

# How Wealth Management Can Help With Tax Planning and Strategies

Effective tax planning is a cornerstone of financial success, and wealth management services can provide the strategic guidance needed to minimize tax burdens and maximize financial outcomes. By aligning investment strategies, retirement planning, and estate considerations with tax laws, a comprehensive wealth management approach ensures your financial goals are achieved efficiently while keeping more of your wealth working for you.

## Key Numbers 2025

Tax reference numbers at a glance.



### Income Tax (2025 tax rate tables)

Taxable income	Tax due	plus	% of income*
<b>Single</b>			
Up to \$11,925	\$0	+	10%
\$11,926 to \$48,475	\$1,192.50	+	12%
\$48,476 to \$103,350	\$5,578.50	+	22%
\$103,351 to \$197,300	\$17,651.00	+	24%
\$197,301 to \$250,525	\$40,199.00	+	32%
\$250,526 to \$626,350	\$57,231.00	+	35%
Over \$626,350	\$188,769.75	+	37%
<b>Married filing jointly</b>			
Up to \$23,850	\$0	+	10%
\$23,851 to \$96,950	\$2,385.00	+	12%
\$96,951 to \$206,700	\$11,157.00	+	22%
\$206,701 to \$394,600	\$35,302.00	+	24%
\$394,601 to \$501,050	\$80,398.00	+	32%
\$501,051 to \$751,600	\$114,462.00	+	35%
Over \$751,600	\$202,154.50	+	37%
<b>Married filing separately</b>			
Up to \$11,925	\$0	+	10%
\$11,926 to \$48,475	\$1,192.50	+	12%
\$48,476 to \$103,350	\$5,578.50	+	22%
\$103,351 to \$197,300	\$17,651.00	+	24%
\$197,301 to \$250,525	\$40,199.00	+	32%
\$250,526 to \$375,800	\$57,231.00	+	35%
Over \$375,800	\$101,077.25	+	37%
<b>Head of household</b>			
Up to \$17,000	\$0	+	10%
\$17,001 to \$64,850	\$1,700.00	+	12%
\$64,851 to \$103,350	\$7,442.00	+	22%
\$103,351 to \$197,300	\$15,912.00	+	24%
\$197,301 to \$250,500	\$38,460.00	+	32%
\$250,501 to \$626,350	\$55,484.00	+	35%
Over \$626,350	\$187,031.50	+	37%

\*The percentage applies to each dollar of taxable income within the range until the next income threshold is reached.



### Standard Deduction

Single	\$15,000	<b>Additional deduction for blind or aged (age 65+)</b>	
Married filing jointly	\$30,000		
Married filing separately	\$15,000		
Head of household	\$22,500		
Dependent*	\$1,350*		
		Single or head of household	\$2,000
		Married filing jointly or separately	\$1,600

\*Dependent standard deduction can't exceed the greater of \$1,350 or \$450 plus earned income.



### Alternative Minimum Tax (AMT)

	Maximum exemption amount	Exemption phaseout threshold
Single or head of household	\$88,100	\$626,350
Married filing jointly	\$137,000	\$1,252,700
Married filing separately	\$68,500	\$626,350
	26% rate applies to AMT income up to \$239,100*	
	28% rate applies to AMT income over \$239,100*	

\*\$119,550 if married filing separately.



### Education Credits and Deductions

	Single or head of household	Married filing jointly
<b>MAGI phaseout ranges</b>		
Lifetime Learning credit ( <b>\$2,000 max</b> )	\$80,000 to \$90,000	\$160,000 to \$180,000
American Opportunity credit ( <b>\$2,500 max</b> )	\$80,000 to \$90,000	\$160,000 to \$180,000
Education loan interest deduction ( <b>\$2,500 max</b> )	\$85,000 to \$100,000	\$170,000 to \$200,000
U.S. Savings bond interest exclusion for higher-education expenses	\$99,500 to \$114,500	\$149,250 to \$179,250



### Estate Planning

Annual gift tax exclusion	\$19,000
Noncitizen spouse annual gift tax exclusion	\$190,000
Top gift, estate, and GST tax rate	40%
Gift tax and estate tax applicable exclusion amount	\$13,990,000 + DSUEA*
Generation-skipping transfer (GST) tax exemption	\$13,990,000**

\*Basic exclusion amount plus deceased spousal unused exclusion amount (exclusion is portable).

