



ALTAIR

2023

Yearly Financial Planning Checklist



Kathryn A. O'Hara  
Director of Financial Planning

# Greetings!

2023 is off to a much better start than last year but still promises to be full of unpredictability and volatility. While there is not much we can do to control the markets or the global economic landscape, focusing our attention on sound portfolio management, financial planning and making the right tactical and strategic decisions can help.

On the strategic side, the Secure Act 2.0 should bring some welcome tweaks to your retirement plan. In addition to increasing the amount you can save for retirement and pushing out the age you need to begin taking Required Minimum Distributions (age 73 beginning in 2023), the new legislation passed on December 26th also includes a considerable number of Roth-related changes. Notably – small business owners and self-employed individuals can now open and contribute directly to SEP Roth IRAs and SIMPLE Roth accounts. Previously, individuals could only contribute pre-tax funds to these plans. Additionally, Section 604 of the Secure Act 2.0 allows individuals to elect to have employer matching and non-elective contributions deposited into designated Roth accounts (if the employer amends its plan to allow it).

On the tactical side, the rising interest rate environment continues to make various wealth transfer strategies, like Charitable Remainder Trusts (CRTs) and Qualified Personal Residence Trusts (QPRTs), more attractive than in years past. Individuals and families in a position to take action can also consider paying down debt (where appropriate), gifting or swapping low-value assets with potential for future appreciation and utilizing the increased lifetime Estate and Gift Tax Exemption - \$12,920,000 for individuals and nearly \$26MM for married couples.

To kick off your 2023 planning, we have summarized a list of important action items to consider. While everyone's situation is different and not every action will apply to you, taking small steps today will lay the foundation for a successful 2023 and years to come.

As you navigate the 2023 Financial Planning checklist, please keep in mind the following:

- The checklist is meant to serve as a reminder of actions you should consider completing. Since personal circumstances vary, it is important to consult with your Altair engagement team, attorneys and personal tax advisers regarding your specific situation.
- We have provided a glossary beginning on page 5 that provides a brief explanation of each task listed. If you have questions that go beyond the information provided, please do not hesitate to reach out to your Altair engagement team.

Warm regards,  
Katie

# 2023 Financial Planning Checklist

Completed	Recommendation	Responsible Party	Target Date
<b>Legislation Updates</b>			
<input type="checkbox"/>	Review Passage of SECURE Act 2.0 and Discuss Related Planning	Altair to Advise	Ongoing
<input type="checkbox"/>	Discuss Current Interest Rates and Evaluate Planning Opportunities	Altair to Advise	Ongoing
<b>Income &amp; Retirement Planning</b>			
<input type="checkbox"/>	Review 2022 Spending and Savings	Client/Altair	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Discuss 2023 Expense and Cash Flow Goals	Client/Altair	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Communicate Income Adjustments and New Stock Grants for Upcoming Year	Client	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Review Asset Withdrawal Strategy and Adjust if Needed	Altair to Advise	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Maximize Retirement Plan Contributions (Pre-Tax/Post-Tax/Catch-Up Contributions)	Client	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Fund 2022/2023 Non-Deductible IRAs & Consider Converting to Roth	Altair to Advise	April 18 <sup>th</sup>
<b>Gifting / Education Planning</b>			
<input type="checkbox"/>	Discuss Gifting Plan/529 Contributions for Children/Grandchildren (2023 Annual Exclusion Gifts \$17,000/\$34,000)	Client	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Review Strategies for Overfunded 529 Plans	Altair to Advise	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Fund 2022 Roth IRAs for Children (If they had earned income)	Client	April 18 <sup>th</sup>
<b>Estate Planning</b>			
<input type="checkbox"/>	Review Estate Plan and Fiduciary/Beneficiary Designations	Altair / Attorney	Ongoing
<input type="checkbox"/>	Fund Irrevocable Life Insurance Trust (ILIT) Accounts	Client	Ongoing
<b>Income Tax Planning</b>			
<input type="checkbox"/>	Gather and Organize Documents Necessary for Tax Filing	CPA/Client/Altair	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Adjust Tax Withholding	Client	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Consider Making a Qualified Charitable Distribution (QCD) from your IRA	Altair/Client	December 31 <sup>st</sup>

See disclosures at the end of document.

