

Tax planning for individuals

Getting an early start on tax planning instead of waiting until year-end gives you more time to meet with your tax, wealth and insurance advisors and make moves that can reduce your tax burden. Discussing how the recently passed One Big Beautiful Bill Act (OBBBA) affects you with your Kaufman Rossin advisor can be a good starting point to your year-end planning.

- ☐ **Explore using capital losses to offset realized gains.** You may want to use tax loss harvesting in investment accounts. For example, you might sell marketable securities whose value is down in order to offset gains in other assets.
- ☐ **Consider your options for charitable contributions.** With the higher standard deduction, you may benefit by “bunching” your charitable contributions together every other year. Also consider donating appreciated marketable securities held at least one year rather than selling those assets, which can allow you to deduct the full fair market value of the asset and avoid capital gains and Net Investment Income taxes. Or use a donor-advised fund to deposit assets into an account in a single year, thus maximizing the deduction, but spreading out distributions to charities over many years. Changes under the OBBBA will impact charitable contributions in 2026. Consider accelerating charitable contributions before 2025 year-end.
- ☐ **Maximize retirement plan contributions.** The 2025 401(k) tax contribution limit is \$23,500 for those under age 50 and \$31,000 for those 50 and older. Self-employed individuals can also make employer contributions up to \$70,000. For those in the age 60 to 63 category, there’s a new “super catch-up” contribution limit that allows for a total maximum contribution of \$34,750.
- ☐ **Consider Roth IRAs.** Depending on your situation, this may be an ideal time to convert to a Roth IRA. You can directly fund a Roth IRA or, if you’re over the income limit, consider the Roth back door strategy.
- ☐ **Maximize current tax-free gifting opportunities.** Currently, an individual can gift up to \$19,000 per year to anyone through the annual exclusion. The current lifetime exemption for individuals is \$13.99 million (or \$27.98 million for married couples) to heirs free of federal gift/estate taxes. Starting in 2026, the exemption will increase to \$15 million for individuals (\$30 million for married couples), indexed for inflation.

- ☐ **Consider contributing to a 529 plan.** This strategy may make sense if you have children or grandchildren (or a niece or nephew – pretty much anyone) whose education you want to help fund. While there are some contribution limits, withdrawals from these plans can pay for undergraduate and some K-12 education, as well as a host of education-related expenses.
- ☐ **Take steps to maximize your qualified business income (QBI) deduction if you own a qualified business.** This may include deferring income to next year, reducing your salary, making deductible retirement plan contributions or other actions.
- ☐ **Plan to spend the required number of days in your preferred tax domain.** Higher-tax states may check just how many days you lived in a lower tax state to establish tax domicile.
- ☐ **Reduce your marginal tax rate by deferring income if it makes sense.** If you can accelerate charitable donations or medical expenses into this year as well, this may have a significant effect on the taxes you pay.
- ☐ **Consider asset location strategies.** Hold tax inefficient assets in a tax deferred account, tax preferential assets like stocks in a taxable account, and locate highest expected return assets in a Roth account.
- ☐ **Donate required minimum distributions from retirement accounts.** Donating the funds directly as a qualified charitable distribution excludes the amount donated from taxable income.
- ☐ **Consider rolling gains into a qualified opportunity fund.** Capital gains from an investment may be rolled over into a qualified opportunity zone investment, thereby deferring or reducing tax liability.
- ☐ **Go over your estate plans.** As your personal financial and family situations change, along with the broader economic outlook, estate plans should be adapted to best meet your needs and be updated with current provisions for beneficiaries, appointments of trustees and other agents, and tax planning.
- ☐ **Continue to monitor ongoing tax situations with the IRS.** IRS backlogs mean many situations have been unresolved for months to years. Discuss with your tax advisor if there are ways you can minimize the ramifications of these delays. Follow up on refunds expected to cover required estimated payments, as these may not have been processed yet.
- ☐ **Schedule a meeting with your tax, wealth and insurance advisors.** Contact your Kaufman Rossin professionals before year-end to discuss tax planning.