax Exemption Sunset



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Estate & Gift Tax Exemption Sunset

Overview



2017

Tax Cuts & Jobs Act of 2017

- Historically high exemption amount, increasing from \$5 million to \$10 million
- \$13.99 million per individual in 2025 after inflation adjustment



Dec. 31, 2025

Sunset after December 31, 2025

- Back to \$5 million
- Between \$6 million & \$7 million per individual after inflation

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Estate & Gift Tax Exemption Sunset

Updates

Post-Election Thoughts

- Expectation for an extension on deadline
- Prioritize getting your plan in place

Planning for 2025

- Review estate planning documents & make any updates as necessary
 - Wills, trusts, medical directives, beneficiary designations, etc.
 - Retirement plans, insurance policies, & investment accounts
- \$13.99 million lifetime exemption per individual in 2025
 - \$6–\$7 million after 2025 if not extended
 - Use-it-or-lose-it
- \$18,000 annual gift tax exemption in 2024
- \$19,000 annual gift tax exemption in 2025

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Estate & Gift Tax Exemption Sunset

Planning

Avoid tax on transfer of money or property

- During life (gift tax)
- After death (estate tax)

Use-it-or-lose-it opportunity

Time is of the essence to develop & implement recommendations

Estate mapping & exposure analysis

03

Financial & Income Tax Planning Checklist



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Financial Planning Checklist

Retirement Planning

Convert traditional IRA to a Roth

Two-step Roth contribution

Check year-to-date 2024 retirement plan contributions & make additional contributions if allowed

Timing of IRA distributions for tax bracket management & check that all required minimum distributions are taken

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Financial Planning Checklist

Charitable Giving

Qualified Charitable Distributions

- Must be aged 70 ½ or above
- Up to \$105,000 of income otherwise taxed as ordinary income
- Directly from IRA to §501(c)(3) organization

Donate Long-Term Appreciated Securities

- Avoid tax on gain
- Deduction calculated on fair market value (30% AGI limit)
- No regard to net operating loss carryback

“Bunch” Multiple Years of Contributions in One Year

- This will push itemized deductions above standard deduction

“Bunch” & Utilize A Donor-Advised Fund

- Flexibility on timing & determination of charities while deducting in current year

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Financial Planning Checklist


Investment & Insurance

 Harvest losses in nonretirement accounts to help offset realized gains

 Analyze specific tax lots to determine advantageous shares to sell

 Review year-end mutual fund capital gains distribution estimates for funds held in taxable accounts

 Review location of assets between traditional IRAs, Roth IRAs, & nonretirement accounts

 Review & update life, health, home, auto, & umbrella for adequate coverage

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Financial Planning Checklist

Income Tax Planning



Review workplace withholdings for adequate withholdings

Incorporate year-end bonuses & business distributions in planning



Review & take advantage of benefits within dependent care, medical Flexible Spending Accounts, & Health Savings Accounts



Max out 529 plan contributions by end of year if deductible in resident state



Review & plan for any carryovers

Net operating losses, passive activity losses, capital losses, business credits, charitable contribution carryovers

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Market Update & Economic Outlook



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Market Update & Economic Outlook

