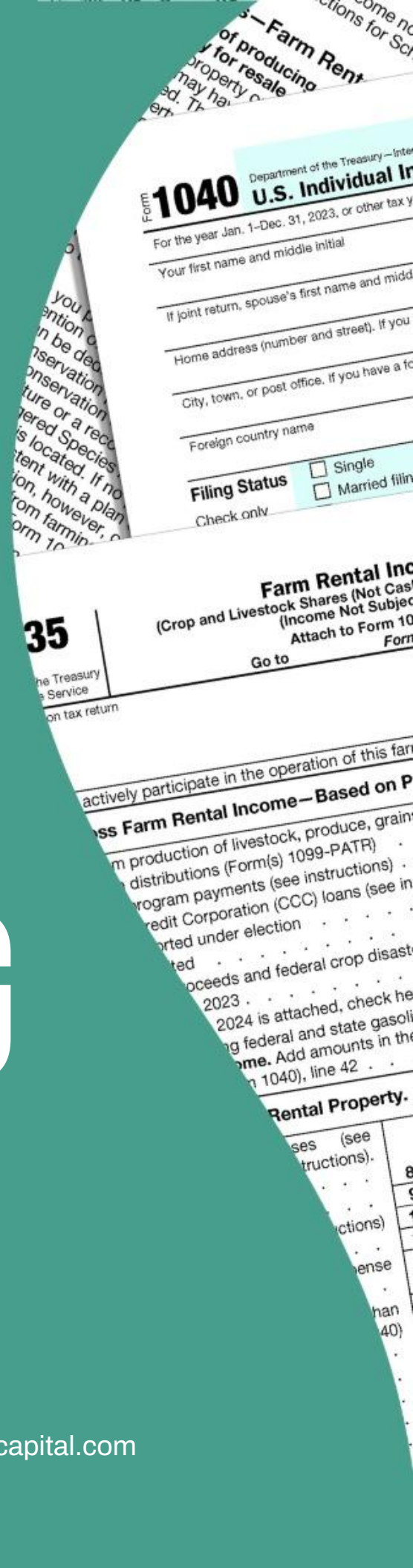


2025 GUIDE TO TAX PLANNING

PRACTICAL INSIGHTS FOR MANAGING
TAXES IN RETIREMENT




INTRODUCTION

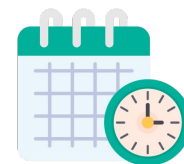
As you prepare for your 2025 taxes, staying current with the latest tax law changes and IRS updates is essential. Retirement status, investment performance, estate planning decisions, and adjustments to your deduction strategy can all play a role in shaping your overall tax picture.

This guide is designed to provide clarity around these considerations and support you in making thoughtful choices as you approach tax planning for the 2025 tax year.

KEY TOPICS INCLUDE:

- **New Tax Law Updates:**
Changes to standard deductions, tax brackets, and retirement account contribution limits.
 - **Organizing and Preparing Your Taxes:**
Strategies for document collection, deduction identification, and tax optimization.
 - **Key Tax Concepts:**
Understanding essential tax terms like credits, deductions, deferrals, and exemptions.
 - **Retirement Tax Strategies:**
Managing Required Minimum Distributions (RMDs), optimizing retirement contributions, and tax-loss harvesting.
 - **Charitable Giving:**
Maximizing tax benefits through charitable contributions, including Qualified Charitable Distributions (QCDs).
 - **Estate Planning:**
Updates on estate tax exemptions and planning strategies.
 - **Tax-Saving Opportunities:**
Exploring Roth IRA conversions, backdoor Roth strategies, and tax-deferred accounts.
 - **Safety and Security:**
Protecting your information during online tax filing.
 - **Practical Tools:**
Tables and resources to simplify your tax planning.
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NEW TAX LAW UPDATES



STANDARD DEDUCTION AND TAX BRACKETS

For 2025, the standard deduction amounts have once again increased, and the income ranges for each tax bracket have been adjusted for inflation. These updates are important because they directly affect your taxable income and overall tax liability.