# 2023 Financial Planning Checklist

Completed	Recommendation	Responsible Party	Target Date
<b>Risk Management / Employee Benefits</b>			
<input type="checkbox"/>	Increase Health Savings Account and Flexible Spending Account Contributions for New Limits	Client	1 <sup>st</sup> /2 <sup>nd</sup> Quarter
<input type="checkbox"/>	Review Group Benefit Elections and Understand Updates for Coming Year	Client	Ongoing
<input type="checkbox"/>	Review Health Insurance Plan and Understand Updates for Coming Year	Client	Ongoing
<input type="checkbox"/>	Assess Life Insurance & Disability Coverage	Client/Altair	Ongoing
<input type="checkbox"/>	Review Property & Casualty Coverage	Client/Altair	Ongoing
<input type="checkbox"/>	Evaluate Current Debt Structure and Current Interest Rates	Altair to Advise	Ongoing
<b>Important Milestones</b>			
<input type="checkbox"/>	Age 50	You can make catch-up contributions to IRAs and some qualified retirement plans	
<input type="checkbox"/>	Age 55	You can make catch-up contributions to your HSA plan	
<input type="checkbox"/>	Age 55	You can take distributions from your 401(k) plan without penalty if retired	
<input type="checkbox"/>	Age 59 ½	You can take distributions from IRAs without penalty	
<input type="checkbox"/>	Age 62-70	You can apply for Social Security Benefits	
<input type="checkbox"/>	Age 65	You can apply for Medicare	
<input type="checkbox"/>	Age 73-75 <sup>1</sup>	You must begin taking Required Minimum Distributions from IRAs	
<b>Key Upcoming Dates</b>			
<input type="checkbox"/>	3/15/2023	Deadline for Partnerships/S Corporations to file tax return or file extension	
<input type="checkbox"/>	4/18/2023	Deadline to file 2022 individual income tax return or file extension + deadline to file Form 1041 - Trusts and Estates	
<input type="checkbox"/>	4/18/2023	1 <sup>st</sup> Quarter Estimated Tax Payment Due	
<input type="checkbox"/>	4/18/2023	Last Day to Make a 2022 IRA Contribution	

<sup>1</sup>SECURE Act 2.0 will push starting age for RMDs to age 73 for individuals born between 1951-1959 and age 75 for individuals born in 1960 or later

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# 2023 Financial Planning Checklist

Federal Estate Tax & Gift Tax	2023	2022
Combined Federal and Gift Estate Tax Exclusion	\$12,920,000	\$12,060,000
Federal Estate Tax Rate	Top Marginal rate is 40%	Top Marginal rate is 40%
Annual Gift Exclusion	\$17,000 per person	\$16,000 per person
State Estate Tax Rates	Varies by state	Varies by state
Individual Retirement Accounts	2023	2022
Individual IRA (Roth, Traditional)	\$6,500	\$6,000
<i>Catch-Up Contribution (Age 50+)</i>	\$1,000	\$1,000
Annual Qualified Plan Limits	2023	2022
Maximum Compensation Used to Determine Contributions	\$330,000	\$305,000
Deferral Limits for Plans		
401k, 457, 403b	\$22,500	\$20,500
<i>Catch-Up Contribution (Age 50+)</i>	\$7,500	\$6,500
SIMPLE	\$15,500	\$14,000
<i>Catch-Up Contribution (Age 50+)</i>	\$3,500	\$3,000
SEP IRA	\$66,000 <sup>1</sup>	\$61,000 <sup>1</sup>
Maximum Annual Addition for Defined Contribution Plan	\$66,000	\$61,000
Maximum Annual Benefit for Defined Benefit Plan	\$265,000	\$245,000
Federal Tax Rates	2023	2022
Maximum Individual Income Tax Rate	37%	37%
Maximum Rate for Qualified Capital Gains & Dividends	20%	20%
Standard Deduction - Single/MFS	\$13,850	\$12,950
Standard Deduction - MFJ	\$27,700	\$25,900
Standard Deduction - Head of Household	\$20,800	\$19,400
Personal Exemption	\$0	\$0
Social Security	2023	2022
SS Taxable Wage Base	\$160,200	\$147,000
SS Tax Rate (OASDI & HI) – Employee <sup>2</sup>	6.2%/1.45%/0.9%	6.2%/1.45%/0.9%
SS Tax Rate (OASDI & HI) – Self-Employed <sup>2</sup>	12.4%/2.9%/0.9%	12.4%/2.9%/0.9%
Max Monthly Benefit at Full Retirement Age	\$3,627/mo.	\$3,345/mo.
Max Monthly Benefit at Age 70	\$4,555/mo.	\$4,194/mo.
Other	2023	2022
Health Care FSA Contributions (pre-tax limit)	\$3,050	\$2,850
Dependent Care FSA Contributions (pre-tax limit)	\$5,000	\$5,000
HSA Contributions (self/family)	\$3,850/\$7,750	\$3,650/\$7,300
<i>Catch-Up Contribution (Age 55+)</i>	\$1,000	\$1,000
HDHP Minimum Deductibles (self/family)	\$1,500/\$3,000	\$1,400/\$2,800
HDHP Maximum Out-of-Pocket Amounts (self/family)	\$7,500/\$15,000	\$7,050/\$14,100
<sup>1</sup> Contributions cannot exceed 25% of employee's compensation or \$66,000		
<sup>2</sup> 6.2% for old age, survivors and disability insurance; 1.45% for hospital insurance; 0.9% Medicare surtax		
This information provided is not written or intended as specific tax or legal advice. Altair employees are not authorized to give tax advice or legal advice. Individuals are encouraged to seek advice from their own tax or legal counsel. Individuals involved in the estate planning process should work with an estate planning team, including their own personal legal or tax counsel.		

