

## ANNUAL PLANNING CHECKLIST

As we have done in prior years, we are providing a high-level checklist that covers many common questions and issues that we plan to tackle with clients this year. This list both highlights pragmatic items typically covered at year-end and reflects on annual best practices and considerations. These points are always supplemented by the distinct and specific challenges and opportunities for each of our clients. We look forward to discussing these matters with you—as well as any other topics you deem important—in the weeks and months ahead.

We want to draw particular attention to the first item on the checklist, dealing with the Corporate Transparency Act, because the reporting deadline of December 31, 2024, is fast approaching. The Corporate Transparency Act (CTA) is a sweeping new law that requires the disclosure of ownership of corporations, limited liability companies, and similar entities, and it will affect tens of millions of entities, including most of the business entities our clients have formed for estate planning, property ownership, asset protection, and similar purposes. While the intent of the legislation is to combat illicit activity like money laundering and financing of terrorist organizations, the CTA applies equally to private companies involved in legitimate and customary activities. Companies falling under this regulation must submit Beneficial Ownership Information (BOI) Reports to the Treasury’s Financial Crimes Enforcement Network (FinCEN). These reports provide basic legal information about the company itself, the entity’s owners, and the individuals that create or register the entity. The deadlines are as follows:

- All companies formed prior to 2024 must file a report by December 31, 2024.
- Companies formed during 2024 must file a report within 90 days of formation.

We anticipate the FinCEN systems may be overloaded at year-end if, as expected, many companies delay reporting until the last moment. Legal advisors may also be overwhelmed by last-minute requests for assistance. Accordingly, we strongly encourage clients to begin the process well ahead of December. The Strategic Advisory team is available to help clients identify entities that may be subject to reporting requirements and to coordinate the reporting process with clients’ attorneys or other advisors.

YEAR END SENSITIVE MATTERS	
<b>CORPORATE GOVERNANCE</b>	
	Review private business ownership in light of new CTA/FinCEN reporting requirements – more information on this law can be found <a href="#">here</a>
	Engage legal counsel sooner than later to determine specific reporting requirements and deadlines
	Dissolve unused corporate entities (this does not eliminate a reporting requirement)
	Ensure good standing of existing corporate entities and annual filings (tax and/or state-specific reporting)
<b>INCOME TAX PLANNING</b>	
	Review investment portfolio for tax loss harvesting opportunities and consider accelerating or decelerating capital gain recognition based on current YTD activity and 2024 income/earnings projections
	Revisit estimated tax payments for safe harbor purposes and consider accelerating Q4 state estimated tax payment for deductibility
	Maximize retirement plan contributions
	For IRA owners over 70½, consider use of IRAs for direct gifts to charity (QCDs can fulfill annual distribution requirements)
	Review YTD charitable contributions and evaluate income tax benefits associated with additional charitable giving (cash or in-kind)
	For donor-advised funds and foundations, review grant and distribution requirements
	Review all income tax strategies in advance of any change in residency (for both domestic and cross-border changes)
	Consider Roth IRA conversion(s) if applicable tax brackets are favorable this year
<b>ESTATE AND TRANSFER TAX PLANNING</b>	
	Review use of annual exclusion gifts (for Crummey trusts, insurance trusts, 529 Plan funding, etc.)
	Review use of lifetime gift and estate tax exemptions - explore tax planning strategies (Note: the elevated federal estate and gift tax exemptions and generation-skipping transfer tax exemption is scheduled to reduce by half on 12/31/2025. Successful strategies can take over a year to implement.)
	Review use of gift exclusion for payments of tuition and medical expenses
	Review intrafamily loans, payments, interest rates and maturity dates
	Review opportunities for 529 plan rollovers into Roth IRAs

<b>CROSS-BORDER PLANNING CONSIDERATIONS</b>	
	Review the legal and tax impact, if any, of a move by a family member to a different jurisdiction
	Consider all activity abroad to assess international tax reporting in foreign jurisdictions
	Assess any international holdings in light of the Foreign Bank and Financial Accounts Reporting (FBAR)
	Review foreign tax implications and liabilities
	For U.S. residents residing outside the U.S., consider accelerating the payment of tax in another jurisdiction so that the payment matches the U.S. tax year and allows the smooth utilization of credits
	For employees working for businesses outside the U.S., consider impact of foreign tax laws on earned income and the granting/exercise of stock options
	For families with non-U.S. connections, consider the impact of foreign tax laws on transfers of assets in estate planning
<b>ANNUAL BEST PRACTICES AND ONGOING CONSIDERATIONS</b>	
<b>ASSET PROTECTION</b>	
	Review life, property and casualty insurance - including umbrella policies— to cover personal liabilities that can arise from property ownership and creditors (including divorcing spouses)
	Review directors and officers (D&O) insurance for coverage related to board positions
	Evaluate need for insurance of special assets (e.g., art, aviation, equine operations)
	Review cyber and identity theft coverage
	Consider use of limited liability entities to hold important assets or run business operations (note CTA filings discussed above)
<b>EMPLOYMENT COMPENSATION</b>	
	Review stock options and plan for vesting & exercise
	Consider income tax planning and liquidity needs around company shares
	Evaluate estate planning goals in light of company share policies
<b>FINANCIAL WELLNESS</b>	
	Review cash deposit accounts to confirm Federal Deposit Insurance Corporation (FDIC) coverage
	Review and compare interest rates for existing depository accounts
	Review financial plan to assess the path to success for lifetime goals
	Revisit asset allocation to achieve long-term balance of liquidity and tax efficiency
	Review existing loans to identify opportunities to improve structure
<b>ESTATE PLANNING WELLNESS</b>	
	Create/update family balance sheet
	Complete comprehensive review of estate planning documents to ensure the fiduciaries and dispositive provisions, including those related to tangible personal property, align with your goals
	Review health care proxies, living wills, and powers of attorney
	Review beneficiaries of retirement plans and life insurance policies
	Evaluate options for advanced planning vehicles
<b>PHILANTHROPIC WELLNESS, IMPACT AND LEGACY PLANNING</b>	
	Review portfolio for alignment with any sustainability or impact goals
	Consider various structures—donor-advised funds, private foundations, lead and remainder trusts, etc.—for achieving philanthropic goals
	Create or update a family mission statement or other documents that describe family culture, values and communication
	Consider implementing ownership and governance structures for family legacy assets (e.g., vacation homes)
	Review governance and operational efficiency of family entities, boards and committees - look for opportunities for next generation leaders

**End Note: Corporate Transparency Act (CTA) information can also be found here: <https://info.browoadvisory.com/corporate-transparency-act>**

**Disclosures:**

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