

Checklist of Year-end Actions
for our RMD, Tax withholding,
and Spending for Upcoming Year

Prior to November 30

- ☐ **Spreadsheet:** Enter the SS COLA as the measure of inflation in yellow cell on the spreadsheet: October.
- ☐ **Decide the amount to withdraw from our portfolio for our spending** in the upcoming year.
The total we want to spend now is an after-tax amount that I adjust for inflation. It works out to less than the pre-tax SSA displayed in the spreadsheet relative to a \$1 million starting portfolio in Dec 2014.
- ☐ **Decide on what to sell to minimize taxes: finalize my tax plan for the year.**
I use my spreadsheet that gets me very close to my total taxes I will pay for this tax year.
Net I want + Total Taxes to Withhold = Gross sales of securities to sell now or throughout 2024.
We both take RMDs, but RMDs do not net what we want to spend. I must sell from 1) our Taxable Taxable account, 2) more than RMDs from Traditional IRAs, or 3) my Roth to get the balance we want.
I'm deciding on where to sell to minimize taxes over time. This includes work to avoid a Medicare Tripwire (IRMAA) that I could otherwise avoid. The first one costs ~\$2,000 for married, joint filers in 2024. So far, I've hoarded my Roth IRA for the years that it will help me avoid a Tripwire.
- ☐ **Decide on the amount to withhold for taxes when I take our RMDs.**
I generally do not pay estimated taxes during the year. I therefore must withhold the total I project for Fed & State taxes.
- ☐ **Decide how much I want to sell now to get cash for our spending in the upcoming year.**
I normally sell securities to get our total spending for the upcoming year into cash.
I generally like not having to think about the stock and bond markets for another year.
Technically, over time, I'm giving up a small amount of expected return per year.
Last year and again this year, I decided NOT to get it all in cash in December.
I sold to get cash for taxes to withhold and for the cash transfers from Fidelity to our checking account for spending in Jan. I transferred the balance as securities. At the end of Jan, I'll schedule on the Fidelity site to sell securities each month (mostly FSKAX) for the 11 months Feb - Dec 2024. I'm "betting" that stock returns will be positive in 2024. If so, I'll come out a bit ahead.

November 30 - December 1

- ☐ **Calculate Stock and Bond returns** as of Nov 30 for the spreadsheet.
- ☐ Complete a spreadsheet that tells me **what to sell or transfer for our total spending and to get our portfolio back to its design mix** of 85% Stocks and 15% Bonds and the correct US vs. Int'l.
I now want about three years of spending in bonds as my "insurance" to be able to sell if stocks crater again, as they did in 2022.
In 2023, almost all growth in the year is from stocks. I'll be selling solely stocks for our spending, and I'll have minor added sales of stocks to buy bonds to get back to the correct mix of S vs. B.
- ☐ **Transact for our RMD.** I transact the same day each year: either November 30 or December 1.
Some years I'm happy with that date and some years not so happy,
but I don't want to try to guess how the market will shift over several days.
For my taxes: I can ask Fidelity to sell a dollar amount of a security and withhold 100%.
For the balance, I can also sell and transfer a dollar amount or I can transfer shares worth a dollar amount if I plan on keeping them in our taxable account to sell at a later time.
- ☐ **Sell securities in our taxable account or my Roth** for our spending as previously decided.

First week in December

- ☐ **Complete withholding and transfers from Traditional IRAs.** I may have to wait for transactions to settle into cash before I can withhold or transfer. **Complete transactions to rebalance.**
- ☐ **Spreadsheet:** get it ready for next year. Copy cells to the next column.