

2025 Year-end Tax Planning Checklist for Individuals

Tax Planning Roadmap Considerations

- Defer income and accelerate deductions where possible.
- Generate or match losses with gains.
- Review the basis in S corporation stock and partnership interests to allow for losses.
- Accelerate investments in operating assets in 2025 that are eligible for 100% bonus depreciation.
- Engage in a cost segregation study for commercial or residential rental real estate to accelerate depreciation deductions.
- Consider gain deferral by investing in a Qualified Opportunity Zone Fund.
- Evaluate the benefits of like-kind exchanges for real estate.
- Calculate potential Section 199A deductions from pass-through businesses.
- Assess the potential impact of the Alternative Minimum Tax (AMT) and Net Investment Income Tax (NIIT).
- Acquire and claim tax credits.

- Consider making discretionary trust distributions to take advantage of lower individual tax rates of trust beneficiaries.
- Evaluate the impact of 2026 income/deductions on actions in 2025.

Retirement Savings Tax Planning Considerations

- Maximize contributions to IRA, profit sharing, 401(k) and employer retirement savings plans.
- Convert funds from a pre-tax retirement account to a Roth account if your marginal tax bracket is lower than usual, or you will be in a higher tax bracket during retirement, to gain future tax-free earnings and no RMDs.
- Take advantage of catch-up contributions if you're 50 or older.
- Convert traditional IRA or qualified plan amounts to a Roth IRA.
- Check required distribution minimums and confirm you have taken any mandatory withdrawals by December 31 to avoid a penalty.

Gifts and Estate Planning Considerations

- Utilize the \$19,000 annual gift tax exclusion and consider gifting assets to family and others.
- Consider the form of gifts, whether outright, in trust, or under Uniform Transfers to Minors Acts (UTMA).
- Make direct payments to institutions or medical service providers for tuition and medical expenses on behalf of others.
- Frontload gifts to Section 529 plans and Achieving a Better Life Experience (ABLE) accounts with up to five years' worth of annual gift exclusion.
- Refresh your estate plan and accelerate transfers now while the lifetime exclusion is high.
- Review trust documents older than five years to confirm they still align with current family goals and comply with legal changes.
- Make charitable contributions using trust strategies like charitable remainder annuity trusts and unitrusts.

Tax Deductions Considerations

- For taxpayers who itemize deductions, consider donating long-term appreciated stock or other appreciated assets with low basis.
- Consider the timing of state and local tax payments to utilize the SALT cap increase to \$40,000.
- Also, consider if a bunching strategy for itemized deductions will reduce taxes across multiple years.

- If you collect Social Security, check if you are eligible for a temporary \$6,000 federal deduction.
- If you are an hourly employee, deduct up to \$12,500 in qualified overtime compensation, a temporary deduction through December 31, 2028.
- If you receive tips, check if you are eligible to deduct up to \$25,000 in qualified tips from federal income tax.

Plan With a Trusted Advisor

Cherry Bekaert's tax services team consists of highly knowledgeable individuals with practical business experience to provide an integrated, consultative approach to providing you with high-quality tax advice.

If you're overwhelmed with the current task landscape and navigating the complexities of compliance and changing tax laws, we're here to help. Reach out to your Cherry Bekaert tax advisor to initiate your year-end tax planning or for help with any questions related to the checklist above.



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