2024 · WHAT ISSUES SHOULD I CONSIDER BEFORE AND AFTER THE TCJA SUNSET PROVISION OCCURS?

R.W. Rogé & Company
PRIVATE WEALTH MANAGEMENT SINCE 1986

GENERAL ISSUES	YES	NO
Do you need to review how your tax rates will change after the sunset provision? If so, consider the extent to which your marginal and effective tax rates might increase starting in 2026 and how that may affect other areas of your financial plan (e.g., retirement contributions, ability to take deductions or credits, cash flow, etc.). Be mindful that the reduction to the alternative minimum tax (AMT) exemption, and the increased availability of certain itemized deductions (which are "added back" for AMT purposes), may increase your likelihood of incurring an AMT liability.	☐	☐
Do you need to review how your budget and cash flow will be affected (e.g., higher tax bill) after the sunset provision? If so, consider the extent to which the tax withholdings from your paycheck and your overall tax liability might increase starting in 2026. Make sure you adjust your budget accordingly and consider whether any savings goal priorities may need to be adjusted (i.e., cut or preserved) if your cash flow is expected to decrease.	☐	☐
Do you need to review your retirement account contribution strategy in light of the sunset provision? If so, determine the extent to which your marginal and effective tax rates will increase after the sunset provision, and be mindful of any increasing income sources that could further exacerbate your future expected tax liability (e.g., increasing salary, growth of portfolio income, etc.). Consider altering your retirement plan contributions (e.g., favoring Roth over pre-tax before the sunset, favoring pre-tax over Roth after the sunset, etc.) if it makes sense for your situation.	☐	☐

PRE-SUNSET PLANNING ISSUES	YES	NO
Do you have retirement accounts that will be (or already are) subject to required minimum distributions (RMDs)? If so, consider whether it makes sense to accelerate your retirement account withdrawals, or implement a more aggressive Roth conversion strategy, while in a lower tax bracket and in an effort to reduce the future RMDs you will be subject to after the sunset occurs. Be mindful of any early withdrawal penalties that may apply.	☐	☐
Are you currently delaying RMDs from a traditional IRA you inherited under the "10-Year Rule"? If so, consider whether it makes sense to start taking voluntary distributions now (if in a lower tax bracket) in order to mitigate taking excessive withdrawals (after the sunset occurs) toward the end of your 10-year window.	☐	☐
Are you planning to sell any non-qualified assets (e.g., home, land, business, rental property, brokerage securities, etc.) in the near future, and would doing so cause a tax liability? If so, consider whether it would be advantageous to sell any assets before the sunset occurs (if in a favorable tax bracket). Be mindful of the extent to which an installment sale (if applicable) may extend your tax liability into a higher post-sunset tax bracket.	☐	☐
Are you planning to surrender an existing annuity or life insurance policy in the near future, and would doing so cause a tax liability? If so, consider whether it would be more advantageous to surrender your contract/policy before the sunset occurs, but double-check your contract/policy's surrender schedule before doing so.	☐	☐
Do you have any non-qualified stock options (NQSOs) as part of your employment compensation? If so, consider whether it makes sense to exercise any vested options (while ordinary income tax brackets are lower) before the sunset occurs. Furthermore, consider whether making an 83(b) election (i.e., pay the tax liability when the stock is granted) before the sunset occurs makes sense for your situation. (continue on next page)	☐	☐

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PRE-SUNSET PLANNING ISSUES (CONTINUED)	YES	NO
Do you have incentive stock options (ISOs) as part of your employment compensation? If so, consider whether it makes sense to exercise any vested ISOs (i.e., subject to AMT as a preference item if not selling in the same year) while in more favorable AMT thresholds. Furthermore, consider selling ISOs (if in a favorable tax bracket), but be mindful of whether the sale would be a qualifying disposition or disqualifying distribution.	☐	☐
Are you a business owner, and are you planning to make any large business-related purchases (e.g., assets, property, etc.) in the coming years? If so, determine whether any business assets you plan to purchase may be eligible for bonus depreciation, and consider whether it makes sense to finalize your purchases sooner (i.e., before the bonus depreciation allowance is phased out entirely).	☐	☐
Are you a business owner, and have you been receiving (or do you anticipate that you may receive) the Section 199A (QBI) deduction? If so, be mindful of how pre-tax retirement contributions may affect your ability (for better or worse) to recognize the full extent of the QBI deduction. Consider prioritizing Roth retirement contributions while tax brackets are lower, especially if doing so would help you preserve any QBI deduction (which is scheduled to sunset) you may be entitled to.	☐	☐
Are you concerned about having an estate or gift tax issue in 2026 (i.e., when the estate/gift tax exemption is expected to be cut in half)? If so, consider accelerating your gifting strategies now (e.g., shifting assets out of the estate using irrevocable trusts, estate freezing techniques, cash gifts to your heirs, etc.) while your estate/gift tax exemption limit is higher.	☐	☐

POST-SUNSET PLANNING ISSUES	YES	NO
Do you need to review how your non-qualified portfolio allocations might need to change in light of the sunset provision? If so, determine the extent to which your non-qualified portfolio income might increase your overall tax liability after the sunset provision. Consider whether it may be appropriate to shift more of your allocations to holdings that have favorable tax treatment (e.g., municipal bonds, qualified dividends, long-term capital gains, etc.) or funds with lower turnover (e.g., fewer capital gains distributions) in 2026, but be mindful of the potential tax implications of rebalancing.	☐	☐
Do you need to review how changes to the state and local tax (SALT) deduction might affect your taxable income? If so, consider the extent to which the anticipated increase to an unlimited SALT itemized deduction (currently capped at $10,000 per year) might increase your ability to itemize deductions and reduce your overall tax liability, but be mindful that SALT deductions get “added back” for determining AMT.	☐	☐
Are you considering using equity in your home (e.g., HELOC, equity loan, reverse mortgage, etc.) as a source of liquidity to help manage unexpected expenses? If so, remember that, after the sunset provision, interest tied to home debt will be deductible (subject to limits), even if it was not used to buy, build, or improve your home (i.e., deductible interest is no longer required to be tied to “acquisition” debt).	☐	☐
Do you need to review your charitable giving strategies in light of the sunset provision? If so, be mindful that the likelihood of itemizing deductions (instead of taking the standard deduction) will increase after the sunset provision. Determine whether certain charitable giving strategies (e.g., “bunching” up donations in key years) will still make sense, and consider alternative strategies (e.g., consistent annual gifting) you could employ at that time.	☐	☐

About Us

R.W. Rogé & Company, Inc. is a "Fee-Only" financial planning and wealth management firm serving clients virtually and locally across the country with offices in New York, Massachusetts, and Florida. The company was founded on a “client first” culture and proudly commits to acting in the best interest of its clients as a fiduciary.

With over 35 years of experience, we understand that managing your wealth is like a journey – you start with a plan and are prepared to address any unexpected obstacles along the way. Our mission is to help clients Plan, Achieve and Live® the life they want.

If you would like to learn more about our firm, or wish to arrange a complimentary discovery call, please contact us at 631.218.0077, or via e-mail at info@rwroge.com.

Steven Rogé, MBA, CFP®, AIF®, Chief Investment Officer & CEO
900 Cumming Center, Suite 321-T Beverly, MA 01915
info@rwroge.com | (631) 218-0077 | www.rwroge.com