

# 2025 YEAR-END FINANCIAL PLANNING REMINDERS

As the year comes to an end, it's a great time to review your finances and take advantage of strategies that can enhance tax efficiency and strengthen your long-term financial well-being. Below are several key actions to consider before December 31, 2025.

## 1. Contribute to Retirement Accounts

Maximizing contributions to tax-advantaged retirement accounts can reduce your taxable income while helping you save for retirement.

### 2025 Individual contribution limits per account type:

- **IRA:** \$7,000 (or \$8,000 if aged 50 or older).
- **401(k), 403(b):** \$23,000 (plus an additional \$7,500 for those age 50 and older; \$11,250 for individuals aged 60 – 63).

### Deadlines:

- 401(k) contributions must be made by December 31, 2025.
- IRA contributions can be made until April 15, 2026.

## 2. Take Required Minimum Distributions (RMDs)

If you are age 73 or older, the IRS requires you to withdraw a minimum amount from certain qualified retirement accounts each year. RMDs must generally be taken by December 31, though in the year you turn 73, you may delay your first RMD until April 1 of the following year.

Failing to take an RMD may result in an IRS penalty.

For inherited IRAs, RMD requirements depend on factors such as the type of IRA, your relationship to the original owner, and the age and year of death of the original owner. [Learn more about inherited IRAs\\* >](#)

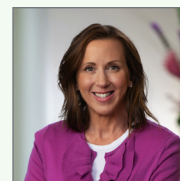
## 3. Be Strategic with Charitable Giving

Beginning in 2026, only charitable contributions exceeding 0.5% of adjusted gross income (AGI) will be deductible. If you're charitably inclined, consider the following strategies to optimize tax savings:

### Donor-advised funds (DAFs)

DAFs allow you to make a tax-deductible contribution in the year of the donation while distributing grants to charities over time. For those expecting higher income in 2025, "bunching" several years' worth of charitable gifts into one DAF contribution can maximize itemized deductions.

\*<https://www.gwkinvest.com/insight/wealth-insights/you-inherited-an-ira/>



**MELISSA JACOBY**

*Vice President, Wealth Strategist*

## 2025 YEAR-END FINANCIAL PLANNING REMINDERS *continued*

### Qualified charitable distributions (QCDs)

Individuals aged 70½ or older can transfer up to \$108,000 per year directly from IRAs (including inherited, inactive simplified employee pension (SEP), and SIMPLE IRAs) to eligible charities. The QCD counts toward your RMD but is excluded from taxable income which is an effective strategy for those taking the standard deduction.

### Gifts of appreciated securities

Donating appreciated securities instead of cash allows you to avoid capital gains taxes while receiving a charitable deduction if you itemize.

[Explore more charitable giving strategies for 2025\\*\\* >](#)

## 4. Manage Income Taxes

Before year-end, consider these tax strategies:

- Harvest capital losses to offset realized gains before December 31.
- Review withholding and estimated tax payments to avoid surprises or penalties.
- Use flexible spending account (FSA) balances before they expire.
- Consider a partial or full Roth IRA conversion to diversify future tax exposure.

## 5. Utilize Estate and Gift Tax Exemptions

- 529 College savings plans: Contribute before year-end to qualify for potential state tax deductions (where applicable).
- Annual exclusion gifts: Each individual can gift up to \$19,000 per recipient in 2025 without using lifetime exemptions or incurring gift tax.
- Direct payments: You may make unlimited direct payments for medical expenses or tuition without affecting annual or lifetime gift exemptions.
- Lifetime exemption: Consider making larger gifts directly or through a trust to leverage the \$13,990,000 lifetime exemption currently available per individual.

## 6. Review Estate and Legal Documents

Ensure your estate plan reflects your current wishes and circumstances:

- Review your will and confirm the appropriate people are named as executors or trustees.
- Verify that powers of attorney and healthcare directives are current and accessible.
- Review and update beneficiary designations after major life events (marriage, divorce, birth, etc.).
- Confirm asset titling to avoid probate and ensure a smooth transition of assets.  
[Learn more about titling\\*\\*\\* >](#)
- Review insurance coverage (health, life, disability, auto, home) and make adjustments as needed.

\*\*<https://www.gwkinvest.com/insight/wealth-insights/6-charitable-giving-strategies-for-2025/>

\*\*\*<https://www.gwkinvest.com/insight/wealth-insights/titling-assets/>

## 2025 YEAR-END FINANCIAL PLANNING REMINDERS *continued*

### 7. Plan for 2026

Use this opportunity to prepare for the year ahead:

- Set financial goals for 2026, including savings, debt reduction, investment milestones, and wealth transfer objectives.
- Review your budget and adjust for inflation, lifestyle changes, or new priorities.
- Schedule meetings with your financial advisor, accountant and estate attorney to align strategies and stay on track.

### Final Thoughts

Year-end is an ideal time to assess your financial picture, take advantage of tax-saving opportunities, and plan for the future. Working closely with your financial, tax, and legal advisors can help ensure you make informed decisions that align with your goals.

---

## GW&K'S PRIVATE WEALTH MANAGEMENT TEAM

Our team of private wealth advisors can help you manage your assets and plan for the future. Our Private Wealth services include guidance on wealth transfer planning, lifestyle, and overall asset allocation. We encourage you to get in touch with us for more information about how we can help. *Please visit our website.*

#### DISCLOSURES:

GW&K is not authorized to provide tax, legal, or accounting advice. The information provided is for general informational purposes only and is not written or intended as an individualized recommendation or substitute for specific legal or tax advice, within the meaning of IRS Circular 230 or otherwise. Tax laws and regulations are complex and subject to change, which can materially impact investment results. The information contained herein is obtained from sources believed to be reliable, but its accuracy or completeness is not guaranteed. Individuals are encouraged to consult with a professional tax, legal or accounting advisor regarding their specific legal or tax situation.