RETIRESIMPLY

TAX GUIDE

2025

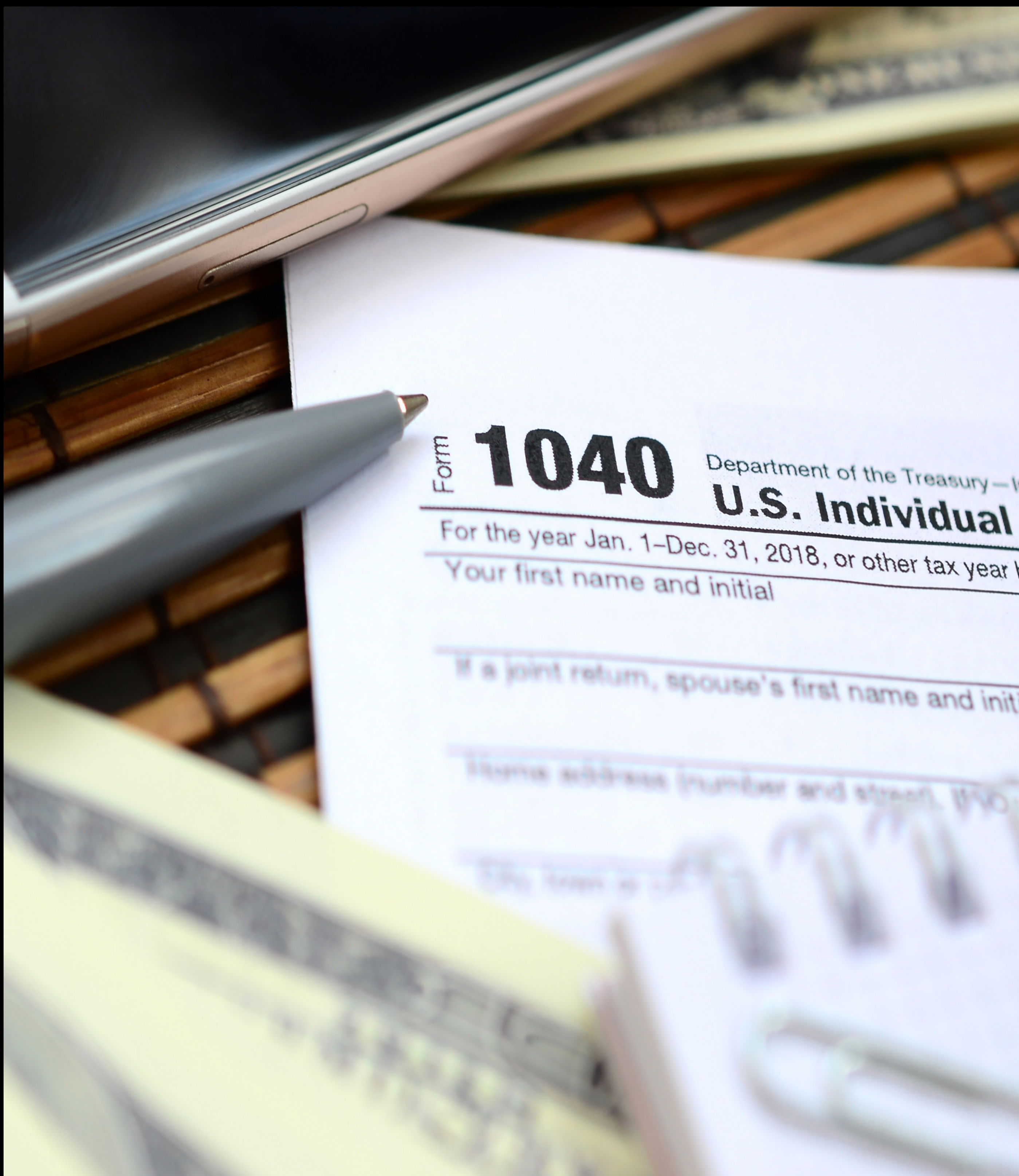


TABLE OF CONTENT

THE GREATEST TRICK EVER PLAYED: A STORY OF TAX PLANNING

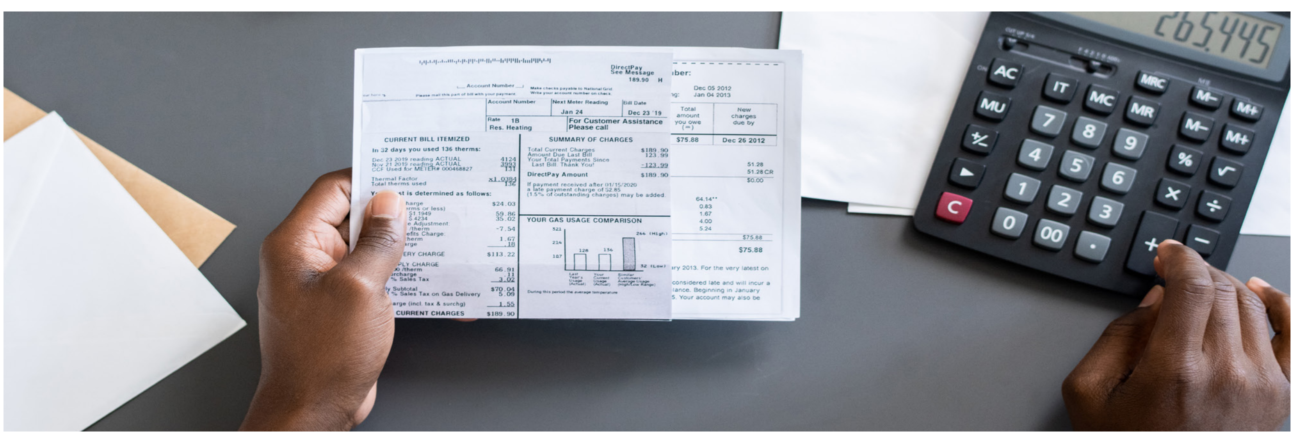
In our opinion, it all started with the Revenue Act of 1978 when the 401(k) was born. It quickly became the go-to retirement plan for companies across America and would be a way for employees to save for their retirement while getting a tax break. What people didn't realize was that the greatest trick ever played was being pulled on them.

See, back in our grandparents' days, company pensions handled retirement. The responsibility wasn't on the individual, but now, it is, and individuals are often left to do it alone. With so many different and confusing options, it's no wonder many people struggle with retirement planning.

To make matters worse, individuals are playing a dangerous game. They're deferring taxes to an unknown tax rate that most experts believe will increase. With the federal debt at an all-time high, it seems to us it's only a matter of time before taxes could potentially increase.

But we believe there's hope. By working with a financial advisor who understands the complexities of tax planning, individuals can take control of their retirement planning and minimize their tax liability. Don't fall victim to the greatest trick ever played. Take control of your retirement planning and minimize your tax liability with the help of a financial advisor and the resources in this tax guide.

Introduction Tax planning is an essential part of managing your finances. As the tax laws evolve, staying informed and up-to-date on the latest changes that may affect your income and wealth is essential.



UNDERSTANDING TAX CHANGES FOR 2025

Standard Deduction Updates
For the 2025 tax year, inflation adjustments have slightly increased the standard deduction:

- **Single Filers:** $15,000 (up from $14,600 in 2024)
- **Married Filing Jointly:** $30,000 (up from $29,200 in 2024)
