



2025 Year-End Tax Planning for Individuals

The 2025 tax year brings one of the most significant shifts in individual tax rules in decades, driven largely by the One Big Beautiful Bill Act (OBBBA). This legislation made permanent several provisions that were previously set to expire, expanded and clarified key credits and deductions, and created new opportunities—and new limits—for tax planning heading into 2026. As you evaluate strategies before year-end, it's important to understand how these changes affect income taxes, energy incentives, casualty losses, charitable giving, and family-related tax benefits.

Key OBBBA Provisions for 2025

- Permanent TCJA tax brackets, keeping lower rates and marriage-penalty relief in place.
- Higher standard deduction amounts and a new \$6,000 senior deduction for age 65+, subject to income limits.
- Temporary increase of the SALT deduction cap to \$40,000 for 2025, with phaseouts for high-income taxpayers.
- New deductions: up to \$25,000 in qualified tips and up to \$12,500 (\$25,000 joint) in qualified overtime pay.
- New above-the-line deduction (2025–2028): up to \$10,000 interest on loans for new U.S.-assembled personal vehicles.
- Miscellaneous itemized deductions permanently disallowed (except expanded educator expenses).
- New limitation on itemized deductions: reduced by 2/37 of the lesser of deductions claimed or taxable income above the 37% bracket threshold.
- Charitable giving changes: 60% AGI limit made permanent; starting 2026, a 0.5% AGI floor for itemizers and a deduction up to \$1,000 (\$2,000 joint) for non-itemizers.



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2025 Year-End Tax Planning — Quick Reference Guide

A concise reference guide to major tax updates for 2025

Income & Investment Taxes

- Income tax brackets (10%–37%) remain permanent and adjust annually for inflation.
- Long-term capital gains and qualified dividends taxed at 0%, 15%, or 20%.
- High-income taxpayers may owe the 3.8% Net Investment Income Tax (NIIT).

Deductions

- 2025 standard deduction: \$31,500 MFJ; \$23,625 HOH; \$15,750 Single/MFS.
- Additional \$6,000 deduction for taxpayers aged 65+ (income limits apply).
- Cash charitable gifts deductible up to 60% of AGI; new rules begin in 2026.
- SALT deduction cap temporarily raised to \$40,000 for 2025.

Credits

- Child Tax Credit: \$2,200 per qualifying child; up to \$1,700 refundable.
- Several energy credits available through 2025–2026 for EVs, chargers, home upgrades, and clean energy systems.
- New vehicle interest deduction: up to \$10,000 (2025–2028) for new U.S.-assembled vehicles.

Other Key Updates

- Casualty losses are deductible only for federally declared disasters (through 2025). Beginning in 2026, certain state-declared disasters may also qualify.
- Foreign Earned Income Exclusion (FEIE): \$130,000 for 2025.

Retirement Savings (2025)

- IRAs: \$7,000 (+\$1,000 catch-up age 50+).
- 401(k)s: \$23,500 (+\$7,500 or +\$11,250 ages 60–63 catch-up).
- SEP IRAs: up to \$70,000; SIMPLE IRAs: \$16,500 (+\$3,500 or +\$5,250 catch-up).
- RMDs begin at age 73.

Additional Resources: Cunningham Wealth Management

Cunningham Wealth Management, our affiliated fee-based investment advisor, helps clients build tax-efficient financial plans and portfolios. This season, we invite you to a complimentary consultation to discuss your goals and explore strategies tailored to your financial needs.

Next Steps

Now is an ideal time to review income, deductions, investments, and retirement strategies. Year-end planning can help identify tax-saving opportunities and prepare you for changes coming in 2026.



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Federal Tax Rates, Deductions, and Key Thresholds (2025 vs. 2026)

Item	2025	2026
Top Income Tax Bracket – MFJ	37% over \$751,600	37% over \$768,700
Top Income Tax Bracket – Single	37% over \$626,350	37% over \$640,600
Long-Term Capital Gains – MFJ	15%: \$96,700–\$600,050; 20% over \$600,050	15%: \$98,900–\$613,700; 20% over \$613,700
Long-Term Capital Gains – Single	15%: \$48,350–\$533,400; 20% over \$533,400	15%: \$49,450–\$545,500; 20% over \$545,500
Standard Deduction – Single	\$15,750	\$16,100
Standard Deduction – MFJ	\$31,500	\$32,200
Additional Standard Deduction – Age 65+ / Blind (Single)	+ \$2,000	+ \$2,050
Additional Standard Deduction – Age 65+ / Blind (Married, per spouse)	+ \$1,600	+ \$1,650
SALT Deduction Cap (Itemizers)	Up to \$40,000	Approx. \$40,400
Above-the-Line Charitable Deduction (Non-Itemizers)	Not available	Up to \$1,000 Single /\$2,000 MFJ
Charitable Deductions for Itemizers	60% AGI cap; no AGI floor	60% AGI cap; 0.5% AGI floor
Social Security Wage Base	\$176,100	\$184,500

Retirement, Health, and Estate Planning Limits (2025 vs. 2026)

Item	2025	2026
IRA Contribution (Traditional & Roth)	\$7,000; catch-up \$1,000	\$7,500; catch-up \$1,100
SIMPLE IRA / SIMPLE 401(k)	\$16,500; catch-up \$3,500	\$17,000; catch-up \$4,000
401(k) / 403(b) / 457 Employee Deferral	\$23,500; catch-up \$7,500	\$24,500; catch-up \$8,000
SECURE 2.0 “Super Catch-Up” (ages 60–63)	\$11,250	\$11,250
HSA Contribution – Self Only	\$4,300	\$4,400
HSA Contribution – Family	\$8,550	\$8,750
HSA Catch-Up (Age 55+)	+ \$1,000	+ \$1,000
Annual Gift Tax Exclusion	\$19,000 per recipient	\$19,000 per recipient
Estate & Gift Unified Exemption	\$13,610,000	\$15,000,000