STANDARD DEDUCTION TABLE

FILING STATUS	STANDARD DEDUCTION (2024)	STANDARD DEDUCTION (2025)
Married Filing Jointly	\$29,200	\$31,500
Married Filing Separately	\$14,600	\$15,750
Single	\$14,600	\$15,750
Head of Household	\$21,900	\$23,625

2025 TAX BRACKETS - UPDATED FOR 2025¹

MARGINAL TAX RATE	SINGLE FILERS	MARRIED FILING JOINTLY	HEAD OF HOUSEHOLD
10%	\$0 – \$11,925	\$0 - \$23,850	\$0 - \$17,000
12%	\$11,926 – \$48,475	\$23,851 - \$96,950	\$17,001 - \$64,850
22%	\$48,476 – \$103,350	\$96,951 - \$206,700	\$64,851 - \$103,350
24%	\$103,351 – \$197,300	\$206,701 - \$394,600	\$103,351 - \$197,300
32%	\$197,301 – \$250,525	\$394,601 - \$501,050	\$197,301 - \$250,500
35%	\$250,526 – \$626,350	\$501,051 - \$751,600	\$250,501 - \$626,350
37%	\$626,351 or more	\$751,601 or more	\$626,351 or more

HOT TIP:

Review whether itemizing deductions could provide more tax savings than taking the standard deduction, especially if you have significant medical expenses or charitable contributions.

CONTRIBUTION LIMITS FOR RETIREMENT ACCOUNTS



Retirement account contribution limits have risen for 2025, giving you additional room to save in tax-advantaged accounts.

2025 RETIREMENT ACCOUNT CONTRIBUTION LIMITS²

ACCOUNT TYPE	2024 CONTRIBUTION LIMIT	2025 CONTRIBUTION LIMIT	2025 CATCH-UP CONTRIBUTION (AGE 50+)
401(k)	\$23,000	\$23,500	\$7,500 (\$11,250 if age 60-63)
Roth IRA / Traditional IRA	\$7,000	\$7,000	\$1,000
Health Savings Account	\$4,150 (self) \$8,350 (family)	\$4,300 (self) \$8,550 (family)	\$1,000 (for those 55 and older)



'SENIOR BONUS' DEDUCTION

The senior bonus deduction is a new tax break starting in 2025 that allows taxpayers age 65 or older to deduct up to \$6,000 (\$12,000 for a married couple if both are 65+) in addition to the standard deduction. To qualify you must be 65 or older by December 31 of the tax year and have a modified adjusted gross income (MAGI) below the phase-out thresholds (\$75,000 for singles, \$150,000 for married filing jointly). The deduction can be claimed whether you take the standard deduction or itemize. It's important to note that this deduction is temporary, available only for tax years 2025-2028, and is *not* available to those filing as married filing separately. See the Internal Revenue Service official summary for more details.³

HOT TIP:

Maximize your retirement contributions early in the year to fully benefit from tax-deferred growth.

ORGANIZING & PREPARING YOUR 2025 TAXES

DOCUMENT COLLECTION & ORGANIZATION

Start gathering your tax documents early, including W-2s, 1099s, and receipts for deductible expenses like home improvements, charitable contributions, and business expenses. Keeping these documents organized can simplify your tax preparation process

KEY TAX CONCEPTS TO KNOW

Understanding fundamental tax terms is essential for effective tax planning. Here are some key terms to keep in mind:

- **Tax Credits:** This strategy may be beneficial if you anticipate being in a higher tax bracket during retirement.
- **Tax Deductions:** By reducing your taxable income, you may potentially lower your tax bill.
- **Tax Deferrals:** Allow you to postpone paying taxes on certain income until a future year.
- **Tax Exemptions:** Income or transactions not subject to taxation, such as qualified charitable contributions or Roth IRA withdrawals.

