



A Review of the Tax Act Changes for Individuals

By Beau Carpenter

The 2025 Tax Act makes permanent many of the provisions first introduced in 2017 by the TCJA, while adding other new provisions. Here's what you need to know as you prepare for the year ahead.

Standard Deduction and Rates – The larger standard deduction is now permanent and slightly higher. For 2025, it is \$15,750 for single filers and \$31,500 for joint filers. The current seven-bracket system (10% – 37%) remains, with inflation adjustments continuing. These higher amounts mean fewer taxpayers will benefit from itemizing, so consider bunching itemized deductions into a single year to exceed the standard deduction, then take the standard deduction in alternate years.

Extra Senior Deduction – Starting with 2025 returns, taxpayers age 65+ may claim an additional \$6,000 deduction per person (up to \$12,000 for couples if both qualify). This is on top of the existing standard deduction. Importantly, Social Security benefits remain taxable under current law—up to 85% of benefits may be includable depending on overall income. While the new deduction provision can help offset that burden, it does not eliminate it. (This is subject to income phaseouts.)

Tips and Overtime (2025–2028) – Two new temporary provisions are especially meaningful for workers (Both deductions phase out at higher income levels.)

- **Tips:** Employees in tipped occupations can deduct up to \$25,000 of reported tip income. Tips must still be reported on your W-2, but this deduction means many hospitality workers will owe little or no federal income tax on that portion of pay.
- **Overtime:** The “time-and-a-half” portion of overtime wages is deductible, up to \$12,500 for single filers (with higher limits for joint filers). This gives tax relief to employees whose jobs often require extra hours.

Child and Dependent Credits – The Child Tax Credit increases to \$2,200 per qualifying child and is now permanent. The \$500 Other Dependent Credit also continues.

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2025 Retirement Account Limits

By Matthew Lefelhoc

As we enter the final quarter of 2025, now is the perfect time to revisit and review your retirement savings strategy to ensure you are maximizing your savings options. The SECURE ACT 2.0 introduced extra contribution limits for many participants in employer-sponsored retirement plans, particularly benefiting those approaching retirement or working for a small business.

Participants of a company retirement plan who are turning age 60 – 63 in 2025 are now eligible for an extra catch-up contribution. Additionally, SIMPLE IRA participants can contribute more IF their employer has 25 or fewer total employees. The chart below summarizes these updates, and reflects the 2025 contribution limits:

2025 Contribution Limits	Under Age 50	Age 50+	Ages 60-63
Traditional & Roth IRAs	\$7,000	\$8,000	\$8,000
SIMPLE IRAs (≤ 25 employees)	\$17,600	\$21,450	\$22,850
SIMPLE IRAs (> 25 employees)	\$16,500	\$20,000	\$21,750
401(k)s & 403(b)s	\$23,500	\$31,000	\$34,750

*Limits will revert back to the “above age 50” amount in the calendar year you turn 64.

Leveraging your company's retirement plan can play a key role in ensuring you are on track to meet your retirement goals. If you have any questions about these limits and how they apply to you and your plan, let's talk!



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Q3 2025 Market Insight – What Do Interest Rate Cuts Mean For You?

By Ryan Gilmer

On September 17th, the Federal Reserve lowered interest rates by 0.25% to a new target range of 4.00 – 4.25%. There are a few ways this change will affect you. But before we discuss those, it's important to recognize the term structure of interest rates, which is generally shown through the yield curve. Here is a chart that shows these concepts:

