



2025 Tax Planning & Reference Guide



The 2025 Tax Planning & Reference Guide is designed to be a reference only and is not intended to provide tax advice. Please consult your tax advisor prior to acting on any information referenced in this Guide.

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Tax Code Changes Effective 2025

Due to the passing of SECURE Act 2.0, the following items will go into effect in 2025:

Employer Sponsored Catch-Up Contributions - Age 60 through 63 Only

- For participants in 401(k), 403(b), and 457(b) plans, the catch-up contribution is the greater of \$10,000 (adjusted for inflation beginning in 2026) or 150% of the regular age 50 catch-up contribution.
- For participants in SIMPLE plans, the catch-up contribution is the greater of \$5,000 (adjusted for inflation beginning in 2026) or 150% of the regular age 50 catch-up contribution.

Auto-Enrollment and Escalation in New Retirement Plans

- 401(k) and 403(b) plans established on or after January 1, 2023 will now be required to automatically enroll employees at a 3-10% contribution rate. In addition, the plans must include automatic escalation of 1% per year up to at least 10%, but no more than 15%. Employees may opt out of these features. Certain employers are exempt.

Coverage for Long-Term, Part-Time Employees

- The service requirement (years worked) to be eligible to participate in employer sponsored retirement plans is reduced from three to two consecutive years of 500+ hours.

Retirement Savings Lost-and-Found Database

- The Employee Benefits Security Administration is responsible for an online database for individuals to locate the plan administrator of any ERISA plan in which they have been a participant or beneficiary.

Tax Code Sunset – Some Provisions Set to Expire December 31, 2025

Several provisions of the 2017 Tax Cuts and Jobs Act (TCJA) are set to expire, or “sunset,” at the end of 2025. The individual income tax rates and brackets, standard deductions, and estate tax exemption are the key provisions that will return to pre-TCJA levels (adjusted for inflation) unless Congress enacts new legislation by the end of 2025. The effects of the sunset on these key provisions are below.

- Most income tax rates will increase.
- Income tax bracket thresholds will decrease.
- The standard deduction will be reduced (personal exemptions return).
- The estate tax exemption will be reduced.

It is more important than ever to explore strategies that can help reduce your tax burden now and in the future. Your tax professional and Financial Advisor working in concert can help devise and implement strategies tailored to your personal situation.

2025 Tax Planning & Reference Guide

Table of Contents

2025 Income Tax Rates	2-3
Tax on Net Long-Term Capital Gains	3
Tax on Qualified Dividends	4
Standard Deductions	4
Other Tax Adjustments	4-5
Wash Sales	5
Self-Employment Tax	5
FICA (Social Security & Medicare) Tax	5
Health Savings Accounts	5
Annual Gift Tax Exclusion	6
Gift & Estate Taxes	6
Kiddie Tax	6
Long-Term Care Premium Deduction	6
Taxation of Social Security Retirement Benefits	7
Social Security Full Retirement Age (FRA)	7
Social Security Earnings Limits	7
2025 Required Minimum Distribution Rules	7
Traditional IRA & Roth IRA Contribution Limits	8
Traditional IRA Contribution Phase-Out	8
Roth IRA Contribution Phase-Out	9
Traditional IRA to Roth IRA Conversion	9
Employer-Sponsored Retirement Plans	9
SEP IRA Plans	9
Education Funding	10-11
Uniform Lifetime Table (Partial)	12
Taxable Equivalent Yields	12
2025 Medicare Parts B and D Premium Costs	13
Medicare Income-Related Monthly Adjustment Amount (IRMAA)	13

2025 Income Tax Rates

Single Individuals

Taxable Income		Tax	Your Tax Is:	
Above	To		Rate on Excess	
\$0	\$11,925	10% of taxable income	N/A	
11,925	48,475	\$1,192.50 plus	12% over	\$11,925
48,475	103,350	5,578.50 plus	22% over	48,475
103,350	197,300	17,651 plus	24% over	103,350
197,300	250,525	40,199 plus	32% over	197,300
250,525	626,350	57,231 plus	35% over	250,525
626,350	---	188,769.75 plus	37% over	626,350

Married Filing Jointly

Taxable Income		Tax	Your Tax Is:	
Above	To		Rate on Excess	
\$0	\$23,850	10% of taxable income	N/A	
23,850	96,950	\$2,385 plus	12% over	\$23,850
96,950	206,700	11,157 plus	22% over	96,950
206,700	394,600	35,302 plus	24% over	206,700
394,600	501,050	80,398 plus	32% over	394,600
501,050	751,600	114,462 plus	35% over	501,050
751,600	---	202,154.50 plus	37% over	751,600

Married Filing Separately

Taxable Income		Tax	Your Tax Is:	
Above	To		Rate on Excess	
\$0	\$11,925	10% of taxable income	N/A	
11,925	48,475	\$1,192.50 plus	12% over	\$11,925
48,475	103,350	5,578.50 plus	22% over	48,475
103,350	197,300	17,651 plus	24% over	103,350
197,300	250,525	40,199 plus	32% over	197,300
250,525	375,800	57,231 plus	35% over	250,525
375,800	---	101,077.25 plus	37% over	375,800

