

Key Wealth Institute

# Top 10 2025 Year-End Planning Ideas for Individuals

**Tina A. Myers**, CFP®, CPA/PFS, MTax, AEP®, Director, Planning and Advice Center

Last year, we entered year-end planning uncertain about the outcome of an upcoming November election. We entered the beginning of the year unsure of the fate of the Tax Cuts and Jobs Act (TCJA) that was set to expire at the end of 2025. We've seen the current administration enact various policies that impact both micro and macroeconomics. This year, we've seen slowing U.S. growth, persistent inflation, a recent shift by the Fed to begin lowering interest rates after a pause because of a slowing jobs market, the ups and down of U.S. tariff and trade policy, geopolitical risks that remain, and continued investment market volatility. With the passage of the One Big Beautiful Bill Act (OBBBA or H.R. 1) in July, we have greater clarity on the tax landscape. Many provisions from the first Trump administration's tax cuts were made permanent, while some new provisions were added temporarily. Some provisions of OBBBA are retroactive, are effective now for 2025, or effective in future years. As we approach year-end, start having those advisor conversations to make sure your planning is where it should be.

As a reminder, we have two Key Questions articles regarding the OBBBA or H.R. 1):

- [Key Questions: What Are the Top 10 Provisions in the 'One Big Beautiful Bill Act' That Will Impact Individuals? | Key Private Bank](#)
- [Key Questions: What Is in the One Big Beautiful Bill Act and How Does It Compare to Current Law? | Key Private Bank](#)

To summarize the key tax changes for individuals:

- For 2025, the wealthiest taxpayers subject personal income to a top ordinary rate of 37% and a potential high-wage earner Medicare tax of 0.9%. Starting in 2026, the lower individual tax rates from the TCJA are made permanent.



- There are no changes in the special tax rates that generally apply to long-term capital gains and qualified dividends (0%, 15%, or 20%).
- There is still a 3.8% Medicare surtax on net investment income.
- Under TCJA, fewer taxpayers were affected by the Alternative Minimum Tax (AMT). However, the OBBBA has higher AMT exemptions and lower phaseout thresholds starting in 2026.

# Top 10 2025 Year-End Planning Ideas for Individuals

---

- As a result of TCJA, more taxpayers were using the increased standard deduction. With the OBBBA, the increased standard deduction has been made permanent.
- There is a new Senior deduction for taxpayers older than 65 for years 2025–2028. There is a phaseout if Modified Adjusted Gross Income (MAGI) is over a threshold.
- Under TCJA, many itemized deductions were repealed or significantly reduced. State and local tax (SALT) deductions were capped at \$10,000, qualified home interest deduction had lower limits, the Pease limitation was no longer in place, and some prior miscellaneous itemized deductions were removed. With the OBBBA, for 2025–2029, the SALT cap has been temporarily increased with a phasedown if MAGI is over \$500,000. There are also several other changes to charitable contributions and a new overall limit on itemized deductions starting in 2026.

**Starting in 2026, the lower individual tax rates from the TCJA are made permanent.**

- The child tax credit has been doubled to \$2,000 per child under age 17 and phases out at higher income limits. With the OBBBA, for years after 2025, this has been made permanent with several modifications.
- There is the qualified business income deduction for pass-through income. With the OBBBA, for years after 2025, this has been made permanent with additional modifications.

---

Here are 10 wealth planning ideas to consider for 2025:

## **1. Tax bracket management – Accelerate income/accelerate or defer deductions**

For now, tax rates stay the same until the end of 2025. And for now, we have clarity on future tax rates. Therefore, generally, if you expect to be in a higher tax bracket in the next few years, you could accelerate income so it is taxed at the lower rate and defer deductible expenses until later years when they can be claimed to offset higher-taxed income. Roth conversions, harvesting gains, and deferring loss harvesting, exercising stock options, accelerating bonuses, accelerating the installment sale gain, or moving up the closing date of a sale are just a few strategies to consider.

This is what is different for 2025. For the past few years, many taxpayers haven't been itemizing deductions due to the effect of the \$10,000 cap on SALT passed under the TCJA. But OBBBA

temporarily increases the SALT cap to \$40,000 (phasing down to \$10,000 for MAGI and more than \$500,000 for single/married filing joint filers) for 2025 through 2029, this means that more taxpayers may itemize deductions rather than using the standard deduction. In that case, the timing of deductions in 2025 warrants more consideration, especially with non-SALT deductions such as mortgage interest and charitable contributions (more on charitable planning opportunities in #4 below). There is potential value in managing income if you are near the phaseout limits for the SALT deduction so that the deduction isn't lost. And usually, we say that if your tax rate is expected to be higher in the future, consider deferring itemized deductions. However, there is a new provision in the OBBBA starting in 2026 that adds a cap on the amount of all itemized deductions for people in the highest (37%) tax bracket. These new rules may prompt you to accelerate deductions into 2025 to realize the full value of the deduction.