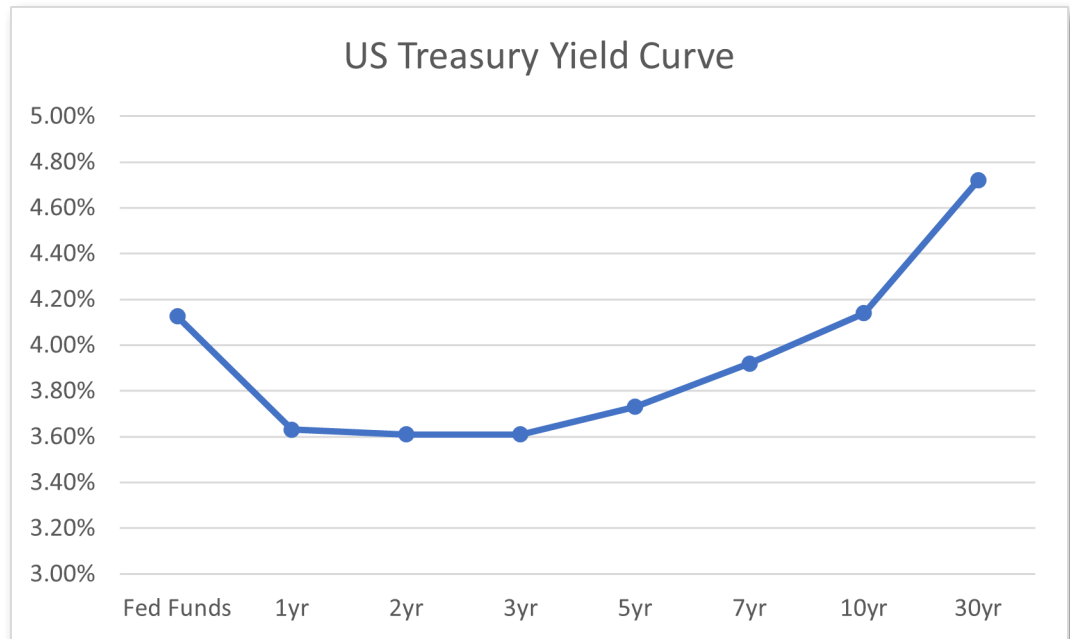
People borrow money for different lengths of time. The Federal Funds rate is focused on the very short term – periods less than 1 year. You may notice that the 1, 2, and 3-year rates are lower than the current Fed Funds rate. This is because the Fed has signaled to the market that they will continue lowering rates in the near future. As the length of time to borrow increases, the curve steepens, which is normal. Typically, long-term borrowers pay higher interest rates than short-term borrowers because of increased risk. Borrowing rates greater than a year or two, while influenced by the Fed Funds rate, are ultimately set by the market.

In other words, the Fed has begun the process of lowering short-term interest rates. This could mean that all interest rates across the term structure will also go down, but it is not a guarantee. Longer-term rates could go down, stay the same, or even potentially go higher.

That being said, in general, lower interest rates:

- **Stimulate the Economy** – lower rates incentivize more people to borrow money for spending or investments. This increases economic activity. The most common example is housing – lower rates make it easier to buy a bigger or nicer house. Also, more economic activity means more jobs, higher wages, and lower unemployment, which is great for workers.
- **Reduce Bond Returns** – Bondholders are lenders, so when interest rates decline, they make less money than when interest rates are high. This reduces the attractiveness of buying bonds. This can be a negative for conservative investors.
- **Boost Stock Markets** – As economic growth increases, company profits will likely also increase, which in turn can benefit stock investors. Higher profits generally mean higher stock prices.
- **Higher Potential Inflation** – The Fed has two goals when setting interest rate policy. On the one hand, they strive to maximize employment. On the other, they seek to achieve price stability. These goals can sometimes come into tension. If the economy runs too hot, inflation can increase, making goods and services more expensive for consumers.

While the Fed has started to lower rates, it is likely to be a process that will continue for the next 6-12 months. As new economic data emerges, policy can be altered if necessary. As these changes unfold, we will continue to monitor the markets for potential investment opportunities.



Source: koyfin.com



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Managing an IRA in Retirement: What are My Options?

By Chris Nadler & Jake Jones

You work your whole life to save for your retirement by funding a 401k, 403b or IRA. The most common question at retirement is: **What are my options with these accounts now?** Let's walk through them, so you're more prepared when retirement comes around!

