

2025 Tax Planning Guide

Tax brackets for 2025

Married, filing jointly	(%)
\$0–\$23,850	10.0
\$23,851–\$96,950	12.0
\$96,951–\$206,700	22.0
\$206,701–\$394,600	24.0
\$394,601–\$501,050	32.0
\$501,051–\$751,600	35.0
Over \$751,600	37.0
Single	(%)
\$0–\$11,925	10.0
\$11,926–\$48,475	12.0
\$48,476–\$103,350	22.0
\$103,351–\$197,300	24.0
\$197,301–\$250,525	32.0
\$250,526–\$626,350	35.0
Over \$626,350	37.0
Married, filing separately	(%)
\$0–\$11,925	10.0
\$11,926–\$48,475	12.0
\$48,476–\$103,350	22.0
\$103,351–\$197,300	24.0
\$197,301–\$250,525	32.0
\$250,526–\$375,800	35.0
Over \$375,800	37.0
Head of household	(%)
\$0–\$17,000	10.0
\$17,001–\$64,850	12.0
\$64,851–\$103,350	22.0
\$103,351–\$197,300	24.0
\$197,301–\$250,500	32.0
\$250,501–\$626,350	35.0
Over \$626,350	37.0
Estates and trusts	(%)
\$0–\$3,150	10.0
\$3,151–\$11,450	24.0
\$11,451–\$15,650	35.0
Over \$15,650	37.0

Long-term capital gains/ qualified dividend rates

0.0% rate when taxable income is below:

Married, filing jointly	\$96,700
Married, filing separately	\$48,350
Head of household	\$64,750
Single	\$48,350
Estates and trusts	\$3,250

15.0% rate when taxable income is below:

Married, filing jointly	\$600,050
Married, filing separately	\$300,000
Head of household	\$566,700
Single	\$533,400
Estates and trusts	\$15,900

20.0% rate applies to higher taxable income amounts;
28.0% rate applies to capital gains on collectibles

Standard deduction

Married, filing jointly	\$30,000
Single	\$15,000
Married, filing separately	\$15,000
Head of household	\$22,500

Blind or over 65: additional \$1,600 if married;
\$2,000 if single and not a surviving spouse

Capital loss limit

Married, filing jointly	\$3,000
Single	\$3,000
Married, filing separately	\$1,500

If your capital loss exceeds your capital gains

Estate and gift tax

Transfer tax rate (maximum)	40%
Estate tax exemption	\$13,990,000
Gift tax exemption	\$13,990,000
Generation-skipping transfer exemption	\$13,990,000
Annual gift tax exclusion	\$19,000

Education

529 education savings plans

529 plan contributions, per individual	\$19,000 per year before gift tax
529 plan contributions, per couple	\$38,000 per year before gift tax
Accelerate 5 years of gifting per individual	\$95,000
Per couple	\$190,000

Lifetime learning credits

Maximum credit	\$2,000
Phaseout—single	\$80,000–\$90,000 MAGI ¹
Phaseout—joint	\$160,000–\$180,000 MAGI ¹

Coverdell education savings account

Contribution	\$2,000
Phaseout—single	\$95,000–\$110,000 MAGI ¹
Phaseout—joint	\$190,000–\$220,000 MAGI ¹

Student loan interest

Deduction limit	\$2,500
Phaseout—single	\$85,000–\$100,000 MAGI ¹
Phaseout—joint	\$170,000–\$200,000 MAGI ¹

Phaseout of tax-free savings bonds interest

Single	\$99,500–\$114,500 MAGI ¹
Joint	\$149,250–\$179,250 MAGI ¹

American opportunity tax credit

Maximum credit	\$2,500
Phaseout—single	\$80,000–\$90,000 MAGI ¹
Phaseout—joint	\$160,000–\$180,000 MAGI ¹

Kiddie tax

Earned income is taxed at single tax bracket rates.

Unearned income in excess of \$2,700 is taxed at the rates of the child's parents.

