

PARTICIPANT CORNER

The Ultimate Guide to Tax Savings



As tax laws evolve and personal financial situations change, it's essential to stay informed about strategies that can help minimize your tax burden. Here are several tips to consider:

1. Maximize Retirement Contributions

Contributing to retirement accounts like 401(k)s and IRAs can reduce your taxable income. For 2025, the IRS has increased the 401(k) contribution limit to \$23,500, while the IRA contribution limit remains at \$7,000. If you're 50 or older, you may be eligible for additional catch-up contributions. These contributions not only bolster your retirement savings but also offer immediate tax benefits.

2. Consider a Roth IRA Conversion

Converting a traditional IRA to a Roth IRA involves paying taxes on the converted amount now, but it allows for tax-free withdrawals in retirement.* This strategy can be advantageous if you anticipate being in a higher tax bracket in the future or if your current IRA investments have decreased in value, potentially reducing the tax impact of the conversion.

3. Harvest Investment Losses

To balance capital gains from other investments, think about selling any investments that have lost value. Tax-loss harvesting is a method that can lower your taxable income. The "wash-sale" rule, which forbids buying the same or a nearly identical security again within 30 days of the sale, should be kept in mind.

4. Leverage Health Savings Accounts (HSAs)

If you're enrolled in a high-deductible health plan, contributing to an HSA can provide triple tax benefits: contributions are tax-deductible, growth is tax-free, and withdrawals for qualified medical expenses are tax-free. For 2025, the contribution limits are \$3,200 for individuals and \$6,450 for families, with an additional \$1,000 catch-up contribution allowed for those aged 55 and older.

5. Optimize Charitable Giving

You can avoid capital gains taxes by donating appreciated assets, like stocks, directly to charitable organizations, or you can create a donor-advised fund, which enables you to make a charitable contribution, receive an immediate tax deduction, and then distribute funds to charities over time.

6. Plan for Gift and Estate Tax Changes

After December 31, 2025, the existing exemptions from the federal gift and estate taxes will be reduced. Consider tactics like giving assets to heirs now to lower the taxable value of your estate if it above these limits. To learn more about possibilities like trusts or other estate planning tools, speak with a tax advisor.

7. Stay Informed on Tax Law Changes

Tax laws are subject to change, and staying informed can help you take advantage of new opportunities or adjust your strategies accordingly. Regularly consult with a tax professional to ensure your tax planning strategies remain effective and compliant with current laws.

Implementing these strategies can help you manage your tax liability more effectively. Always consult with a qualified tax advisor to tailor these tips to your specific financial situation.

*Withdrawals from Roth IRAs are tax free if taken after age 59½ and at least five years after the conversion.

This content is for informational purposes only and not tax, legal, or financial advice. Please consult a professional for guidance on your specific situation.

Sources:

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Please access your retirement plan provider's website or consult with your financial professional at 407-951-8875 or www.evolveadvisorgroup.com.

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