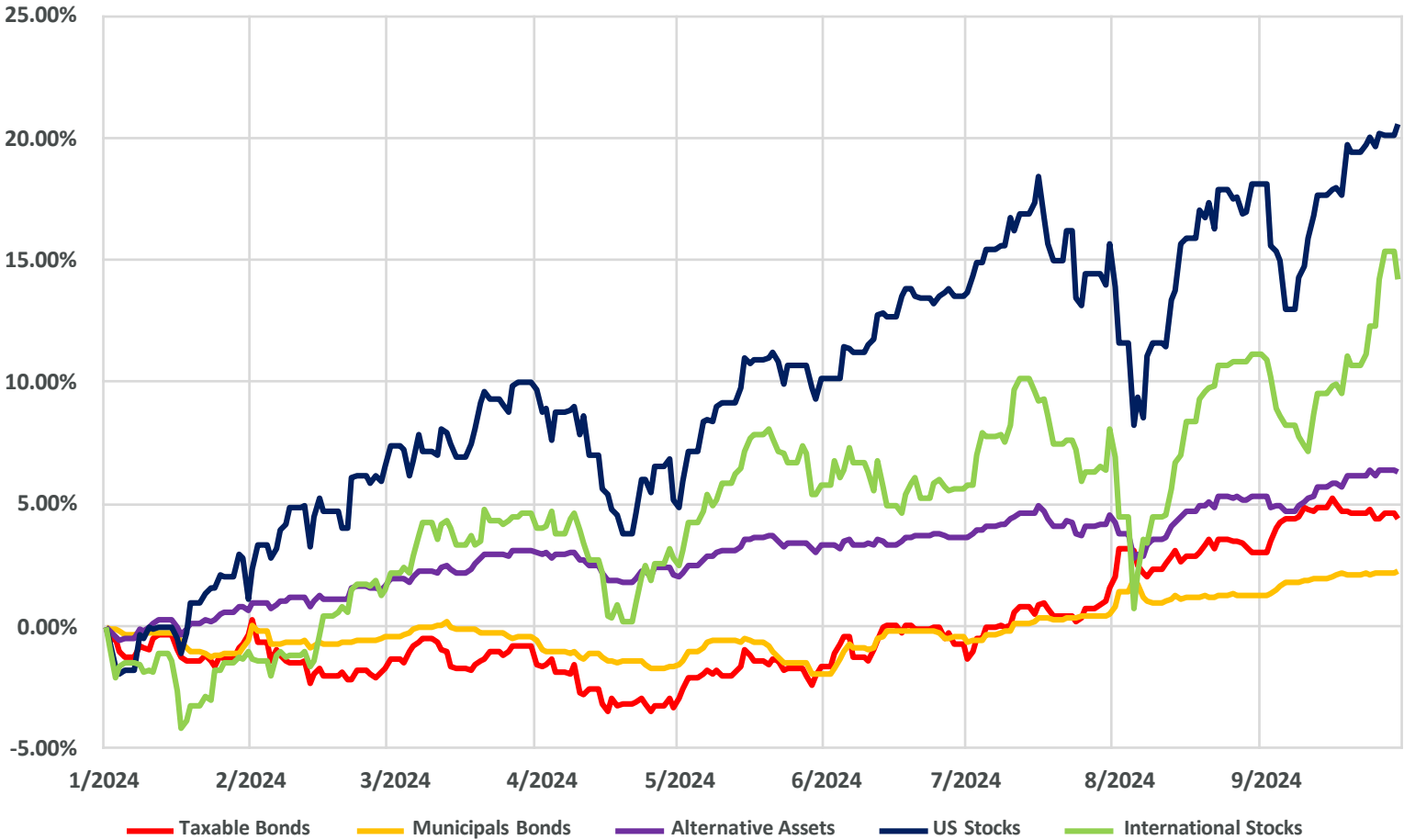
U.S. Economy Continues to Perform Well

- U.S. economic growth has been above average since mid-2023
- Continued strength in consumer spending has been key
- Inflation continues to moderate, with CPI of 2.6% reported for October.
- Improvement in inflation prompted the Federal Reserve to cut short term rates by 0.50% in September & another 0.25% in November
- With employment & certain other economic readings softening, the Fed acknowledges the risk of keeping rates too high for too long

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Market Update & Economic Outlook

Investment Growth



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Market Update & Economic Outlook

