
A MILESTONE CPAs PLAYBOOK

The HNW Year-End Tax *Playbook.*

The annual window between October and December where most six-figure tax decisions happen — and how to use it deliberately.

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AN INTRODUCTION

The annual window that closes *December 31*.

Most tax savings for high-net-worth families happen between October and December — not in April. Once the calendar turns, the year is locked. The moves in this playbook work because they're scheduled, modeled, and executed before year-end, not discovered after the fact.

This is not a checklist of small deductions. It's the playbook of moves that move five and six figures — written for owners and families with \$2M+ in liquid wealth, business income, or significant capital gains.

CHAPTER 1

The big-ticket moves.

Six year-end moves that consistently move the most money for HNW families.

1. PTET Election (Pass-Through Entity Tax)

California's elective pass-through entity tax (AB 150 / Form 3804) lets owners of S-corps, partnerships, and qualifying LLCs pay state tax at the entity level and capture the deduction federally — bypassing the \$10,000 SALT cap. For a \$1M K-1, the federal benefit can exceed \$20,000. The election requires a Q1 prepayment by June 15 and a final balance by March 15 of the following year. Miss the prepayment and you lose the election for the whole year.

2. Charitable Bunching with a Donor-Advised Fund (DAF)

For families that itemize, bunching 2-5 years of charitable contributions into a single year through a DAF often beats annual giving by \$10,000-\$50,000 in tax savings — because you clear the standard deduction threshold by a large margin in the funding year. The DAF then grants to charities on your normal schedule. Best paired with a year where you have outsized income (sale, bonus, IPO).

3. Roth Conversion in Low-Income Years

A Roth conversion is a deliberate tax acceleration — you pay today's rate to eliminate future tax. The math wins when: (a) you're in a temporarily lower bracket (sabbatical, business loss, gap year), (b) you have outside cash to pay the conversion tax, or (c) you're bracket-managing into the 24% ceiling before TCJA sunset. Model the conversion against the 37% top bracket and IRMAA Medicare surcharges — both matter.

4. Tax-Loss Harvesting + Wash-Sale Discipline

For investors with realized gains, harvesting offsetting losses by December 31 can save 23.8% per dollar of harvested loss (federal long-term + NIIT). The wash-sale rule (buying a substantially identical security within 30 days before or after the sale) disallows the loss — and applies across IRAs, spouses, and similar ETFs. The right way is to swap into a similar-but-not-identical position to maintain market exposure.

5. Annual Gifting + 529 Front-Loading

The 2026 annual gift exclusion is \$19,000 per recipient (\$38,000 per couple). A family with three children and six grandchildren can move \$342,000 out of the estate annually with zero gift tax filing. 529 plans allow 5-year front-loading: \$95,000 per donor per beneficiary in a single year. The estate tax exemption is scheduled to drop in

2026 — high-net-worth families should also consider larger lifetime exemption gifts before the sunset.

6. Qualified Charitable Distribution (QCD)

For taxpayers age 70½+, a QCD lets you direct up to \$108,000 (2026) of IRA RMD distributions directly to charity. The amount counts toward your RMD but is excluded from AGI — which means lower IRMAA premiums, lower taxes on Social Security, and a lower effective bracket. For donors who don't itemize, the QCD is the only way to capture a charitable benefit at all.

CHAPTER 2

The structural moves.

Decisions that compound across years — not just December.

Defined Benefit Plan or Cash Balance Plan

For high-income business owners over 45, a cash balance plan can shelter \$200K-\$300K+ annually on top of a 401(k). Best for owners with stable income, few employees, and 5+ years to retirement.

Family Limited Partnership (FLP)

For families with \$5M+ in business or real estate, an FLP enables valuation discounts on gifted interests, consolidates management, and aligns generations.

NIIT Optimization

The 3.8% Net Investment Income Tax applies above \$250K MAGI. Reorganizing passive income into active participation (REPS, S-corp wages) can eliminate it on the affected income.

Spousal Lifetime Access Trust (SLAT)

Move assets out of the estate while preserving spousal access. Especially relevant with the 2026 estate exemption sunset cutting the exemption roughly in half.

Installment Sale to Grantor Trust

A leveraged way to transfer appreciation out of the estate using the IRS's low AFR rate. The grantor pays the income tax — itself a tax-free gift to the trust.

State Residency Planning

For families with multi-state nexus or planning a relocation, establishing CA non-residency before a major liquidity event can save 13.3% on the capital gain. The audit trail matters.

CHAPTER 3

The year-end checklist.

What we run for HNW clients in November and December.

#	Move	Target Date
1	Model the year's tax projection with actuals through Q3 and forecasts for Q4.	November 1
2	Review realized + unrealized capital gains. Identify harvesting candidates.	November 15
3	PTET decision finalized. Verify Q1 prepayment was timely.	November 15
4	Charitable strategy locked: DAF funding amount, QCD coordination with RMD.	November 30
5	Roth conversion modeled against bracket and IRMAA. Execute by Dec 15.	December 1
6	Annual exclusion gifts: checks dated and cashed before Dec 31.	December 10
7	Tax-loss harvesting trades executed with wash-sale protection.	December 20
8	RMDs verified received (50% excise tax if missed).	December 28
9	401(k) employee deferrals maxed. Employer contributions confirmed.	December 31
10	FBAR/8938 prep for any foreign accounts.	January 15

NEXT STEP

Let's see if this fits your situation.

A complimentary 30-minute review.

This playbook is general guidance. Your specific situation — entity structure, income mix, family circumstances, and state nexus — determines which moves actually apply and what they're worth. We offer a complimentary 30-minute review where we look at your situation specifically and tell you what we'd do.

Schedule online: milestonecpas.com/contact-cpa-firm-in-pleasanton/

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