2025 Income Tax Rates

Head of Household

Taxable Income		Tax	Your Tax Is:	
Above	To		Rate on Excess	
\$0	\$17,000	10% of taxable income	N/A	
17,000	64,850	\$1,700 plus	12% over	\$17,000
64,850	103,350	7,442 plus	22% over	64,850
103,350	197,300	15,912 plus	24% over	103,350
197,300	250,500	38,460 plus	32% over	197,300
250,500	626,350	55,484 plus	35% over	250,500
626,350	---	187,031.50 plus	37% over	626,350

Trusts and Estates

Taxable Income		Tax	Your Tax Is:	
Above	To		Rate on Excess	
\$0	\$3,150	10% of taxable income	N/A	
3,150	11,450	\$315 plus	24% over	\$3,150
11,450	15,650	2,307 plus	35% over	11,450
15,650	---	3,777 plus	37% over	15,650

Corporate

Corporate income is taxed at a flat 21% rate.

Tax on Net Long-Term Capital Gains¹

Long-Term Capital Gains Tax Rate ²	Taxable Income			
	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Up to \$48,350	Up to \$96,700	Up to \$64,750	Up to \$48,350
15%	\$48,350 to \$533,400	\$96,700 to \$600,050	\$64,750 to \$566,700	\$48,350 to \$300,000
20%	Over \$533,400	Over \$600,050	Over \$566,700	Over \$300,000
28%	Tax on gains on collectibles			
28%	Tax on gains on qualified small business stock after the section 1202 exclusion			
25%	Tax rate on unrecaptured section 1250 gains			

1. "Net long-term capital gain" is the amount by which your total long-term capital gains for the year exceed your total short-term capital losses. A net short-term capital gain is taxed as ordinary income at the applicable rates on pages 2 and 3.
2. Rates presented do not reflect the potential impact of the additional 3.8% Medicare surtax on unearned income.
3. These rates apply to all capital gains other than those relating to collectible gains, gains on qualified small business stock, or unrecaptured section 1250 gains.

Tax on Qualified Dividends

Qualified Dividends are defined as dividends received from domestic and qualified foreign corporations (with some exceptions such as those based on stock holding period). Consult your tax advisor to determine which dividends qualify.

Taxable Income				
Long-Term Capital Gains Tax Rate*	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Up to \$48,350	Up to \$96,700	Up to \$64,750	Up to \$48,350
15%	\$48,350 to \$533,400	\$96,700 to \$600,050	\$64,750 to \$566,700	\$48,350 to \$300,000
20%	Over \$533,400	Over \$600,050	Over \$566,700	Over \$300,000

*Rates presented do not reflect the potential impact of the additional 3.8% Medicare surtax on unearned income.

Additional Tax on Unearned (Investment) Income

A 3.8% “surtax” (Unearned Income Medicare Contribution Tax) will apply to the lesser of a taxpayer’s net investment income (generally interest, dividends, capital gains, annuity income, rents, royalties, and passive business income) or the amount the taxpayer’s modified adjusted gross income exceeds the applicable threshold: \$250,000 for married filing jointly or surviving spouse; \$125,000 for married filing separately; \$200,000 for all other filing categories.

Standard Deductions*

2025

Single	\$ 15,000
Head of Household	22,500
Married Filing Separately	15,000
Married Filing Jointly	30,000

*Additional standard deductions of \$2,000 are available for unmarried taxpayers who are 65 or older and are not surviving spouses or for taxpayers who are blind. The additional deduction amount for married taxpayers or a surviving spouse is \$1,600.

Other Tax Adjustments

Child Tax Credit

The 2025 tax credit for each qualifying dependent child under age 17 is \$2,000. The refundable portion of the credit is limited to \$1,700 in 2025 and will be adjusted for inflation in subsequent years. The income threshold for the refundable credit is \$2,500 and the phase-out for this credit begins at an income of \$200,000 for individuals and \$400,000 for joint filers.

There is a \$500 credit in 2025 for dependents who are not qualifying children, such as dependent children in college and dependent parents being cared for in the home. This non-refundable credit is subject to the same phase-out income of \$200,000 for individuals and \$400,000 for joint filers.

Charitable Contribution Deductions

In 2025, taxpayers may be able to deduct contributions of up to 60% of their Adjusted Gross Income to qualifying charities depending on the type of asset gifted.

Medical Expense Deductions

Unreimbursed medical expenses exceeding 7.5% of adjusted gross income may be deducted in 2025. Legislation passed in 2020 makes this threshold amount permanent.

