



Our Holiday Gift To You: Four Year-End Planning Tactics

Can you believe the holidays are already upon us? The calendar winding down is your cue to reach out to clients to discuss year-end planning that may help minimize their 2025 taxes and potentially avoid penalties. Here are four places to start.

1. Review Required Minimum Distribution (RMD) Requirements and Evaluate Strategies

One of the first things to ensure is that clients are aware of changes to RMD ages and when the first RMD must be taken. If you have clients turning 72 this year, make sure they are aware that the Setting Every Community Up for Retirement Enhancement (SECURE) Act 2.0 raised the RMD age to 73 for those turning 72 after 2022. And that age increases to age 75 in 2033. Most RMDs must be taken by December 31, but first-time RMDs can be delayed until April 1. Delaying RMDs may seem attractive, especially to those still working. But a delay to April 1 means two RMDs in one year for traditional IRA owners. Planning now can help a client manage the various income thresholds as well as help keep taxes lower.

Useful RMD Strategies:

- **Qualified charitable distributions (QCDs):** Clients age 70½ or older can gift up to \$108,000 directly from a traditional IRA to a qualifying public charity or charities. This distribution is not included in adjusted gross income. If the gift is made prior to other distributions, it also can cover up to \$108,000 of RMDs.
- **Roth conversions:** While RMDs themselves can't be converted, clients can use other funds to convert traditional IRA assets to Roth IRAs, reducing future RMDs. Be aware this conversion is included in modified adjusted gross income (MAGI).

That means it will affect various income thresholds that can impact taxes, including the Income-Related Monthly Adjustment Amount (IRMAA) and the new senior deduction (\$6,000 per person aged 65 or older), which phases out in 2025 at MAGI of \$75,000 for single filers and \$150,000 for married filing jointly. The client's state and local tax deduction (SALT) could also be impacted.

- **Qualified longevity annuity contracts (QLACs):** These contracts allow clients to defer RMDs on a portion of traditional IRA funds in exchange for future income.

2. Help Clients Maximize Retirement Savings Contributions

Encourage clients to take full advantage of tax-advantaged accounts before year-end. Contribution opportunities include:

- **401(k), 403(b), and 457(b):** Maxing out contributions, if possible, in traditional (non-Roth) accounts reduces adjusted gross income and may reduce the client's taxable income.
- **IRAs:** While contributions can be made until the tax deadline, year-end planning helps ensure clients stay on track.

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3. Consider Tax-Loss Harvesting Opportunities

Help clients reduce their tax liabilities by offsetting gains with losses.

- **Selling underperforming assets**—Realize losses to offset capital gains and reduce taxable income (up to \$3,000 against ordinary income).
- **Watch for wash-sale rules**—Avoid repurchasing the same or substantially identical securities within 30 days to maintain deductibility.

4. Educate Clients about Charitable Giving

Year-end giving can be a generous and tax-savvy decision.

- **Direct donations:** Cash or appreciated assets donated before December 31 may qualify for deductions.
- **Bunching donations:** Clients can bunch donations into one year to itemize deductions, then skip a year or two and take the standard deduction in future years. The money can be gifted to any qualifying charity.

Proactive Strategies Can Benefit Your Clients

Year-end planning is a critical touchpoint for financial professionals. By proactively guiding clients through these strategies, you can help them reduce taxes, optimize savings, and enter the new year with confidence.

ACTIONS YOU CAN TAKE RIGHT NOW

- Reach out to clients with a reminder that year-end planning time is here.
- Determine which year-end strategies may be a fit for each client's needs and goals.
- Implement strategies before year-end.

Additional Resources and Links

[New Year, New Rules—SECURE Act 2.0](#)

[2025 Contribution Information](#)

[Five Things to Know About Qualified Charitable Contributions for 2025](#)

For more information about retirement planning,
please contact our Retirement Strategies Group at
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