HOT TIP:

Create a digital folder on your computer or cloud storage to store all your tax documents as you receive them throughout the year.

RETIREMENT TAX STRATEGIES

MANAGING REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

For 2025, the updated RMD rules from the SECURE 2.0 Act remain in effect:

- RMD Age Changes:** The starting age for Required Minimum Distributions is 73 for individuals who turned 72 in 2023 or later. The age is scheduled to increase again to 75 beginning in 2033. This adjustment provides retirees with additional time before withdrawals are required.³
- RMD Elimination for Roth 401(k)s:** As of 2024, Roth 401(k) accounts are no longer subject to RMDs. This change brings them in line with Roth IRAs, meaning that withdrawals are not required during the account owner's lifetime.⁴



2025 RMD TABLE FOR TRADITIONAL IRAS

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

HOT TIP:

Plan your RMDs carefully, especially if you have multiple retirement accounts. Consolidating accounts may simplify RMD calculations and help you avoid unnecessary taxes.



BACKDOOR ROTH IRA STRATEGY

The backdoor Roth IRA strategy can be a useful tool for individuals who have exceeded the Roth IRA contribution limits. This involves contributing to a Traditional IRA and then converting those funds to a Roth IRA.

HOW IT WORKS: First, contribute to a Traditional IRA. Then, convert the funds to a Roth IRA. You'll pay taxes on the converted amount, but future withdrawals will be tax-free.

HOT TIP:

Be aware of the "pro-rata rule," which requires you to consider all your IRA accounts when calculating taxes on the conversion. This can complicate the process and potentially increase your tax liability.

HOT TIP:

Consider consulting with a financial advisor to ensure that tax-loss harvesting aligns with your overall investment strategy and doesn't inadvertently increase your tax burden.

TAX-LOSS HARVESTING

Tax-loss harvesting involves selling investments at a loss to offset capital gains, reducing your overall tax liability. This strategy has shown potential effectiveness in volatile markets.

STRATEGIES FOR CHARITABLE GIVING

Charitable contributions can be a meaningful way to support causes that matter to you, while also offering potential tax advantages.

DONATE APPRECIATED ASSETS

Donating appreciated stocks or other assets may allow you to claim a tax deduction for their fair market value and potentially avoid paying capital gains tax on the appreciation. This approach can be especially useful when you hold investments that have grown in value over time, since it may provide a way to give more to charity in a tax-efficient manner.

HOT TIP:

When donating appreciated assets, be sure to hold the asset for more than one year to qualify for the fair market value deduction. If you've held the asset for less than a year, your deduction will be limited to your cost basis



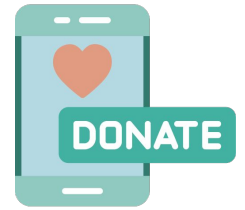
DESIGNATE A CHARITY AS A BENEFICIARY

You can name a charity as a beneficiary of your IRA, providing estate tax benefits while supporting your philanthropic goals. This strategy may potentially help in reducing estate taxes, as charitable bequests may not be subject to estate tax.

HOT TIP:

If your estate is close to the federal estate tax exemption limit, consider designating a charity as a beneficiary for part of your IRA to reduce the taxable estate.

QUALIFIED CHARITABLE DISTRIBUTIONS (QCDs)



