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Tax-smart moves to discuss with your financial professional now

Expiring TCJA provisions. A coming debate over the debt ceiling. A range of federal and state elections. There's a lot that's uncertain about future tax policy. However, by planning ahead, investors can take full advantage of what's known, while also accounting for what might change. Below are steps to discuss with your financial professional that may help you maximize your after-tax income and earnings, while also advancing your other financial goals.

☐ Estimate your income for the next few years

Work with your financial professional to identify relatively higher vs. lower tax years. Remember to account for any planned changes, such as to your job status, state domicile, tax-filing status and any required minimum distributions (RMDs) from retirement accounts.

☐ Compare potential deduction amounts

The standard deduction, which was nearly doubled by the Tax Cuts and Jobs Act of 2017, may be cut in half when that provision expires at the end of 2025. Discuss with your financial professional whether you'd be better off itemizing or taking the standard deduction.

☐ Plan to bunch other deductions in higher income year(s)

- Pre-pay state income and property taxes
- Make multiple years' worth of charitable donations in a single year
- Turn your required minimum distribution into a direct charitable donation

☐ Delay income and capital gains until lower tax years

- Collect the proceeds from a home sale in installments
- Delay the exercise of employee stock options
- Purchase an option collar to lock in profits on appreciated securities
- Harvest capital losses on depreciated securities to offset gains

Consider using the lifetime exemption prior to 2026

The lifetime gift and transfer tax exemption is expected drop by half by 2026. Carefully weigh the advantage of gifting now to secure tax savings against the potential disadvantages of giving up control of those assets.

Convert a traditional IRA to a Roth

One silver lining of volatile market conditions may be the opportunity for smaller "bite-size" conversions of your traditional IRA accounts to Roth IRA accounts.

Look for tax-efficient asset classes and vehicles

Discuss with your financial professional if your portfolio might benefit from the addition or adjustment of positions in municipal bonds, real estate investment trusts (REITs) and exchange-traded funds (ETFs).

Choose the right trust vehicles for the current environment

Some trusts, such as charitable remainder trusts (CRTs) and qualified personal residence trusts (QPRTs), are more advantageous when interest rates are high.

The key step: Start early

Keep in mind that many strategies take time to implement. Given that changes are potentially on the horizon, now is the time to start longer-range tax planning. Speak to your financial professional to identify the strategies that might be right for you. The earlier you start to plan, the more flexibility you'll have to execute when the time is right.

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