- **Rollover to an IRA:** Many individuals will consolidate these accounts into one IRA, or as few accounts as needed to simplify the number of choices and administrative work. A competent investment advisor can help with this process.
- **Regular/recurring distributions:** Most retirees use IRAs to supplement income. These withdrawals can be set up to process on a regular basis, like a "paycheck" of sorts. Or, funds can be distributed on as-needed basis, such as semi-annually, or whenever that "extra" is needed to cover a specific purchase.
- **Required Minimum Distributions (RMD):** As current law states, beginning at age 73, you will be required to take a certain amount out of your tax-deferred retirement accounts (IRA, 401k, 403b) each year. The amount is usually around 4-5% of the previous year-end account balance.
- **Qualified Charitable Distributions (QCD):** Beginning at age 70.5, you are able to make tax-free gifts to qualified charities directly out of your traditional or rollover IRA. The annual limit for 2025 tax year is \$108,000 per individual. This strategy is often used by those who need to take an RMD but don't want to incur the tax on a distribution, and/or those who are charitably-inclined.
 - Please note: QCDs are not permitted from 401k, 403b, Simple or SEP IRA accounts.
- **Roth Conversions:** Moving funds from your Traditional IRA to your Roth IRA requires you to pay tax on the amount converted. Reasons for doing Roth conversions could include the following:
 - *You expect to be in a higher tax bracket in the future.*
 - *Minimize or eliminate RMDs in the future (Roth IRAs do not have RMDs).*
 - *Pass along a tax-free inheritance to your heirs.*

If you would like to discuss how these options could affect you or your retirement plan, please let us know. It is our privilege to be able to serve you and help you reach your financial dreams!



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MARKET UPDATE as of 9/30/25	3RD QTR	YTD	5 YR AVG	10 YR AVG
S & P 500 COMP	8.12%	14.83%	16.47%	15.30%
RUSSELL 2000	12.39%	10.39%	11.56%	9.76%
MSCI EAFE	4.83%	25.72%	11.71%	8.70%
MSCI EMERGING MARKETS	10.16%	26.60%	8.12%	8.47%
BARCLAYS US AGG BOND	2.03%	6.13%	-0.45%	1.84%



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SALT Deduction Cap – The cap on state and local tax (SALT) deductions is temporarily increased to \$40,000 for 2025 (\$40,400 in 2026, with 1% annual increases through 2029). In 2030, it reverts to the prior \$10,000 cap. For some taxpayers, this could make itemizing beneficial again.

Looking Ahead to 2026

There are several notable provisions that don't take effect until 2026, but are worth keeping on your radar.

Child Savings Accounts & Dependent Care Credit –

Beginning in 2026, families can open new tax-deferred investment accounts for children with annual contributions of up to \$5,000. For children born between 2025 and 2028, the federal government will seed each account with \$1,000. Because contributions must be made before the child turns 18, opening the account early ensures the most benefit. In addition, the Child and Dependent Care Credit expands to cover 50% of up to \$6,000 in qualifying expenses.

Educator expense deduction – K-12 teachers, counselors, coaches, and aides working at least 900 hours annually will be able to deduct classroom expenses like books and supplies—outside of the old miscellaneous itemized rules.

Charitable contributions – The 60% of AGI limit for cash gifts to qualified charities becomes permanent. Prioritizing cash donations to these “50% charities” will help maximize deductibility.

Estate and gift tax exclusion – The basic exclusion increases to \$15 million (indexed) starting in 2026. Families should review estate plans and consider lifetime gifts to lock in this expanded threshold.

Wagering losses – Only 90% of gambling losses will be deductible against winnings. If relevant, realizing losses in 2025 may be more advantageous.

The Act introduces significant changes to the tax landscape. If you have questions about how these updates may affect your situation, please contact us.



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