Investment Outlook

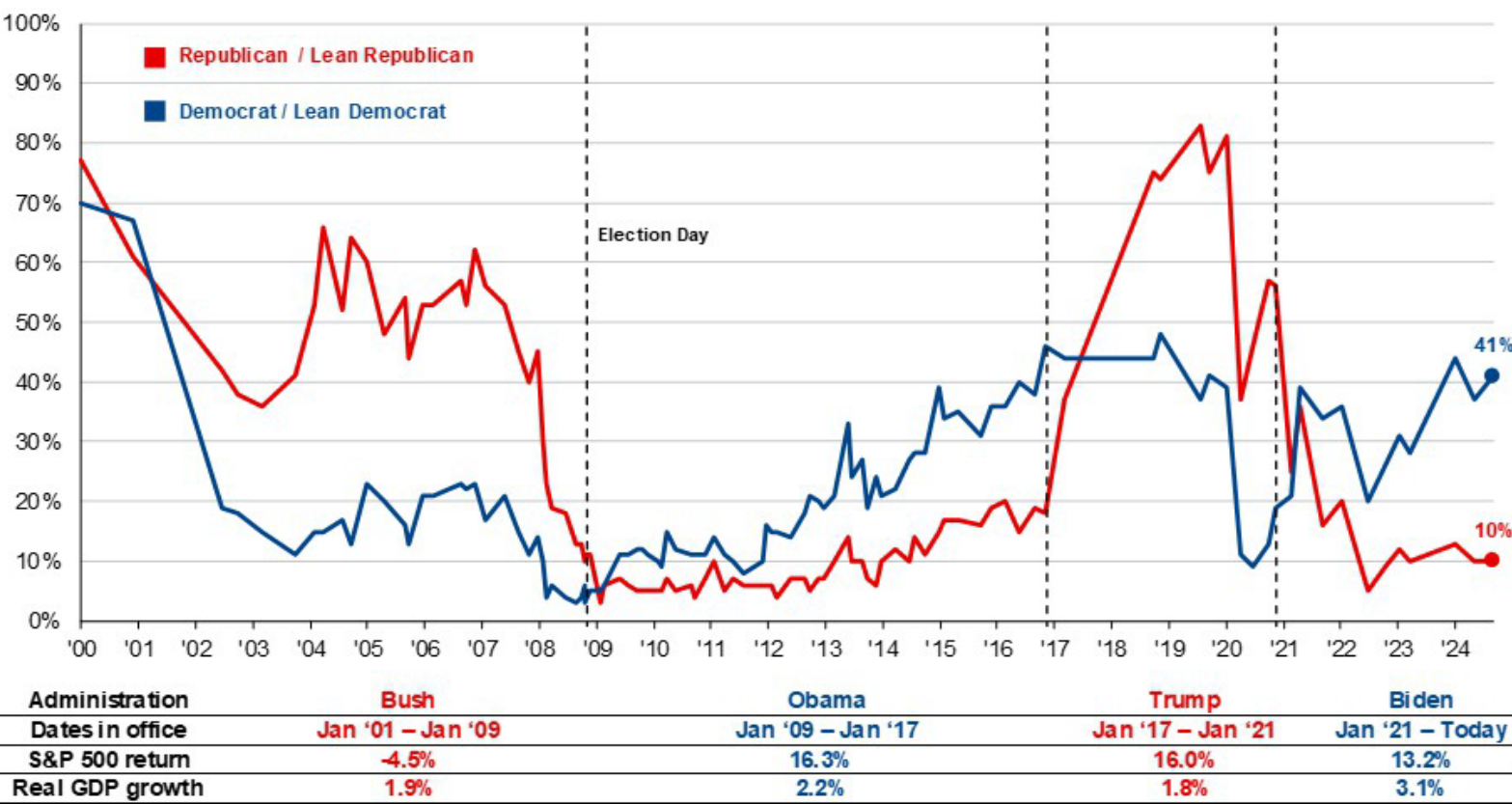
- Positives:
 - Economy forecasted to grow at a solid pace through 2025
 - Fed rate cut cycles historically supportive of asset prices during economic expansion
 - Optimistic that elevated productivity cycle will continue
 - Profit margins can remain strong in this scenario, even with 4% wage growth
 - Portfolio return drivers more balanced going forward
- Caution:
 - Overall market valuation at the higher end of the historical range
 - Multitude of geopolitical risks could impact markets
 - Personal savings rate below 2019 levels poses downside risk to spending
 - Potential trade escalation could impact economic growth & inflation

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Market Update & Economic Outlook

Consumer Confidence by Political Affiliation

Percentage of Republicans and Democrats who rate national economic conditions as excellent or good



