Year-End Planning for Business Owners: What to Decide Before the Calendar Turns

For most business owners, the last two months of the year are the busiest. They are also the last window to make decisions that affect this year's tax bill and next year's financial picture.

Between year-end orders, staffing, inventory, and holiday schedules, owners tend to push personal financial planning to "after the first of the year." But some of the most useful planning decisions have a December 31 deadline, and a few weeks of attention now can shape the next twelve months.

Taxes: know where you stand before December 31

The most common year-end mistake is learning what you owe in April, when it is too late to do anything about it. A mid-November projection of this year's income, compared with what you expect next year, can show whether it makes sense to move income or expenses from one year to the other.

A few questions worth raising with your CPA now:

- Is this year's income running meaningfully higher or lower than usual, and what does that mean for timing?
- Are there planned equipment, vehicle, or technology purchases where the timing and tax treatment matter?
- Is your entity structure still the right fit for the size and profitability of the business today?
- Are you on track for estimated tax payments, or is there a gap to close before the year ends?

The goal isn't to chase deductions for their own sake. A purchase that doesn't help the business rarely makes sense just because of the tax treatment. The goal is to make decisions you were already considering with the tax picture in view.

Retirement plans: some deadlines are closer than you think

Many owners assume retirement plan decisions can wait until tax time. Sometimes they can. But depending on the type of plan, some must be established, or certain elections made, by the end of the calendar year. Contribution deadlines also vary by plan type and by how the business is structured.

It's worth asking three things:

- Does the business have a retirement plan, and is it still the right design for your goals and your employees?
- Are you contributing in a way that reflects your income this year, not just last year's?
- If you don't have a plan, would setting one up before year-end open options you wouldn't have otherwise?

For an owner whose wealth is concentrated in the business, retirement savings outside the company are one of the most reliable ways to build assets that don't depend on a future sale.

Pay yourself on purpose

Year-end is a natural time to look at how money moves between you and the business. Many owners take whatever the business can spare, when they need it, and reinvest the rest. That works, until it leaves your personal finances dependent on how the business happens to be doing in a given month.

A more deliberate approach looks at:

- How your compensation is split between salary and distributions, and whether that split still makes sense
- How much you are taking out of the business each year to build personal wealth, rather than only to cover living expenses
- Whether you hold enough personal cash reserves outside the business to get through a slow stretch without pulling from operations

These choices have tax and legal implications that vary by entity type, so they are best made with your CPA and advisors, and ideally before the year closes.

Revisit the protections you set up and forgot

The business you run today is probably not the business you had when your buy-sell agreement, insurance policies, or estate documents were put in place. Revenue grows, partners come and go, debt is added, and families change. Documents that once fit can quietly fall out of date.

A year-end review might ask:

- Does your buy-sell agreement reflect what the business is worth today, and is it funded in a way that would work when needed?

- Is your personal and business insurance sized for the business as it is now, including your role as the person it depends on?
- Are the beneficiaries on your retirement accounts, insurance policies, and business interests current?
- Are your will, trusts, and powers of attorney up to date, and do the right people know where they are?

None of this is urgent until the day it suddenly is. A review costs little compared with the cost of discovering a gap at the worst possible time.

Giving, family, and the holiday conversation

The season of giving is also a good time to think about how charitable and family gifts fit into the bigger picture. Some charitable strategies can be coordinated with a strong income year, and certain gifts of appreciated assets or business interests may be handled differently from cash gifts. These approaches take planning and often paperwork, so December is a poor time to start.

The holidays also bring families together, which can make it a natural moment to begin a conversation many owners avoid: what happens to the business over the long run? Whether the answer is a sale, a transfer to family, or a handoff to key employees, it's easier to begin with a simple question than to wait until circumstances force one. You don't need all the answers at the table. You only need to start.

A year-end checklist for business owners

1. Schedule a year-end tax projection with your CPA while there's still time to act
2. Review your retirement plan and confirm any deadlines that apply to you
3. Look at how you are paid, and whether you are building wealth outside the business
4. Check your buy-sell agreement, insurance coverage, and beneficiary designations
5. Review your estate documents and confirm they reflect your current situation
6. Consider charitable and family gifting strategies early enough to implement them properly
7. Start, or continue, the conversation about your long-term plans for the business

None of this requires stepping away from the business at its busiest time of year. It requires setting aside a few hours now so that your personal financial plan is as deliberate as the way you run your company.

Bester Wealth works with business owners to build wealth strategies that address their broader financial goals alongside the business. Contact us today: chad.bester@besterwealth.com or call us at 952-567-2763.

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