

2025 Tax Planning Checklist

As we reach the end of 2025, consider evaluating your wealth plan to ensure it reflects any changes in your circumstances or goals, the economic landscape and the changes made by the One Big Beautiful Bill (OBBB) signed into law on July 4, 2025.

Review the checklist below for potential strategies to consider, and work with your wealth management team to take action prior to the December 31 deadline.

Income Tax

- Defer net investment income or reduce modified adjusted gross income (MAGI) to minimize or avoid the 3.8% surtax on net investment income, which applies to MAGI over \$200,000 (single taxpayers), \$250,000 (married filing jointly) and \$125,000 (married filing separately).
- Review the breaks in the tax brackets for capital gains to determine if you or family members may benefit from a 0% or 15% tax rate on long-term capital gains.
- Review plans to sell assets, other than publicly traded securities, on the installment basis. Installment sales could result in deferring gains into higher income tax brackets if tax rates increase in the future.
- Consider accelerating itemized deductions into 2025 in the 32%, 35% and 37% tax brackets, if your total itemized deductions will exceed the standard deduction, as itemized deductions will essentially be capped at a 35% tax benefit beginning in 2026. The increased standard deduction has been made permanent meaning that fewer individuals will be able to itemize deductions, although the increase in the state and local tax (SALT) deduction to \$40,000 (increasing 1% annually) may make itemizing beneficial for some individuals.
- Review income tax withholding and estimated tax payments. If potentially subject to a penalty for underestimated payments, consider increasing

withholding from wages and bonuses in the fourth quarter. Amounts withheld are deemed to be paid equally over each quarter, which can minimize or eliminate an underestimation penalty in the previous three quarters.

Annual Gifting Opportunities

- Take advantage of the 2025 annual gift exclusion to transfer wealth to future generations or to make tax-free transfers on behalf of another individual by paying education or medical expenses directly to the provider. The 2025 annual gift exclusion allows for tax-free gifts up to \$19,000 per donee without it counting toward your lifetime gifting exemption.

Charitable Giving Considerations

- The OBBB made significant changes to the income tax charitable deduction. Beginning in 2026, the individual income tax charitable deduction will be limited to the extent that the contributions exceeds 0.5% of the individual's contribution base (in general, the individual's adjusted gross income). This is in addition to the other percentage of adjusted gross income limitations. In addition, beginning in 2026, itemized deductions will enjoy a maximum 35% benefit. Due to these changes, individuals planning on itemizing their deductions may want to accelerate charitable contributions into 2025 to avoid these new limitations.
- The OBBB made permanent the 60% of adjusted gross income limitation for cash gifts to a public charity.

2025 TAX PLANNING CHECKLIST

- Under the OBBB a permanent income tax deduction is allowed for non-itemizers of up to \$1,000 (\$2,000 for those married filing joint) annually for certain charitable contributions beginning in 2026.
- Make sure that any charitable contributions meet the strict substantiation rules. Recent cases have denied many large charitable deductions for failure to adhere to these rules.
- A gift to a donor-advised fund can be used to secure a charitable deduction in 2025 while deferring a distribution to a public charity to a later year.
- “Give away the gain.” Give appreciated assets held longer than one year to a public charity to get a fair market value income tax charitable deduction while avoiding income tax on the appreciation. The 3.8% surtax on net investment income, if applicable, will also be avoided.
- Combine multiple years of charitable contributions into a single year in order to exceed the standard deduction threshold required to fully deduct contributions.
- Remember that charitable gifts of appreciated property like real estate, or closely held stock to a private non-operating foundation, only qualify for a deduction equal to the cost basis of the asset. An exception exists for “qualified appreciated stock,” which is eligible for a deduction equal to the fair market value. “Qualified appreciated stock” is defined, in general, as publicly traded stock.
- If over 70 1/2 years old, consider making a direct transfer of up to \$108,000 (2025 amount) from an IRA to a public charity. Spouses who have an IRA may also take advantage of this technique. The distribution is excludable from gross income if certain requirements are met, and distributions satisfy the required minimum distribution requirements (if applicable). Distributions to a donor-advised fund or supporting organization do not qualify for this “IRA Charitable Rollover.” Recent legislation allows an exclusion from gross income for a distribution of up to \$54,000 (2025 amount) directly from an IRA to a charitable remainder trust or charitable gift annuity. These so-called “Qualified Charitable Distributions” (QCD) are exempt from the charitable deduction limitations discussed above.

