HARTFORDFUNDS
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10 Habits of Financially Successful People

Just like an annual checkup keeps you physically well, considering the following items each year can help keep you financially healthy, too.

1 **Max out your year –** The IRS sets maximum annual limits for contributions to your 401(k), IRA, health-savings accounts, and flexible-spending accounts (**FIGURE 1**). In many cases, the more you contribute to these accounts, the more you build up your savings and investments while lowering your taxable income for the year.[1]

2 **Help minimize your tax bill –** Before year-end, evaluate your portfolio's winners and losers for tax-loss harvesting opportunities. This is the process of offsetting assets that have increased in value (capital gains), which could increase your tax bill, with assets that have decreased in value (capital losses).

3 **Use it before you lose it –** Some accounts, such as flexible-spending accounts (for both childcare or healthcare expenses), have cutoff dates. Remaining funds in these accounts can't be applied to expenses next year, so make sure to stay caught up on receipts and reimbursements, or plan out purchases before the end of the year.

4 **Rebalance –** As different asset classes moved throughout the year, your portfolio's intended asset mix likely shifted. At least once a year, consider rebalancing your portfolio to your goal allocations. Your financial professional can do this for you, or some accounts may allow you to opt in to automatically rebalance at a frequency of your choosing (e.g., quarterly, semiannually, annually).

5 **Give unto others –** Another important year-end task is to tabulate your charitable giving for the year. The IRS allows taxpayers to list charitable giving as itemized deductions, but any donations must be made before December 31 of the intended tax year.

6 **Take a step back –** A lot can happen in a year. Did you get married, divorced, or have a child? Major life events such as these can play a major role in your finances, so make sure your financial and tax professionals know about them. It's also a good time to make sure your beneficiary information—on all accounts and policies—is up to date.

7 **Stay covered –** In addition to reviewing health, vision, and dental coverage during annual enrollment, consider your other insurance needs as well. Whether it's home, auto, or life insurance, make sure you have adequate coverage. You may also want to consider shopping around to make sure you're not overpaying or under-covered.

8 **Where do things stand? –** Evaluate your contributions and budget for the previous year. Did you have any budget surpluses that you can reallocate to investments, savings, or lowering debt? Then look ahead: Are you factoring in changing expenses, such as resuming student-loan payments, for next year?

9 **Simplify –** If you changed jobs and left your old retirement account behind, it may make sense to roll over any old accounts and consolidate them under one provider. The same is true for debt: If you have credit-card debt, consider transferring the balance for a lower rate to reduce your payments.

10 **Prepare for next year –** If you haven't been in touch with your financial professional, now may be a good time to schedule a financial-wellness checkup. It's a great time to step back, acknowledge what you've achieved so far, and set your goals for the coming year.

FIGURE 1: IRS Contribution Limits

	2025	2024
Retirement Plans: 401(k), 403(b), 457		
Defined contribution limit (your contributions plus employee matches/contributions)	$70,000	$69,000
Elective deferral limit (your contributions)	$23,500	$23,000
Catch-up contribution limit (age 50+)	$7,500	$7,500
Traditional and Roth IRAs		
Annual contribution limit	$7,000	$7,000
Catch-up contribution limit (age 50+)	$1,000	$1,000
Health Savings Accounts		
Annual contribution limit for individual	$4,300	$4,150
Annual contribution limit for family	$8,550	$8,300
Flexible savings accounts	$3,300	$3,200
Dependent Care Flexible Savings Arrangements		
Married filing jointly	$5,000	$5,000
Married filing separately	$2,500	$2,500

Source: IRS

Work with your financial professional to make sure you're managing your finances effectively and efficiently.

[1] Roth IRA contributions are usually made with after-tax money and can't be deducted on your tax return.

Important Risks: Investing involves risk, including the possible loss of principal. • Diversification does not ensure a profit or protect against a loss in declining market.

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