# Top 10 2025 Year-End Planning Ideas for Individuals

## 2. Gain/loss harvesting — Make the most of the reduced capital gain tax rates

Capital gain planning is still important. Long-term capital gains are taxed at a rate of 0%, 15%, or 20%. The 3.8% surtax on net investment income may also apply. The OBBBA did not alter the existing capital gain tax brackets. For those capital assets with gains, consider capital gain harvesting — they can be sold now and repurchased with a higher basis so that future sales will have less capital gain that could be taxed at higher rates. This strategy can be used to sell assets strategically to use up as much of the 0% bracket as possible. Note that the wash sale rules don't apply to harvesting gains and then buying them back. You can effectively get a step-up in basis on current investments without any federal tax liability. Always work with your tax advisor and portfolio strategist near year-end for strategies to match capital gains and capital losses. Remember that for individuals, capital losses can't be carried back but can be carried forward indefinitely.

Taxpayers who want to realize paper losses on stocks while still retaining the same investment position can sell and buy shares in the same company or another one. Just avoid the wash-sale rules that disallow the loss if substantially the same shares are acquired within the 61-day period that begins 30 days before and 30 days after the sale.

## 3. Roth conversions

Roth conversion and paying tax on the conversion now, at possibly a lower tax rate, should be considered. Especially since income tax rates will remain the same with the passage of the OBBBA. As you get closer to year end, determining your 2025 marginal tax bracket and projected investment income can be done with more certainty. If you are trying to convert your traditional IRA to a Roth IRA to fill up a tax bracket, start those conversations now. Roth conversions can also offset unused charitable contributions carryovers or other tax carryovers that may be "wasted." Traditional IRA to Roth IRA conversions can reduce future required minimum distributions and create a potential tax-free

**Always work with your tax advisor and portfolio strategist near year-end for strategies to match capital gains and capital losses.**

inheritance for children. Under present law, there are no required distributions by the participant from the Roth IRA in future years. There are, however, required minimum distributions for the beneficiaries of a Roth IRA, generally within 10 years of the original Roth IRA owner's death for non-eligible designated beneficiaries.

There are new challenges and opportunities for Roth conversions due to the passage of the OBBBA. A Roth conversion could result in an increase in federal tax if the new senior deduction is lost. Roth conversions before age 65 could reduce post-65 MAGI, allowing a taxpayer to preserve the new senior deduction. Also, the new \$40,000 SALT deduction can reduce the effective state and federal combined tax rate for some taxpayers and will increase the efficacy of a Roth conversion. You may consider limiting Roth conversions in such a way to avoid state income and property taxes exceeding the \$40,000 SALT limitation.

There are no annual RMDs from inherited Roth IRAs for beneficiaries subject to the 10-year rule. An inherited Roth IRA offers complete flexibility within the 10-year period and avoids the complicated RMD rules. But you could still get 10 years of post-mortem tax-free growth before final distribution to the non-eligible designated beneficiary. If your beneficiaries are in lower tax rates than yourself, then conversion may not be the right strategy.

Higher-earning taxpayers who cannot contribute directly to a Roth IRA may be able to contribute to a non-deductible IRA that might later be converted to a Roth IRA. Alternatively, for those unable to contribute to Roth IRA, if their company retirement plan allows after-tax contributions and in-service distributions, you can convert the after-tax amount to a Roth IRA or do an in-plan Roth Conversion to a Roth 401(k) account. Just be mindful that you can no longer recharacterize Roth conversion contributions as a result of the TCJA.

# Top 10 2025 Year-End Planning Ideas for Individuals

## 4. Charitable planning

The ceiling limit for cash donations to public charities has been permanently set to 60% of Adjusted Gross Income (AGI). And starting in 2026, even if you don't itemize deductions, all taxpayers will be able to deduct up to \$1,000 in cash donations (\$2,000 for joint filers) to qualified charitable organizations. You may want to consider waiting until 2026 to make cash contributions since this "kicks in" in 2026.

Some planning may be in line for the next couple of years to realize the full tax benefit of your charitable gifts. If nothing else, you may return to more diligent tracking of noncash contributions, such as donations of clothing and household goods to charitable resale shops, since this may help you realize a larger deduction through itemizing if you were previously limited by the effect of the SALT cap.