- **Head of Household:** $22,500 (up from $21,900 in 2024)

Tax Bracket Adjustments
The income thresholds for tax brackets have been adjusted for inflation. The top tax rate of 37% now applies to single filers with incomes over $626,350 and married couples filing jointly over $751,600. IRS[1]

Retirement Contribution Limits
The 401(k) contribution limit has increased to $23,500, while the IRA contribution limit remains at $7,000. Catch-up contributions for individuals aged 50 and over remain at $1,000 for IRAs and $7,500 for 401(k)s. IRS[1]

Capital Gains Tax Rates
The thresholds for long-term capital gains rates have been adjusted. For single filers, the 0% rate applies up to $48,350; the 15% rate applies from $48,350 to $533,400; and the 20% rate applies above $533,400. For married couples filing jointly, the 0% rate applies up to $96,700; the 15% rate applies from $96,700 to $600,050; and the 20% rate applies above $600,050. Investopedia[2]

1 https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2025
2 https://www.investopedia.com/taxes/capital-gains-tax-101/

2025 TAX BRACKETS

TAX RATE	SINGLE FILERS	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD
10%	UP TO $12,000	UP TO $24,000	UP TO $17,000
12%	$12,000-$48,000	$24,000 - $96,000	$17,000 - $64,000
22%	$48,000-$102,000	$96,000 - $204,000	$64,000 - $102,000
24%	$102,000-$195,000	$204,000 - $390,000	$102,000 - $195,000
32%	$195,000-$250,000	$390,000 - $500,000	$195,000 - $250,000
35%	$250,000-$620,000	$500,000 - $750,000	$250,000 - $620,000
37%	OVER $620,000	OVER $750,000	OVER $620,000

TAX PLANNING STRATEGIES FOR INDIVIDUALS

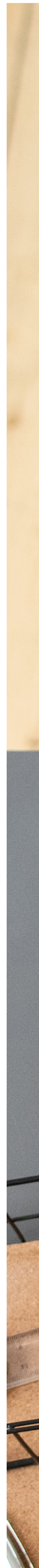
Standard Deduction & Tax Brackets
Understanding the updated standard deductions and tax brackets is crucial for effective tax planning. With the increased standard deductions, more taxpayers may find it beneficial to take the standard deduction rather than itemizing. Reviewing your taxable income in relation to the new brackets can help in strategizing income and deductions.

