

2025 Year-End Planning Summary

Key reminders, planning thoughts, and recommendations.

Income Tax Planning:

Looking forward to 2026, here are a few things to consider:

- If you feel your income or capital gains tax rate will increase, below are a few strategies for accelerating income into 2025:
 - Selling appreciated stock in taxable accounts
 - Additional IRA distributions
 - Completing a Roth Conversion
 - Contribute to a Roth 401(k), Roth IRA or utilize the Back-door Roth IRA contribution method
- If you feel your marginal tax rate will be the same or lower, below are a few strategies for deferring income into future years:
 - Contribute the maximum amount to your health savings account (HSA)
 - Group medical expenses together to possibly get a higher itemized deduction
 - Group charitable donations together
 - Maximize contributions to a traditional IRA or 401(k)
 - Fund 529 plans
- Ensure quarterly tax payments are made along with accurate tax withholdings on wage/performance/pension income.
- Meet with planning team to assess and plan for changing income tax rates and tax deductions in 2026.

Estate and Gift Plans:

Review estate plans, beneficiary designations, trusts, and wills to ensure they align with current goals, objectives, and trusted advisors. Update legal and tax language to ensure it is both current and relevant:

- If combined net worth exceeds \$13.99 million, consider a discussion about estate planning strategies to help minimize long-term estate tax exposure.
- Consider using annual gift exclusion to gift appreciated securities in lieu of cash to beneficiaries in lower tax brackets.

Required Minimum Distributions (RMDs):

Be sure to withdraw any RMDs from retirement accounts, including: regular IRAs, inherited IRAs, stretch IRAs, 401(k)s, etc. A few considerations:

- Reminder of SECURE Act Updates: Newly inherited IRAs (after January 1, 2020) generally have a 10-year window for full distribution. Generally, yearly RMDs are required if the original IRA owner had begun taking their RMDs. A life expectancy payout option is still available for surviving spouses.



Charitable Donations and Giving Plans:

Evaluate annual and legacy charitable giving plans:

- For contributions exceeding \$108,000 or individuals over age 59 1/2, consider a cash contribution to a qualified non-profit organization funded from IRA assets if itemized deductions exceed the standard deduction.
- Evaluate contributions using long-term, highly appreciated securities in conjunction with cash.
- Consider bunching two years of charitable donations in 2025 to take advantage of the increased standard deduction in 2026.

Roth Conversion Planning:

Consider filling up any lower income brackets with Roth conversion income:

- Annual or larger one-time Roth conversions have increasingly become an important tool to manage lifetime and inherited beneficiary IRA income tax. The SECURE Act removed the ability to “stretch” distributions over inherited beneficiaries’ lifetimes in most circumstances except for surviving spouses.
- Generally, Roth IRA conversions make sense with this fact pattern:
 - Future income tax rate will be higher (yours or your beneficiaries)
 - Funds are available outside the IRA account to pay the additional tax
 - The time horizon to let the Roth assets grow within the Roth wrapper is more than 10 years
 - The funds held within the Roth will be the last to be spent or held for beneficiaries

New Laws in 2025 – One Big Beautiful Bill Act (OBBBA):

Please see accompanying piece on the OBBBA for more information.

Please note that the planning considerations and information provided is not intended to be legal or tax advice and you should not rely on it as legal or tax advice. Each person's tax situation is unique and the planning considerations and legislation discussed will impact each person differently. Therefore, you should discuss with your tax advisor how these planning considerations and new legislation might impact your situation and which planning strategies might be right for you.

Please contact us.

**We are here to help guide and evaluate these opportunities with you and
their impact on your overall financial goals and objectives.**

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