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End of the Year Legal Checklist

December 20, 2011 By [Jennifer King](#)



Presents purchased? Check. Vacation time scheduled? Done. Holiday cards mailed? Yep. End-of-the-year legal checklist complete? Ye—wait a sec! What?

If you truly want to start 2012 off on the right foot, there are a few things you'll want to do before Dec. 31 rolls around. Yes, I'm talking about making sure your legal and financial affairs are in order. Let's look at what needs to be done:

Review your estate planning documents. Reread your [last will and testament](#), [living will](#), [power of attorney](#), [health care power of attorney](#) and [living trust](#) documents. Have you had any major life changes (such as a marriage, divorce, becoming a parent or moving to another state) this year? If so, it may affect your estate planning documents.

To be on the safe side, ask your estate planning attorney do a quick review and let you know if you need to make any [updates](#). Or do you want to name a new executor, attorney-in-fact, health care surrogate, trustee or successor trustee? Your attorney will probably need to add a codicil or draw up new documents to make the switch.

Make charitable donations. [Charitable donations](#) will help you reduce your taxable income if you itemize your deductions. You'll want to make charitable donations on or before Dec. 31 if you're planning to deduct them on your 2011 tax return.

Max out your tax-free gifts to loved ones if it's part of your estate planning strategy. Each year, you can make [tax-free gifts of up to \\$13,000 per person](#). For many Americans, these tax-free gifts are a key component of their estate plans because they help [reduce the total size of their taxable estate](#). As a bonus, you and your spouse can combine your gifts and together the two of you can give a total of \$26,000 to each of your loved ones.

Double check your coverage and deductibles on various insurance policies. Are you giving (or even getting) any expensive gifts this Christmas? If so, talk to your insurance agent to find out whether you need to adjust your [property insurance](#) policy to make sure they're covered. [Additional coverage may be necessary](#) for certain items such as jewelry, furs, artwork and collectibles. On the flip side, if you're driving an older car, you may be able to reduce your [auto insurance](#) premiums by purchasing less coverage.

Request your annual free credit report. By law, every adult in the United States is entitled to one [free annual copy of their credit report](#) from each of the major credit reporting companies (Equifax, Experian and TransUnion). If you haven't yet requested your [free annual credit report](#), do so today. Once you get a copy, you'll want to review it to ensure there are no errors. If there are any mistakes, take the necessary steps to correct erroneous info.

Start to organize 2011 tax paperwork and set up a system for organizing next year's tax papers. At the start of each year, you should set up a filing system to help you [manage tax-related paperwork](#) in a centralized location. If you did this last January, then you're in great shape! If not, take the time this holiday season to start sorting through receipts and reviewing financial statements so you have all of the necessary information in one place once you start to prepare your 2011 [income tax return](#). At the same time, designate a place where you and your spouse file every tax-related receipt and document you receive during 2012 so you'll have them all in one place when it comes time to prepare your 2012 taxes.

Shut down inactive businesses before the end of the year. The entrepreneurial spirit has struck many Americans in recent years. But some [business structures](#)—such as limited liability companies—are expensive to operate on an annual basis. If you’ve previously created a business that’s no longer operational, [consider shutting it down before the end of the year](#).

“In some states, annual fees are due on the anniversary of the incorporation date,” says attorney Adrienne W. Chan of [Stevens & Associates, P.C.](#) “But in other states, fees are assessed on a calendar-year basis. Even if your state charges fees on the anniversary, you should still consider dissolving your inactive business before the calendar year-end to avoid having to file an additional tax return. (Your 2011 tax return will be designated as the final return.)”



Adrienne W. Chan

Top off your IRA or HSA. Running out of time to do all of the things on your list? You’re in luck. You have until April 17, 2012, to make your 2011 [IRA](#) and HSA contributions. But why not do it today if you still have time?

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