See disclosures at the end of document.



# 2023 Financial Planning Checklist

## Legislative Updates

- 1. Review Passage of SECURE Act 2.0 and Discuss Related Planning:** The highly anticipated follow-up to the Setting Every Community Up for Retirement Enhancement (SECURE) Act is now law. With passage, individuals born in 1951-1959 will be allowed to delay taking their first Required Minimum Distribution (RMD) until age 73. Individuals born in 1960 or later will be eligible to delay their first RMD further – to age 75. The new legislation also reduces the penalty for failing to take a RMD, increases retirement plan contribution limits, and provides additional flexibility for certain individuals with overfunded 529 college savings plans. This legislation does not restrict or eliminate any current Roth strategies – backdoor Roth contributions and Roth conversions for high-income earners. Individuals should review and discuss these updates and related planning opportunities with their Altair team and other trusted advisers.
- 2. Discuss Current Interest Rates and Evaluate Planning Opportunities:** With interest rate hikes expected to continue in 2023, now is an opportune time to look into wealth planning strategies that are advantageous in a higher interest rate environment. With both the applicable federal rate (AFR) and 7520 rate (commonly used in intra-family loans and to compute present values) at higher levels, strategies like Charitable Remainder Trusts (CRTs) and Qualified Personal Residence Trusts (QPRTs) are more attractive than in years past. It may also make sense for certain individuals and families to consider paying down debt (where appropriate), gifting or swapping low-value assets with potential for future appreciation and utilizing the increased lifetime Estate and Gift Tax Exemption (\$12,920,000 for individuals in 2023).

## Income & Retirement Planning

- 3. Review 2022 Spending and Savings:** Examine year-end banking, credit card statements, and compare actual expenses vs. projected expenses. Confirm whether you met 2022 savings goals and determine if you have excess savings to invest.
- 4. Discuss 2023 Expense and Cash Flow Goals:** Do any adjustments need to be made to expenses? What are your goals for the year? Are there any big expenses on the horizon?
- 5. Communicate Income Adjustments and New Stock Grants for Upcoming Year:** Inform your engagement team about any adjustments to compensation (salary/bonus) and new stock grants for the year.

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## 2023 Financial Planning Checklist

- 6. Review Asset Withdrawal Strategy and Adjust if Needed:** Once you determine how much money you will need to withdraw from your portfolio in 2023, your Altair team will help you determine which assets to draw on first.
- 7. Maximize Retirement Plan Contributions (Pre-Tax/Post-Tax/Catch-Up Contributions):** In 2023, you can elect to defer \$22,500 of your compensation to a 401(k) (an increase of \$2,000 over 2022). Those aged 50-plus can defer an extra \$7,500 for a total of \$30,000. Additionally, some plans allow you to make after-tax contributions, up to the IRS limit of \$66,000.
- 8. Fund 2022/2023 Non-Deductible IRAs & Consider Converting to Roth:** There is still time to fund non-deductible IRAs and immediately convert the contribution to Roth in 2023. In 2023, individuals can contribute \$6,500 (\$6,000 in 2022) to an IRA. Those aged 50-plus can contribute an extra \$1,000 for a total of \$7,500 (\$7,000 in 2022). Despite talk of eliminating the backdoor Roth strategy, it was not included in the recently passed SECURE Act 2.0 legislation.

### Gifts / Education Planning

- 9. Discuss Gifting Plan/529 College Savings Plan Contributions for Children/Grandchildren:** If you plan on giving money to your children or grandchildren this year, consider how you plan to make the gifts (529 contributions, cash gifts, etc.). In 2023, the annual exclusion for gifts to any individual increased to \$17,000 (\$34,000 per couple). As a reminder, if you pay college or medical bills directly to the institution, your payment is not considered a gift and there is no limitation on these contributions.
- 10. Review Strategies for Overfunded 529 Plans:** Secure Act 2.0 will allow individuals with overfunded 529 plans to convert a lifetime maximum of \$35,000 from a 529 plan to a Roth IRA. To execute the transfer, the 529 plan must have existed for 15 years and the Roth IRA receiving the funds must be in the name of the beneficiary of the 529 plan. Annual transfers are limited to the IRA contribution limit and contributions to the 529 plan within the last five years will be ineligible. Individuals who do not meet these requirements can consider changing the beneficiary to another family member. (If money is transferred to a family member of a different generation, it could be subject to GST tax). To avoid GST tax, consider rolling \$17,000 per year (annual exclusion amount) to a family member of another generation.
- 11. Fund 2022 Roth IRAs for Children:** If your children had earned income, you could use part of their annual gifting exclusion to fund a Roth IRA for each working child. This strategy helps transfer wealth to the next generation in a tax-efficient manner.

