

Planning Decisions to Review Each Year

Five decisions without a deadline, and a simple way to give each one a date

Several key parts of a retirement plan arrive with no due date. A power of attorney, a health care directive, a plan for long-term care, an old workplace account, a Roth conversion. They rarely arrive with a reminder, so they can wait for years.

This guide explains each of the five, why it tends to wait, and how a yearly review gives it a regular place on the calendar.

What is inside, and how to use it

- Page 2 explains the five decisions in plain language. Read it once.
- Page 3 is the yearly review: three questions to ask about each decision, and a month to choose.
- Page 4 is your list. Write down what you know today. Blanks are fine.
- Page 5 covers the Roth question, including what current law says and what to ask before a conversion.
- Page 6 is what to bring to a conversation, if you decide to have one.
- If you are married, consider filling it in separately first, then comparing.

This guide is educational. It is not legal, tax, or financial planning advice, and it does not account for your individual circumstances. Legal documents should be prepared by a qualified attorney. Individual results will vary.

The Five Decisions

Each of these can be handled at most points in the year. That flexibility is also why they tend to wait.

1. A financial power of attorney

A legal document naming someone who can manage your financial matters if you are unable to. Without one, a family member may need to ask a court for that authority, which can take time and cost money.

2. A health care directive

Sometimes called a health care power of attorney or an advance directive. It names someone to make medical decisions if you cannot, and it records your wishes. Forms and terms vary by state.

3. A plan for long-term care

Long-term care means ongoing help with daily activities such as bathing or dressing, at home or in a facility. Medicare generally does not pay for it. A plan is simply a decision about how it would be paid for: savings, insurance, family, or a combination.

4. Old workplace retirement accounts

A 401(k) or similar account left at a former employer keeps working, but it is one more statement and one more beneficiary form to keep current. Whether to leave it, move it, or combine it depends on fees, investment choices, and plan rules.

5. A Roth conversion

Moving money from a traditional retirement account into a Roth account and paying income tax on the amount now. Qualified withdrawals later are generally tax free. A conversion is optional, though conversions for a tax year generally have to be completed by December 31.

Why they tend to wait

They share a few traits. Each touches a subject that can feel uncomfortable, such as illness, capacity, or taxes. Each usually involves more than one person, such as a spouse, an attorney, or an advisor. And little seems to change if another month goes by, so another month tends to go by.

Waiting rarely costs anything today. A cost, if there is one, tends to show up later: long-term care insurance generally depends on your health when you apply, and legal documents generally have to be signed while you are able to sign them.

A Yearly Review in Three Questions

You do not need to settle the five decisions at once. What tends to help is a regular time for them to come up. Once a year, ask three short questions about each decision on your list. An easy way to remember them: done, fits, next.

1. Done: is this decision taken care of?

If it is not, it stays on the list, and question three tells you what comes next.

2. Fits: if it is done, does it still fit your life?

Look at the people named, the state you live in, your health, and your family. A document can still be valid and still name someone who does not fit the role today.

3. Next: what is the next step, and who handles it?

Write down one action and one name, whether that is you, a spouse, your attorney, your advisor, or your tax professional.

Choose a month

Tie it to something you already do once a year, such as your birthday, filing your taxes, or your annual physical, so the review is easy to remember.

My review month:

Who else should be part of the review:

Where to start

- Still working: long-term care planning and old workplace accounts can be easier to sort out now, while you have a current employer plan to compare against and your health may make coverage easier to get.
- Already retired: the legal documents are often the place to start, especially if yours were signed decades ago, in another state, or before a marriage or a loss in the family.

Your List

Write down what you know today. If you are not sure whether a document exists or where it is kept, that is worth noting too.

Decision	Done?	Last reviewed	Who handles it	Next step
Financial power of attorney				
Health care directive				
Long-term care plan				
Old workplace accounts				
Roth conversion				
Other:				
Other:				

Where the documents are kept, and who knows where to find them:

The Roth Question

A Roth conversion means paying income tax now on money moved into a Roth account, so qualified withdrawals later can be tax free. Qualified generally means you are 59 and a half or older and the Roth has been open at least five years. A fair question follows: what if the rules change after you have paid the tax?

What the record shows so far

- 1997: the Taxpayer Relief Act creates the Roth IRA, first available in 1998.
- 2006: Roth accounts become available inside workplace plans such as 401(k)s.
- 2010: the income limit on conversions is removed.
- 2018: the option to reverse a conversion ends.
- 2024: workplace Roth accounts stop requiring withdrawals during the owner's lifetime.

The tax-free treatment of qualified withdrawals has not changed since the 1997 law that created Roth IRAs. In 2021 the House passed a bill that would have limited conversions for high-income households starting in 2032. That provision was not enacted. Past changes do not predict future ones, and a future Congress can change course.

Four questions to answer before a conversion

How does your tax rate today compare with the rate you expect later?

Would the tax be paid from savings, or from the amount converted?

How might the added income affect Medicare premiums two years out, and the taxable share of Social Security?

Is the account meant for your own use, or for your heirs?

What to Bring to a Conversation

If you decide to talk any of this through with an advisor, these items make the conversation more useful.

- This guide, filled in as far as you got.
- Copies of any power of attorney or health care directive you already have, or a note that you are not sure.
- Recent statements for any old workplace accounts.
- Your most recent tax return, if a Roth conversion is on the list.
- Any long-term care insurance policy, or a note of what coverage you have looked at.
- A list of questions, including the ones you have been putting off.

Notes:

Sources and Disclosures

Sources

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Build Back Better Act (H.R. 5376, 117th Congress), [congress.gov](https://www.congress.gov)

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