\*\*The GST tax exemption is not portable.

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## Retirement Planning

### Employee contribution limits to employer plans\*

401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs (includes Roth contributions to these plans)	\$23,500
Annual catch-up contribution (age 50+)	\$7,500
--Catch-up limit if age 60 to 63	\$11,250
SIMPLE 401(k) and SIMPLE IRA plans	\$16,500
Annual catch-up contribution (age 50+)	\$3,500
--Catch-up limit if age 60 to 63	\$5,250

### IRA contribution limits\*\*

Traditional and Roth IRAs (combined)	\$7,000
Annual catch-up contribution (age 50+)	\$1,000

\* Lesser of these limits or 100% of participant's compensation.  
 \*\* Lesser of these limits or 100% of earned income.

### MAGI phaseout limits for deductible contributions to a traditional IRA (affects taxpayers covered by an employer-sponsored retirement plan)

Single or head of household	\$79,000 to \$89,000
Married filing jointly when the spouse who makes the contribution is covered by a workplace plan	\$126,000 to \$146,000
Married filing jointly when the spouse who makes the contribution is not covered by a workplace plan but the other spouse is covered	\$236,000 to \$246,000
Married filing separately	Up to \$10,000

### MAGI phaseout limits to contribute to a Roth IRA

Single or head of household	\$150,000 to \$165,000
Married filing jointly	\$236,000 to \$246,000
Married filing separately	Up to \$10,000



## Investment Taxes

Single filer	Married filing jointly	Married filing separately	Head of household	Tax rate
<b>Long-term capital gain &amp; qualified dividend tax (taxable income thresholds)</b>				
Up to \$48,350	Up to \$96,700	Up to \$48,350	Up to \$64,750	0%
\$48,351 up to \$533,400	\$96,701 up to \$600,050	\$48,351 up to \$300,000	\$64,751 up to \$566,700	15%
More than \$533,400	More than \$600,050	More than \$300,000	More than \$566,700	20%
<b>Net investment income tax (MAGI thresholds)</b>				
Over \$200,000	Over \$250,000	Over \$125,000	Over \$200,000	3.8%*

\*The 3.8% net investment income tax (also referred to as the unearned income Medicare contribution tax) applies to the lesser of (a) net investment income or (b) modified adjusted gross income (MAGI) exceeding the above thresholds. It does not apply to municipal bond interest or qualified retirement plan/IRA withdrawals.



## Health Care

### Flexible spending account (FSA) for health care

Maximum salary reduction contribution	\$3,300
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### Health savings account (HSA)

Annual contribution limit — individual coverage	\$4,300
Annual contribution limit — family coverage	\$8,550
Annual catch-up contribution (age 55+)	\$1,000

### High-deductible health plan (HDHP)

Minimum deductible — individual coverage	\$1,650
Minimum deductible — family coverage	\$3,300
Maximum out-of-pocket amount — individual	\$8,300
Maximum out-of-pocket amount — family	\$16,600



## Social Security/Medicare

### Maximum taxable earnings

Social Security (OASDI only)	\$176,100
Medicare (HI only)	No limit



## Standard Mileage Rates

Business purposes	TBD
Medical purposes	TBD
Charitable purposes	14¢ per mile
Moving purposes	TBD

*If you have questions regarding your investments and topics mentioned in this article, First Bank & Trust's Wealth Management Services team can assist you. Stop by and visit with your local banker, and they can direct you to one of our Wealth Management Officers. Alternatively, feel free to call us at 800.843.1552.*

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