

Year-End Tax Strategies

The end of the year is an ideal time to explore opportunities to reduce your tax exposure for that year — and possibly into the future. Here are some strategies to consider before this year comes to an end.

Contribute

Contribute more to your retirement plan accounts.

Contributing to tax-deferred retirement vehicles — such as 401(k)s, 403(b)s or IRAs — can be one of the most effective year-end tax savings strategies. Consider increasing your plan contributions, or making catch-up contributions if you're over age 50.

Convert

Fund a Roth IRA or complete a Roth IRA conversion.

Consider funding a Roth IRA or converting a traditional IRA or employer-sponsored plan to a Roth account. You'll need to pay income taxes on your Roth contributions, but your distributions will not be subject to income tax.

Evaluate

Evaluate the different distribution options for your IRAs and/or qualified plans.

Changes to Required Minimum Distribution (RMD) rules pose an opportunity for you to determine how to address your RMD strategy. At the same time, you should also review your beneficiary designations and distribution options.

Donate

Increase your charitable contributions.

The holidays are a popular time for giving — and charitably inclined individuals can also utilize it as a time to reduce their tax burden. For a charitable deduction to apply to the current year, the contribution must be made by December 31 to a 501(c)(3) tax-exempt organization that is eligible for tax-deductible contributions.

Fund

Fund a permanent life insurance policy or tax-deferred annuity.

Permanent life insurance offers income-tax-deferred growth of policy cash value, tax-favored access to cash value and an income-tax-free death benefit.¹ Tax-deferred annuities provide control over the timing of income recognition.

Let's work together to discuss your goals and how you might be able to take advantage of year-end strategies.

¹Accessing cash value will reduce your policy death benefit and values, may result in certain fees and charges and may require additional premium payments to maintain coverage. Ask your financial professional for details on accessing your cash value, including how it might impact the coverage guarantees and situations when the values you access could be taxable. Always consult your tax advisor before accessing your policy's cash value.

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