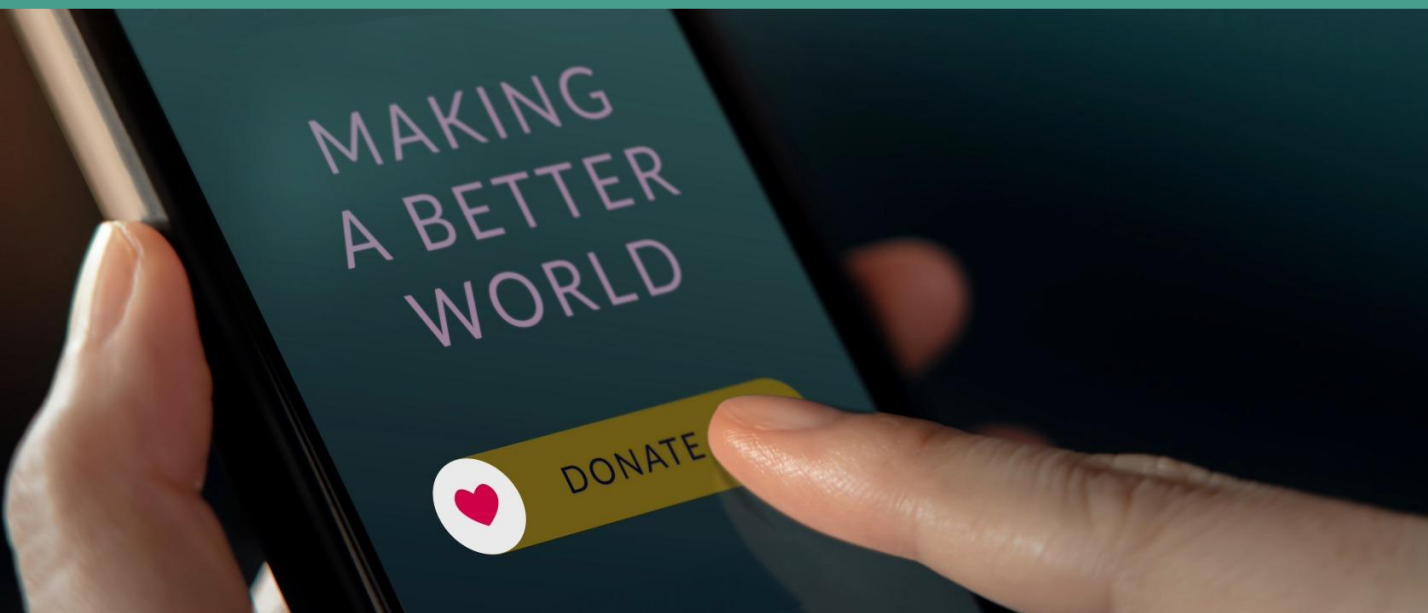
If you are over 70½, you can make QCDs directly from your IRA to a qualified charity. This strategy may help you meet your RMD requirement without increasing your taxable income, which could be beneficial for those who do not need their RMDs for living expenses.

QCD KEY FACTS⁵

FEATURE	DETAILS
Age Requirement	70½ years or older
Maximum Annual Distribution	\$108,000 per individual
Tax Impact	Excluded from taxable income, counts towards RMD
Eligible Accounts	Traditional IRAs, Rollover IRAs, Inherited IRAs, Inactive SEP and SIMPLE IRAs, Roth IRAs (under certain circumstances)

HOT TIP:

Make your QCD early in the year to ensure it counts toward your RMD. Be sure to communicate with your IRA custodian about the direct transfer to avoid any mistakes.



TAX PLANNING FOR YOUR ESTATE

The federal lifetime estate and gift tax exemption (a component of the unified credit) is projected to be \$13.99 million in 2025, up from \$13.61 million in 2024. This higher threshold continues to offer opportunities for wealth transfer planning. However, current law still anticipates that these elevated exemption amounts may sunset in 2026 unless Congress acts.⁶

HOT TIP:

Review your estate plan periodically to ensure it reflects the latest tax laws and your current financial situation. Consider gifting strategies or trusts to reduce estate taxes.

ESTATE PLANNING TABLE

YEAR	INDV. EXEMPTION	MARRIED EXEMPTION	ESTATE TAX RATE
2024	\$13.61 M	\$27.22 M	40% on amounts above exemption
2025	\$13.99 M	\$27.98 M	40% on amounts above exemption

SAFETY AND SECURITY IN TAX FILING

With the rise of online tax filing, cybersecurity threats are more prevalent than ever. Protect your personal information by using secure browsers, avoiding public Wi-Fi when accessing tax accounts, and being cautious of phishing scams.