Retirement

IRA and Roth IRA contributions

Under age 50	\$7,000
Aged 50 and over	\$8,000

Phaseout for deducting IRA contributions

(for qualified plan participants only)

Married, filing jointly	\$126,000–\$146,000 MAGI ¹
Married, filing jointly ²	\$236,000–\$246,000 MAGI ¹
Single or head of household	\$79,000–\$89,000 MAGI ¹

Phaseout of Roth contribution eligibility

Married, filing jointly	\$236,000–\$246,000 MAGI ¹
Married, filing separately	\$0–\$10,000 MAGI ¹
Single	\$150,000–\$165,000 MAGI ¹

SEP contribution

Up to 25% of compensation	Limit \$70,000
To participate in SEP	\$750

SIMPLE elective deferral

Under age 50	\$16,500
Aged 50–59 and 64 and over	\$20,000
Aged 60–63	\$21,750

Qualified plan contributions

401(k), 403(b), 457, and SARSEP	\$23,500
Aged 50–59 and 64 and over	\$31,000
Aged 60–63	\$34,750
Limit on additions to defined contribution plan	\$70,000
Benefit limit on defined benefit plan	\$280,000
Highly compensated employee makes	\$160,000
Annual compensation taken into account for qualified plans	\$350,000

1 Modified adjusted gross income. **2** Phaseout occurs when an IRA contributor isn't a participant in a qualified plan but the spouse is.

Are you ready? SECURE Act 2.0 provisions taking effect in 2025

The Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0 was signed into law at the end of 2022, bringing many current and future enhancements to qualified retirement plans. Several of the law's provisions that take effect in 2025 could make it easier for some older Americans to save. Here's a look at 2025's key changes, followed by others that are either still pending or have already taken effect.

Expanding automatic features

Starting in 2025, employers offering new 401(k) and 403(b) plans are required to automatically enroll workers at 3% to 10% of the employee's pay. Automatic escalation is also required for these plans, increasing contributions by 1% a year, up to 10% to 15% of compensation.

Increased catch-up contributions

Beginning in 2025, people ages 60 to 63 have increased catch-up contribution limits. For tax year 2025, the higher limit for these taxpayers is \$11,250.

Further ahead

Saver's Credit to be payable as a match

Starting in 2027, the existing retirement savings contributions credit (Saver's Credit) will become a matching contribution from the federal government available for lower- and middle-income workers.

SECURE Act 2.0 provisions that have already taken effect

Increased ages for RMDs

Effective in 2023, for individuals born after 1950, the age when they must begin taking required minimum distributions (RMDs) rose from 72 to 73. A person born in 1951 doesn't have to take an RMD until 2024 and can delay the first RMD until April 1, 2025. Based on proposed regulations issued by the IRS, beginning in 2034, the minimum age will rise to 75. In addition, the excise tax for delayed or insufficient RMDs was reduced from 50% to 25%, effective in 2023.

Emergencies become exempt from 10% penalty

Effective in 2024, Americans under age 59½ can withdraw up to \$1,000 for an unforeseeable personal or family expense (subject to certain conditions) without paying the additional 10% tax on early withdrawals.

Roth enhancements

For 401(k), 403(b), and governmental 457(b) plans:

- Roth distributions are no longer subject to RMD rules, aligning with Roth IRAs.
- Employers may now make Roth matching or nonelective contributions, if they choose to.

529 account proceeds may be rolled over to the beneficiary's Roth IRA

Effective in 2024, Roth IRA rollovers are limited to the annual Roth maximum contribution limit and aggregate lifetime limit of \$35,000.³



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Required minimum distributions

The Uniform Lifetime Table can be used by all IRA owners, unless their sole beneficiary for the entire year is a spouse who is more than 10 years younger. Then the Joint Life Expectancy Table is used (see IRS Pub. 590-B), which could reduce the RMD. Taking into account changes in mortality rates, the IRS has updated both tables, effective for RMDs required for tax years beginning in 2023. As a result of the SECURE Act 2.0, the minimum age at which IRA owners are required to take RMDs rose from 72 to 73; the age increases to 75 beginning January 1, 2033.

Uniform Lifetime Table⁴

Age of account owner	Divisor	Age of account owner	Divisor	Age of account owner	Divisor
73	26.5	83	17.7	93	10.1
74	25.5	84	16.8	94	9.5
75	24.6	85	16.0	95	8.9
76	23.7	86	15.2	96	8.4
77	22.9	87	14.4	97	7.8
78	22.0	88	13.7	98	7.3
79	21.1	89	12.9	99	6.8
80	20.2	90	12.2	100	6.4
81	19.4	91	11.5		
82	18.5	92	10.8		

³ Other restrictions apply. Please consult your tax advisor for more information. ⁴ The table progresses until the divisor becomes 2.0 for ages 120 and higher.