And with the introduction of a new 0.5% floor for charitable contributions going into effect next year and the further new overall limit on itemized deduction, these new rules may prompt you to accelerate charitable contributions into 2025 to realize the full value of the contribution. Again, bunching contributions may be a good strategy. It may also be advisable to clean out your closets and make one-time gifts to your favorite nonprofits by the end of 2025 to obtain the full benefit of the deduction rather than losing part of the benefit if the gifts are made in 2026.

As discussed above in #1, starting in 2026 the OBBBA adds a cap on the amount of all itemized deductions, including the charitable deduction, for people in the highest (37%) tax bracket. Also consider that a non-grantor trust is considered a separate taxpayer and may help maximize charitable contributions.

For those considering large charitable contributions, consider a gift to a Donor Advised Fund as a vehicle to manage the timing of charitable contributions. Consider gifting of appreciated assets to charity in order to bypass having to realize the capital gains.

There is still some benefit to considering the Charitable IRA Rollover, which allows an individual age 70½ or older to make a qualified charitable distribution (QCD) from their IRA directly to a charity (the age for QCDs is still 70½ despite the fact that the beginning RMD age is now 73) and exclude the

**Starting in 2026, even if you don't itemize deductions, all taxpayers will be able to deduct up to \$1,000 in cash donations (\$2,000 for joint filers) to qualified charitable organizations.**

distribution from gross income (up to \$108,000 per year). And a relatively recent provision now allows individuals to make a one-time election to make a QCD of up to \$54,000 to certain split-interest entities, including charitable gift annuities. QCDs may be good strategies for those who file their taxes using the standard deduction.

## 5. Planning a new car purchase

For taxpayers who are already planning on purchasing a new car, the ability to deduct up to \$10,000 in interest annually in tax years 2025–2028 in certain circumstances may influence their choice of vehicle and financing decisions. The OBBBA allows the deduction regardless of whether you itemize deductions, but the loan must be secured by the purchase of a new vehicle (used cars don't apply), for personal use only, that underwent final assembly in the United States, among other requirements. The deduction also phases out for taxpayers with \$100,000 or more of modified AGI (\$200,000 for joint filers). The vehicle must be a car, minivan, van, SUV, pickup truck, or motorcycle with a gross vehicle weight rating of less than 14,000 pounds. The loan must have originated after December 31, 2024. Lease payments do not qualify.

If you would normally pay cash for a vehicle, you may want to consider financing for the tax deduction and weigh the cost of interest, factoring in the tax deduction, against the rate you would earn on your savings to see if it's worth it. But remember, the deduction is a temporary one.

Overall, the ability to deduct interest should be considered a nice perk for taxpayers who would have to finance a purchase anyway, but certainly should not be a reason for someone to purchase a higher-priced brand-new vehicle over a used car just for the tax deduction.



# Top 10 2025 Year-End Planning Ideas for Individuals

---

## 6. Review your estate plan

Planning conversations surrounding end-of-life planning may be more relevant in light of the COVID-19 pandemic. It's always important to make sure estate planning documents are current and match your intentions. The current federal estate exemption is \$13.99 million per person or \$27.98 million per couple. Starting in 2026, the estate tax exemption increases to \$15 million per person, or \$30 million for married couples, indexed for inflation. (Note that this is only permanent until the next Congress potentially changes the law.) The increased exemption creates room for larger, leveraged gifts. For those under the current federal estate tax exemption amount, estate planning may focus more on making sure assets pass to intended beneficiaries. Naming those in key roles, such as executor, trustee, healthcare power of attorney, and others deserve consideration.

We can now move away from the discussion regarding shifting assets out of your estate to take advantage of exemptions under a "use-it-or-lose-it" opportunity. With the passage of the OBBBA, the historically high gift and estate exclusion amounts will still be available after 2025 — unless another Congress decides to change it. So many of the strategies we had been using for the gift and estate tax exclusion amount are still available with only small variations. Consider revisiting gifting strategies and using trusts for children and grandchildren and dynasty planning to use the exclusion while preserving the control and management of property. Consider making late allocations of GST exemption to trusts that previously were not exempt. Remember, the GST exemption is not portable between spouses. When reviewing your estate plan, consider the possibility that a

reference to the exemption amount in estate planning documents that were drafted before the enactment of the TCJA could create an undesirable result.

With the changes over the decades regarding estate tax policy, considering infusing flexibility into estate planning seems prudent. Consider discussing such items as limited powers of appointment, use of a trust protector, or Spousal Lifetime Access Trust (SLAT) that allow you to shift wealth while still maintaining access to funds if needed.

