

PREPARING FOR YEAR-END & THE 2024/2025 TAX SEASON

This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

Year-end is approaching and being prepared is the best way to make this tax season your easiest yet. In this document, you'll find important information and tools to help you prepare. As always, meeting with your financial professional early and often will ensure your questions are answered.

To prepare, here are a few things you will need to keep in mind. Should any of these circumstances apply to you, please notify your financial professional to discuss your account. To process any of the below requests by December 31, 2024, we must receive completed request forms by December 6, 2024. Any requests received after December 6, 2024, will be processed on a best-efforts basis.

- Federal and State Voluntary Withholding** – If you had a change of address in 2024, you must notify your financial professional to ensure that withholding amounts can be corrected within the same tax year. It's recommended that you review your account transactions regularly with your financial professional to verify that withholdings on distributions have been properly applied. LPL is not able to reverse or apply any federal or state withholdings in 2025 on distributions that occurred in 2024 for individual retirement account (IRA) and qualified retirement plan (QRP) accounts.
- Required Minimum Distribution** – After reaching age 73, the deadline for taking a required minimum distribution (RMD) is December 31 each year. However, if this is your first RMD you have the option to delay it until April 1 of the year following the year you reach age 73. Contact your financial professional to help you request this distribution.

Your RMD is generally determined by dividing your tax-deferred retirement account balance as of December 31 of the preceding year by a life expectancy factor. Your life expectancy factor corresponds with your age in the IRS Uniform Lifetime Table. However, if your spouse is your sole beneficiary and is more than 10 years younger than you, you will use the IRS Joint Life and Last Survivor Expectancy Table.

- Gifting** – Charitable giving is one way you can positively impact your current tax position. You may gift mutual funds, stocks, bonds, or government securities from your LPL non-retirement account to an account holder at another firm or financial institution. There is also an option available for qualified charitable distributions (QCDs) (Note: the QCD must go directly from the retirement account to the charity). To facilitate a year-end gifting request, please contact your financial professional.
- Roth Conversions** – You may want to contact your financial professional before the end of the year to discuss the details of converting your existing IRAs to a Roth IRA. You're likely aware of the benefits of Roth IRAs: tax-free withdrawals (providing certain conditions are met), no required minimum distributions (RMDs), and tax diversification. Consult with your financial professional to discuss any tax ramifications, your age and income restrictions in regard to executing a conversion from a Traditional IRA to a Roth IRA. The converted amount is generally subject to income taxation. To process requests by December 31, 2024, we must receive completed request forms by December 6, 2024. Any requests received after December 6, 2024, will be processed on a best-efforts basis. Due to the Tax Cuts and Jobs Act, a Roth Conversion is irrevocable. This means that Roth IRA conversions can no longer be recharacterized. Once you convert you cannot revert the money back to your Traditional IRA.

- Cost Basis on transferred securities** - LPL may receive Cost Basis information from your former firm or financial institution. This may take up to 15 days from the date of transfer to receive cost basis information and, firms are required to send tax lot details only for covered tax lots. Information may not be received for non-covered tax lots. However, you can provide non-covered tax lot details to LPL. Contact your financial professional to help with updating Cost Basis.

Additional 2024 Year-End Deadlines:

- Plan Establishment Through Ascensus** - For users of the pre-approved plan document service, plan establishment paperwork for the current calendar year must be submitted by December 6, 2024.
- IRA Distribution** - To process requests by December 31, 2024, we must receive completed request forms by December 6, 2024. Any requests received after December 6, 2024, will be processed on a best-efforts basis. *Note: Retirement account distributions taken through the LPL Premier Check Writing program are reported for the tax year in which the check is cashed (not the year that check is written).*
- In-Kind Distributions of Equities**- To withdraw equity positions from a retirement account to be held in direct registration at the transfer agent in an individual name, a distribution request form is required. *Note: The timeframe can range from 2- 6 weeks to re-register securities to an individual name. Have completed request submitted by November 1st, 2024.*
- Disposition Request for a Worthless Security Position (receipt of deposit)** - To request a receipt of deposit for a security that no longer has a transfer agent, a Disposition Request form must be submitted by December 13, 2024.
- Backup Withholding** - Submit either an IRS Form W-8/W-9 or an account application must be submitted by Dec 31, 2024 to satisfy your IRS W-8/W-9 certification requirement and avoid backup withholding on payments. *Note: In 2025, LPL will be unable to reverse backup withholding on transactions that occurred in 2024.*
- Trade Settlement and Adjustments** - To be reported in 2024 tax forms, trades must trade by December 31, 2024.
- Courtesy 1099** - Submit courtesy requests for non-reportable accounts that have not been set up yet. Please contact your financial professional if you have any questions.
- Qualified Plan Establishment** - New 401(k)/profit sharing plan documents must be adopted by December 31, 2024, to be effective for the 2024 plan year.

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