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## 2023 Financial Planning Checklist

### Estate Planning

- 12. Review Estate Plan and Fiduciary/Beneficiary Designations:** Since the passage of the SECURE Act in late 2019, it is crucial to review your estate documents and beneficiary designations with your attorney to ensure they still meet your wishes. Most non-spouse beneficiaries are now required to take larger distributions to adhere to the 10-year rule (the lifetime stretch provision was eliminated for certain IRA beneficiaries), which could result in a higher marginal tax rate as compared to a longer distribution period. New to the 10-year rule, some non-spouse beneficiaries may need to take annual Required Minimum Distributions. Individuals with questions should reach out to their Altair engagement team and tax advisers.
- 13. Fund Irrevocable Life Insurance Trust (ILIT) Accounts:** Make gifts to your Irrevocable Life Insurance Trusts (ILITs) to ensure assets are in place when insurance premiums are due.

### Income Tax Planning

- 14. Gather and Organize Documents Necessary for Tax Filing:** Begin collecting W-2s, 1099s, investment income information (interest and dividend income, proceeds from the sale of stocks and bonds, income from foreign investments), business income and Social Security benefits to prepare your 2022 federal and state tax returns.
- 15. Adjust Tax Withholding:** To make sure you do not wind up with a large tax bill or a significant refund when you file your 2023 tax return, take some time to review your W-4 and update your withholding if necessary. The Internal Revenue Service re-designed the W-4 form in 2020 to make withholdings more accurate.
- 16. Consider Making a Qualified Charitable Distribution (QCD) from your IRA:** Charitably inclined individuals who are required to take a Required Minimum Distribution (RMD) from their IRA should consider whether a Qualified Charitable Distribution (QCD) makes sense. A QCD is a non-taxable distribution from your IRA directly to a qualified charity, which typically counts towards your RMD. When making a QCD election, the amount you distribute will not be included in your adjusted gross income. The total of all QCDs is limited to \$100,000 (indexed for inflation beginning in 2024) and you cannot make the distribution from SEP or SIMPLE plans if an employer contribution is made for that year. A QCD cannot be made to a Donor-Advised Fund.

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## 2023 Financial Planning Checklist

### Risk Management / Employee Benefits

- 17. Increase Health Savings Account and Flexible Spending Account Contributions for New Limits:** In 2023, you can contribute up to \$3,050 to a health care FSA and \$5,000 to a dependent care FSA. Additionally, the IRS increased HSA contribution limits to \$7,750 for those with family coverage and \$3,850 for individuals. Individuals aged 55 and older can contribute an additional \$1,000.
- 18. Review Group Benefit Elections and Understand Updates for Coming Year:** Review your employee benefit elections (group health, dental, life, disability, FSA, HSA) and ensure you understand any updates to coverage.
- 19. Review Health Insurance Plan and Understand Updates for the Coming Year:** Familiarize yourself with updates to your medical coverage, including new co-insurance and deductible limits.
- 20. Assess Life Insurance & Disability Coverage:** Early in the year is an opportune time to review your life and disability insurance and make sure you are properly covered. In addition to providing coverage in the event of premature death, life insurance can also be used to help cover future estate tax liabilities, secure protection on business owners or key employees and ensure a future inheritance for your children. Individuals who no longer have a need for coverage should discuss with their engagement team whether it makes sense to continue funding policies and if the option to restructure exists.
- 21. Review Property & Casualty Coverage:** If any significant improvements were made to your home or you sold or purchased a property in 2022, it is important to review your coverage and confirm you are properly insured. Additionally, you should review your current excess liability coverage and inventory your special, valuable property items. The agreed-upon values listed in your policy represent the cash settlement in the event of a covered loss.
- 22. Evaluate Debt Structure and Current Interest Rates:** After years of ultra-low interest rates, rates have now risen significantly. It is important to analyze your outstanding debt and determine whether or not it makes sense to restructure any outstanding loans.

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*The material shown should not be construed as accounting, legal, or tax advice. All investments are subject to the risk of loss. Forward-looking statements are subject to numerous assumptions, risks, and uncertainties, and actual results may differ materially from those anticipated in forward-looking statements. As a practical matter, no entity is able to accurately and consistently predict future market activities. Therefore, actual results may differ materially from those anticipated herein.*



ALTAIR

303 West Madison Street, Suite 600  
Chicago, Illinois 60606  
+1 (312) 429-3000

[altairadvisers.com](http://altairadvisers.com)

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