Key Dates

- December 1, 2025: Recommended date to initiate gifts of appreciated stock or wire transfers
- December 1, 2025: Recommended date to initiate an IRA Charitable Rollover, the QCD.
- December 31, 2025: The last day charitable contributions can be made and be tax deductible for 2025.

Retirement Plans

- Maximize contributions to retirement accounts, such as 401(k), traditional IRA, Roth IRA, SEP and Simple. Keep in mind that legislation may limit the size of these accounts in future years. If age 50 or older, make “catch-up” (up to a total of \$8,000 regular (\$7,000) and “catch-up”(\$1,000)) contributions to eligible retirement accounts.
- Consider converting a traditional IRA to a Roth IRA. While this will result in taxable income in 2025, assets will accumulate tax-free in the Roth IRA and allow for tax-free distributions in the future when income tax rates may be higher. Note, however, that a Roth IRA conversion will increase AGI and possibly reduce tax breaks tied to AGI or MAGI. Also, consider the effect a Roth conversion will have on your state income tax. For example, a Roth conversion may subject a Massachusetts taxpayer to the new millionaire’s tax.
- Review retirement account beneficiary designations given the drastic changes in the mandatory distribution period made by the two SECURE Acts and the final SECURE ACT regulations issued in July, 2024. There have been many changes made to the minimum required distribution rules since 2019 which can set traps for the unwary.
- Take 2025 required minimum distributions from traditional IRAs, SEP and SIMPLE IRAs and most qualified plans, if applicable.

Interest Rates

- Review outstanding debt or existing contracts given current interest rates and consider whether refinancing or swapping out of an adjustable-rate loan for a fixed-rate would be beneficial.

Estate Plan Updates

- Review wills, trusts and other estate planning documents to ensure they reflect any changes in your personal or financial situation that occurred in 2025 and are likely to occur in 2026. Reviewing your estate plan is crucial now that the estate, gift and generation-skipping transfer tax exemption has been increased to \$15 million in 2026 (indexed for inflation) and made permanent by the OBBB.
- Take advantage of the increased lifetime Federal Estate Tax exemption to deploy techniques such as a Spousal Lifetime Access Trust (SLAT), Dynasty Trust or Irrevocable Life Insurance Trust (ILIT), although the urgency for such techniques has been lessened by the permanent increase in the exemption.
- Consider wealth transfer strategies that become more attractive in a higher interest rate environment such as a Qualified Personal Residence Trust (QPRT) or Charitable Remainder Trust (CRT). Although rates are still relatively low, these techniques may prove beneficial should interest increase in the future.
- Evaluate allocating increased generation-skipping tax exemption to trusts that are not fully exempt from the generation-skipping tax.

Investment Considerations

- Rebalance to keep your portfolio on track to meet its intended goals, whether by selling assets that are overweighted in the portfolio, purchasing securities in asset classes that are underweight or simply adjusting future investments to compensate.

- Offset the tax impact of any realized gains taken this year by harvesting losses in the portfolio or, in some cases, realizing gains to offset losses (for example, to reduce concentrated stock positions). Any harvested tax losses not offset by gains in 2025 can offset up to \$3,000 of other income with the balance carried forward to future tax years throughout investor's lifetime.
- Avoid the "wash sale" rules applicable to losses. Consider "doubling up" on a position more than 30 days prior to or after selling those securities at a loss.
- Those who have invested in an opportunity zone fund have a recognition event approaching on December 31, 2026. However, if the investment in the opportunity zone fund is held for 10 years, tax on the post-investment appreciation is eliminated. The OBBB extended the opportunity zone fund provisions, with significant changes.
- When selling securities, choose the tax lot that will yield the most favorable tax benefit, i.e. qualifies as long-term capital gain and has a high cost basis.
- If considering investing in a start-up, determine if the company's stock qualifies as "Qualified Small Business Stock" (QSBS). If so, up to \$10 million of gain on the sale of the stock could be excludable from taxable income. Under the OBBB, the exclusion has been increased to \$15 million. The eligibility limit on the corporations gross assets at the time of issuance of the stock has been increased to \$75 million and there is a reduced exclusion available for QSBS held for less than 5 years. These changes are effective beginning in 2026.
- Confirm that your investment policy statement is up-to-date and accurately reflects your investment objectives.

Talk to your wealth, tax and legal advisors about any 2025 changes to your net worth.



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