Make annual gifts to donees without using any lifetime gift tax exemption. This is another use-it-or-lose-it opportunity. The annual exclusion for 2025 is \$19,000 per donee. There have been proposals to reduce the exclusion on a per-person basis or limit the total amount of annual exclusion gifts per year per donor. Take advantage of this simple strategy in case future laws change this ability to gift tax-free.

## 7. Review your portfolio

Make sure your asset allocation is in line with your targets and that it matches your risk tolerance and return requirements. Having a financial plan helps determine what the required return is to meet your goals. Taking on more risk may seem unnecessary if your goals are sufficiently met. There always seems to be some cause for volatility in markets. Staying disciplined during times of volatility is key for the remainder of 2025. Again, staying disciplined with a long-term investment horizon is key. For some investors, "new tools" such as alternatives and real assets should be incorporated where appropriate.

**Consider revisiting gifting strategies and consider using trusts for children and grandchildren and dynasty planning to use the exclusion while preserving the control and management of property.**

# Top 10 2025 Year-End Planning Ideas for Individuals

---

## 8. Maximize the use of tax-advantaged savings vehicles

With higher contribution limits and new catch-ups, maximizing tax-advantaged vehicles may be more important. Reduce taxable income by increasing pre-tax salary deferrals to employer-sponsored retirement plans (401(k), 403(b), 457 and SEP-IRA plans). As mentioned in Item #3, If your plan allows after-tax Roth contributions, these should be considered because of the lack of an income-level phaseout for contributions and the potential for tax-free growth. Don't forget to consider contributions to IRAs for non-working spouses as well.

If you are over age 50 and a high-income earner, recent rules may affect how you make some catch-up contributions. You should review your income and retirement contributions to see whether you'll be affected and consider tax-bracket management strategies to manage your taxable wages to retain flexibility in contribution types the following year. This change may complement broader Roth conversion strategies as well, especially if you are seeking tax diversification in retirement.

Also, maximize savings using tax-favored health plans such Health Savings Accounts (HSAs). Remember that if you become eligible in December to make an HSA contribution, you can make a full year's worth of deductible HSA contributions for 2025.

And parents and grandparents, don't forget to fund those 529 accounts. The tax-free growth and ability to take distributions without tax consequences for education purposes are advantageous.

Distributions can now be used for a broader range of K-12 education expenses (effective after July 4, 2025). OBBBA will increase the annual limit for K-12 education expense from \$10,000 to \$20,000 after 2025. Also, qualified education expenses now include postsecondary credentialing distributions after July 4, 2025.

If accounts are overfunded, they can be managed and used for other family members or future generations' education expenses. New rules even allow some excess 529 accounts to be rolled over to Roth IRAs.

**If you become eligible in December to make an HSA contribution, you can make a full year's worth of deductible HSA contributions for 2025.**

## 9. Review RMDs in light of the SECURE Act and SECURE 2.0

With IRA planning, the Setting Every Community Up for Retirement Act (the SECURE Act) of 2019 basically eliminated the "stretch IRA" a concept for non-spousal and non-eligible designated beneficiaries. This concept previously allowed IRA or defined contribution plan beneficiaries to draw down the remaining plan benefits over the beneficiary's life expectancy. Inherited IRAs and inherited defined contribution plans must now be distributed within 10 years of the original owner's death. Five years after proposed regulations were issued, the final SECURE Act regulations were issued in July 2024. As a result, beginning in 2025, if an IRA owner died on or after their required beginning date, the account is also subject to annual RMDs for years one to nine of the 10-year period. Beneficiaries who inherited retirement account assets should review how the post-death minimum distribution rules apply to their particular situation.

There are ways to simulate a stretch IRA using lifetime income strategies such as naming a Charitable Remainder Trust (CRT) or a Charitable Gift Annuity (CGA) as beneficiary of the account or using the RMD to purchase life insurance that will provide a tax-free benefit to heirs. Discuss any possible risk with these strategies with your advisors.

# Top 10 2025 Year-End Planning Ideas for Individuals

**End of year is a good time to reassess your cybersecurity hygiene. Consider a digital password management system, protect your home network with a network firewall and antivirus software, freeze your credit, and back up your information regularly.**

## 10. Take advantage of expiring energy credits

Many of the key federal energy tax credits were extended under the Inflation Reduction Act of 2022. However, the OBBBA shortened some of the expiration dates. The Residential Clean Energy credit expires December 31, 2025. It covers solar panels, solar water heaters, wind turbines, geothermal systems, fuel cells, and battery storage. The Energy Efficient Home Improvement credit also expires December 31, 2025. It covers windows, doors, insulation, HVAC systems, heat pumps, water heaters, and biomass stoves. If you are planning any clean energy upgrades or purchases, it's important to act before these deadlines to ensure eligibility for the credits.