- **Use Secure Browsers:**
Ensure your browser is up-to-date and uses HTTPS when filing taxes online.
- **Enable Two-Factor Authentication:**
Add an extra layer of security by enabling two-factor authentication on your tax filing accounts.
- **Avoid Public Wi-Fi:**
Don't access tax-related accounts on public Wi-Fi networks to prevent potential hacking risks.
- **Be Wary of Phishing Scams:**
Do not click on suspicious links in emails or texts, and verify the sender before responding to tax-related communications.

HOT TIP:

Regularly update your passwords and consider using a password manager to keep your tax-related accounts secure.

EMPLOYEE TAX-SAVING OPPORTUNITIES

HOT TIP:

Consult with a financial advisor to create a multi-year Roth conversion strategy that aims to optimize your retirement income while considering potential tax implications.

CONSIDER A ROTH IRA CONVERSION

Converting a Traditional IRA to a Roth IRA requires paying income tax on the amount converted. Future qualified withdrawals from a Roth IRA are generally tax-free, which may provide flexibility in retirement. This strategy can be useful for diversifying tax treatment of savings, but it's important to consider the timing and potential tax impact before moving forward.

ROTH IRA CONVERSION KEY POINTS⁷

FACTOR	CONSIDERATION
Tax Implications	You will owe taxes on the amount converted. Consider spreading conversions over multiple years to avoid jumping into a higher tax bracket.
Future Tax benefits	Once converted, qualified withdrawals from the Roth IRA may be tax-free, subject to changes in tax laws and individual circumstances.
Timing	Consider converting during years of lower income to potentially reduce the tax impact.
Income Limits	No income limits for conversions (unlike direct Roth IRA contributions).

USE TAX-DEFERRED ACCOUNTS WISELY

Maximize contributions to tax-deferred accounts like 401(k)s and Traditional IRAs. These accounts reduce your taxable income in the contribution year, and your investments grow tax-deferred until withdrawal. However, be mindful of RMDs, which will eventually require you to withdraw and pay taxes on these funds.

HOT TIP:

If you're nearing RMD age, consider planning withdrawals strategically to potentially reduce the tax impact. Consider converting portions of your 401(k) or IRA to a Roth IRA each year to reduce future RMDs

CONCLUSION

Taking an active role in your tax planning can play an important part in managing your overall financial picture. By staying current on tax law updates and considering strategies throughout the year, you may be better prepared for both year-end obligations and the April 2026 tax deadline. Speaking with a financial professional can also provide guidance to help align your tax approach with your broader financial goals.

At Southpark Capital, we're here to help you navigate the complexities of tax planning and integrate tax-efficient strategies into your overall financial plan.

Call us today at (704) 325-9406 to start preparing for a successful tax season.

OTHER HELPFUL TOOLS

- “IRS Withholding Calculator”
<https://www.irs.gov/individuals/irs-withholding-calculator>
- “IRS Releases Tax Inflation Adjustments for Tax Year 2025”
<https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2025>
- “Estate and Gift Tax FAQs”
<https://www.irs.gov/newsroom/estate-and-gift-tax-faqs>

SOURCES

1. <https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2025>
2. <https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000>
3. https://www.irs.gov/newsroom/one-big-beautiful-bill-provisions?utm_source=chatgpt.com
4. <https://www.congress.gov/bill/117th-congress/house-bill/2954>
5. <https://www.irs.gov/retirement-plans/retirement-topics-required-minimum-distributions-rmds>
6. <https://www.irs.gov/publications/p590b>
7. <https://www.irs.gov/newsroom/estate-and-gift-tax-faqs>
8. <https://www.irs.gov/retirement-plans/roth-iras>
9. <https://www.irs.gov/newsroom/taxpayer-guide-to-identity-theft>



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