Retirement Contribution Limits
Maximizing contributions to retirement accounts can provide significant tax advantages:

- **401(k) Plans:** Contribute up to $23,500, with an additional $7,500 catch-up contribution if you're 50 or older. IRS[1]
- **IRAs:** Contribute up to $7,000, with a $1,000 catch-up contribution for those 50 and above. IRS[1]

Note that income limits may affect the deductibility of traditional IRA contributions and eligibility for Roth IRAs.

Capital Gains & Qualified Dividends
With adjusted thresholds for capital gains tax rates, consider the timing of asset sales to benefit from lower rates. Holding investments for more than one year can qualify you for long-term capital gains rates, which are generally lower than short-term rates.



1 https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000

TAX PLANNING STRATEGIES FOR BUSINESSES

Depreciation & Section 179 Updates
Businesses can expense up to $1,160,000 of qualifying property under Section 179 in 2025, with a phase-out threshold of $2,890,000. This allows for immediate expense deduction rather than capitalization.

Qualified Business Income Deduction
Eligible pass-through entities can deduct up to 20% of qualified business income. Ensure your business structure and income levels align to maximize this deduction.

Business Tax Credits & Incentives
Explore available credits such as the Research & Development Credit, Work Opportunity Tax Credit, and energy-efficient incentives to reduce taxable income.

TAX DEDUCTIONS AND CREDITS

Charitable Contributions: Deduct up to 60% of adjusted gross income (AGI) for cash donations to qualified charities.

Mortgage Interest Deduction: Up to $750,000 of mortgage debt interest remains deductible.

Education Tax Benefits: American Opportunity Credit remains at $2,500 per student, and the Lifetime Learning Credit at $2,000 per return.

Child Tax Credit: Maximum credit of $2,100 per child, with up to $1,800 refundable for eligible taxpayers.

Timing of Income & Deductions
Strategically timing income and deductions can optimize tax liabilities. For instance, deferring income to a year with a lower tax rate or accelerating deductions into a year with higher income can be beneficial.

Roth Conversions
Converting traditional IRA assets to a Roth IRA can result in tax-free withdrawals in retirement. This strategy may be advantageous if you anticipate being in a higher tax bracket in the future.

Required Minimum Distributions (RMDs)
RMDs begin at age 73. Failing to take RMDs can result in significant penalties, so ensure you understand the amounts and timing required.

THE ROLE OF FINANCIAL ADVISORS IN TAX PLANNING

Working with a financial advisor can be beneficial in developing a comprehensive tax strategy that can address your specific needs and goals. A financial advisor can help you navigate the complex tax landscape and identify opportunities to minimize your tax liability while optimizing your financial goals.

One of the main benefits of working with a financial advisor is their ability to provide personalized advice that considers your financial situation. They can help you determine which tax diversification strategies best suit you, given your income level, tax bracket and long-term financial goals.

Additionally, financial advisors can help you stay updated on changes to the tax code and adjust your strategy accordingly. They can also help you with tax planning throughout the year instead of just during tax season.

Having a financial advisor can help you make informed decisions and take advantage of tax-saving opportunities to minimize your tax liability and optimize your financial well-being.

For example, a financial advisor can help you identify tax deductions and credits you may be eligible for and help you strategize ways to maximize those benefits. They can also help you develop a tax diversification strategy that balances your taxable, tax-deferred and tax-free income sources, taking into account your current and future tax rates.

Moreover, financial advisors can help you make informed decisions about whether to convert to a Roth IRA and when to time income and deductions. They can help you understand the tax implications of various financial decisions and develop a comprehensive tax strategy that addresses your unique needs and goals.

Working with a financial advisor can help you save money on taxes, maximize your wealth and ensure that you are making informed financial decisions that align with your long-term goals.

CONCULSION

Tax planning is an ongoing process that requires careful consideration of tax laws and regulations. If you want to minimize your taxes and develop a comprehensive tax strategy, working with a qualified financial advisor is essential.

If you're looking to minimize your taxes and develop a comprehensive tax strategy, it's essential to work with a qualified financial advisor. They can help you navigate the complex tax laws and regulations, identify potential tax savings opportunities and develop a personalized plan that addresses your unique needs and goals.

Don't let taxes eat into your hard-earned money. Contact a financial advisor today to start developing your tax strategy and set yourself up for long-term financial success.

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