## 11. Review insurance coverage and risk management (bonus planning idea)

Don't overlook this aspect of your personal financial situation. As life changes, you should review your life insurance coverage for adequacy to meet current and future needs. If your health or lifestyle has changed, a new or modified policy may be needed. Life insurance where the insured has a taxable estate should consider ownership by an Irrevocable Life Insurance Trust. If practical, fund the trust up front with several years of premium payments to avoid the risk of future laws reducing the gifting exclusion.

The long-term care insurance field has changed dramatically in the past decade. There are new tools available such as hybrid long-term care policies that eliminate the use-it-or-lose-it nature of insurance products by combining long-term care and death benefits to ensure a benefit is provided.

As your personal asset mix changes, you should also make sure you revisit your property and casualty coverage. Make sure everything in your policy is still accurate and that you have the best coverage for the best price. Otherwise, make a note to revisit this when the policy is up for renewal.

And along with risk management comes protecting your digital assets. End of year is a good time to reassess your cybersecurity hygiene. Consider a digital password management system, protect your home network with a network firewall and antivirus software, freeze your credit, and back up your information regularly. If any of your personal information was compromised by any of the recent data breaches, even if you don't believe that the breach may impact you, now is a good time to follow those recommended procedures to further protect your personal information. Some causes of leaked data are due to poor security practices on the part of the consumer. Now is a good time to change passwords and/or review credit reports, or sign up for any free identity theft monitoring.

As the year draws to a close, current planning remains complex. Stay focused on your long-term goals and use year-end as time to review whether you are positioned appropriately to meet those long-term goals.

# Top 10 2025 Year-End Planning Ideas for Individuals

---

For more information, [please contact your advisor](#).

The Key Wealth Institute is a team of highly experienced professionals representing various disciplines within wealth management who are dedicated to delivering timely insights and practical advice. From strategies designed to better manage your wealth, to guidance to help you better understand the world impacting your wealth, Key Wealth Institute provides proactive insights needed to navigate your financial journey.



Page 8 of 8

The Key Wealth Institute is comprised of financial professionals representing KeyBank National Association (KeyBank) and certain affiliates, such as [Key Investment Services LLC \(KIS\)](#) and KeyCorp Insurance Agency USA Inc. (KIA).

Key Wealth, Key Private Bank, Key Family Wealth, KeyBank Institutional Advisors and Key Private Client are marketing names for KeyBank National Association (KeyBank) and certain affiliates, such as [Key Investment Services LLC \(KIS\)](#) and KeyCorp Insurance Agency USA Inc. (KIA).

Any opinions, projections, or recommendations contained herein are subject to change without notice, are those of the individual author(s), and may not necessarily represent the views of KeyBank or any of its subsidiaries or affiliates.

This material presented is for informational purposes only and is not intended to be an offer, recommendation, or solicitation to purchase or sell any security or product or to employ a specific investment or tax planning strategy.

KeyBank, nor its subsidiaries or affiliates, represent, warrant or guarantee that this material is accurate, complete or suitable for any purpose or any investor and it should not be used as a basis for investment or tax planning decisions. It is not to be relied upon or used in substitution for the exercise of independent judgment. It should not be construed as individual tax, legal or financial advice.

The summaries, prices, quotes and/or statistics contained herein have been obtained from sources believed to be reliable but are not necessarily complete and cannot be guaranteed. They are provided for informational purposes only and are not intended to replace any confirmations or statements. Past performance does not guarantee future results.

Investment products, brokerage and investment advisory services are offered through KIS, member FINRA/SIPC and SEC-registered investment advisor. Insurance products are offered through KIA. Insurance products offered through KIA are underwritten by and the obligation of insurance companies that are not affiliated with KeyBank.

Services provided by KeyBank, KIS and/or KIA should not be used in substitution for independent and personal tax advice. KeyBank, KIS and/or KIA do not provide legal advice. Individuals should consult their personal tax and/or legal advisor concerning their particular situation.

Non-deposit products are:

**NOT FDIC INSURED • NOT BANK GUARANTEED • MAY LOSE VALUE • NOT A DEPOSIT • NOT INSURED BY ANY FEDERAL OR STATE GOVERNMENT AGENCY**