

2021 Solutions and Resolutions for Your IRA

March 1, 2021

By Brendan Houlihan

What are your IRA resolutions for 2021? A new year brings YOU the opportunity of a fresh start. Do not overlook your retirement accounts while making your list of goals. Now is the time to consider suggestions that will impact the future of you and your family.

1. **Do not delay.** You can make an IRA contribution for tax year 2020 anytime until April 15, 2021, the tax-filing deadline. Do it early so your IRA can grow faster. This also avoids the potential of last-minute problems. Consider making your 2021 contribution as well at this same time. Early contributions can produce a surprising impact on your future retirement nest egg. Remember if you must take your RMD, get that out sooner rather than later. A missed RMD can result in a 50% penalty. Plan ahead!
2. **Roth conversions.** Traditional IRAs can be converted to a Roth IRA. Determine if this makes sense for you. Do the analysis to decide if a conversion is right for you. Build a tax-free pool of money for your retirement. Consult a financial professional to guide you through the steps.
3. **Transferring retirement accounts.** If you are not satisfied with your current IRA investments, you can make a change. Follow the proper procedures of changing custodians. Direct trustee-to-trustee transfers are always the best route to go.
4. **Review your beneficiaries.** The beneficiary designation form determines who will inherit your retirement account. Review and update ALL your retirement accounts, bank accounts and insurance policies. Your hard-earned money should end up in the hands you so desire. Avoid costly mistakes!
5. **Take advantage of IRA tax breaks.** Qualified Charitable Distributions work well for retirees who make donations to charitable organizations. Is this a good fit for your retirement tax planning? IRA rules can be perplexing, consider beneficial options.
6. **Expect changes and updates!** IRA tax rules do change, consult a professional.

Brendan Houlihan, a fiduciary, is Financial Advisor at BFH Wealth Management and creator of the Learn to Earn Investment program for children.

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