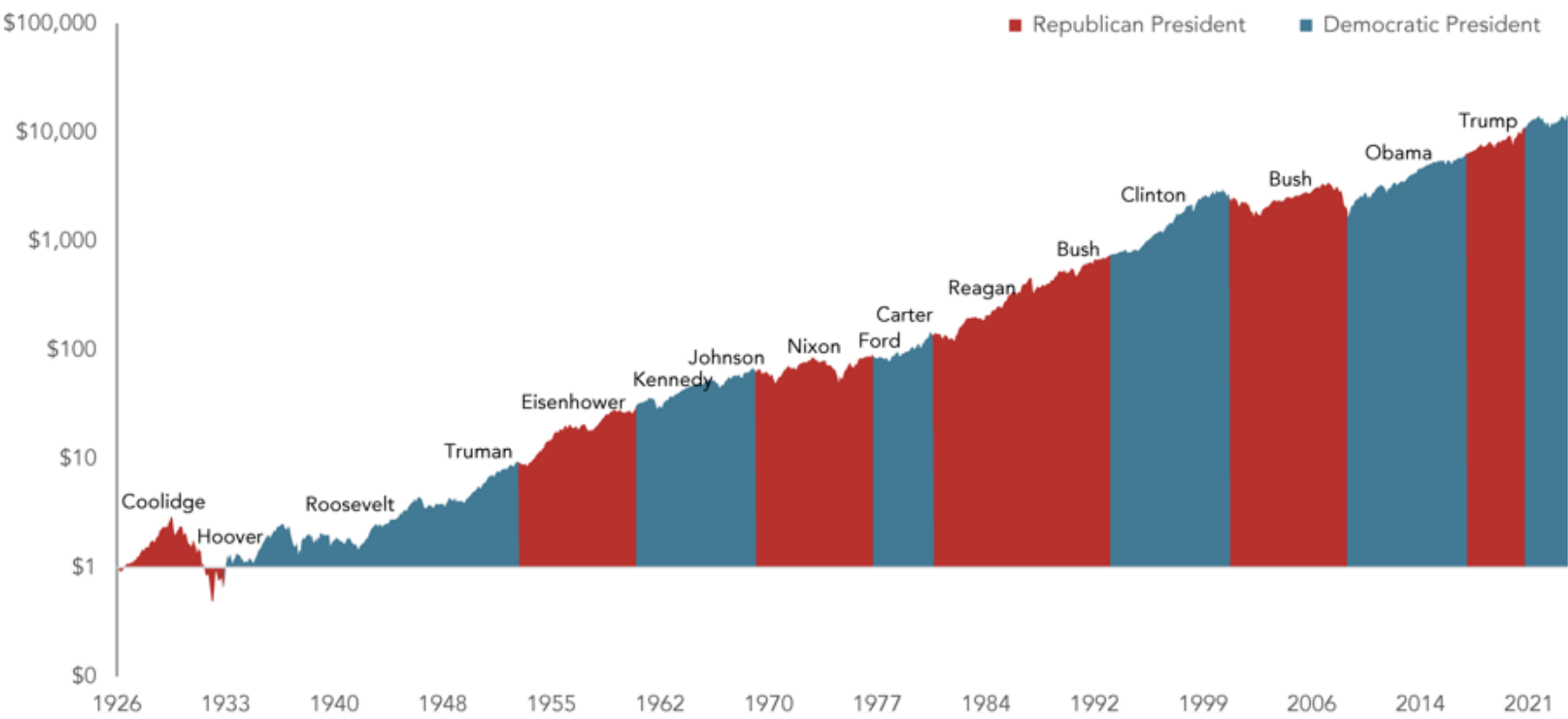
Source: Pew Research Center, J.P. Morgan Asset Management. The survey was last conducted in May 2024, "Public's Positive Economic Ratings Slip; Inflation Still Widely Viewed as Major Problem." Pew Research Center asks the question: "Thinking about the nation's economy, How would you rate economic conditions in this country today... as excellent, good, only fair, or poor?". S&P 500 returns are average annualized total returns between presidential inauguration dates and are updated monthly. Real GDP growth are average annualized GDP growth rates. Data as of September 30, 2024.

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Market Update & Economic Outlook

Markets Reward Discipline

Growth of a dollar invested in the S&P 500: January 1926–December 2023



Source: Dimensional Fund Advisors. Data represented in the growth of \$1 is hypothetical and assumes reinvestment of income and no transaction costs or taxes. The chart is for illustrative purposes only and is not indicative of any investment. S&P data © 2024 S&P Dow Jones Indices LLC, a division of S&P Global. All rights reserved.

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