Mortgage and Home Equity Debt Interest Deductions

In 2025, the Mortgage Interest Deduction for mortgages taken on or after December 16, 2017 is limited to mortgage debt of up to \$750,000. Mortgages taken prior to that date are grandfathered to the previous limitation of \$1,000,000 in mortgage debt.

Interest on home equity debt does not qualify for an interest deduction unless used to substantially improve the home.

Qualified Charitable Distribution (QCD)

The provision for direct transfers to charity of up to \$108,000 from IRAs, known as a Qualified Charitable Distribution (QCD), is available to IRA owners age 70½ and older. QCDs may be applied toward your Required Minimum Distributions (RMDs).

An IRA owner may make a one-time gift up to \$54,000 to a charitable remainder annuity trust, a charitable remainder unitrust, or a charitable gift annuity. The amount of the gift applies to the overall QCD funding limit for that year. Consult your tax advisor regarding specific QCD rules.

Wash Sales

According to the IRS, a wash sale occurs if within a period beginning 30 days before the date of a sale (creating a loss) and ending 30 days after the date of a sale, the taxpayer acquires or has entered into a contract or option to acquire stock or securities that are substantially identical. For 2025, this means that for losses incurred on Wednesday, December 31, 2025 (sell date), the last day to “double-up” would be Friday, November 28, 2025 and the next repurchase date would be Monday, February 2, 2026.

Self-Employment Tax

For 2025, a tax is imposed on self-employed individuals at a rate of 15.30%, which is a combination of a 12.40% Old Age, Survivors, and Disability Insurance Tax (OASDI) and a 2.90% Medicare Tax. For 2025, the OASDI Tax is computed on the first \$176,100 of self-employment income/earned income. The maximum self-employed OASDI Tax liability for 2025 is \$21,836.40 (12.40% of \$176,100). The 2.90% Medicare Tax is computed on the taxpayer’s entire self-employment income with no cap.

FICA (Social Security & Medicare) Tax

For 2025, a tax is imposed on an employee’s compensation at a rate of 7.65%, which is a combination of a 6.20% Old Age, Survivors, and Disability Insurance Tax (OASDI) and a 1.45% Medicare Tax. For 2025, the OASDI Tax is computed on the first \$176,100 of compensation/earned income. The maximum employee OASDI Tax liability for 2025 is \$10,918.20 (6.20% of \$176,100). The 1.45% Medicare Tax is computed on the taxpayer’s entire compensation with no cap.

Additional Medicare Tax

Higher income taxpayers, including self-employed individuals, with earned income above the following thresholds pay an additional Hospital Insurance Tax (Medicare) at a rate of 0.9% on earned income above the threshold amount: \$250,000 for married filing jointly; \$125,000 for married filing separately; \$200,000 for all other filing categories.

Health Savings Accounts

Contribution Type	Annual Contribution Limit	Annual Out-of-Pocket Expense Limit	Minimum Deductible
Self-only coverage	\$4,300	\$8,300	\$1,650
Family coverage	\$8,550	\$16,600	\$3,300
Age 55 or older catch up	\$1,000	--	--

Annual Gift Tax Exclusion

The annual gift tax exclusion for 2025 is \$19,000. Direct payments of post-secondary education or medical costs to institutions or providers do not count against the annual gift tax exclusion. Gifts larger than the annual exclusion are subject to taxation or the estate tax exclusion.

There is a special provision that allows a contributor to accelerate five years of gifting when funding a 529 Savings Plan on behalf of a beneficiary. For example, an individual may currently contribute as much as \$95,000 (\$190,000 for a married couple) in a given year to a 529 Plan, instead of waiting to contribute \$19,000 in each of the five years. This election uses the individual's annual gifting exclusion to that beneficiary for five years and requires a gift tax filing, although no gift taxes would be due.

Gift & Estate Taxes

For taxable gifts made during 2025, the credit against the gift tax imposed on a U.S. citizen or resident effectively exempts the first \$13,990,000 of cumulative transfers from federal gift and generation-skipping transfer taxes. Assets gifted have a "carry-over" cost basis equal to the lesser of the original owner's basis or the market value on the date of the gift.

The credit exclusion for estates of individuals who pass away in 2025 exempts \$13,990,000 from estate and generation-skipping transfer taxation. Assets in an estate acquire a cost basis equal to the value on the date of estate valuation, often referred to as a "stepped-up" basis.

Since 2019, the estate and gift tax exclusion has been made "portable" meaning the estate of a deceased spouse can elect to make any unused portion of the deceased spouse's exclusion available to the surviving spouse to be used during his or her lifetime or at death.

Kiddie Tax

The Kiddie Tax rule applies to the unearned income of dependent individuals under age 19 and all dependent, full-time students under age 24. In 2025, a child's unearned income over the exemption of \$2,700 will be subject to tax at the parent's marginal tax rate.

Long-Term Care Premium Deduction

Self-employed individuals—including sole proprietors, partners, and more than 2% shareholders of S corporations—may deduct, as a business expense, up to 100% of eligible premiums paid for qualified long-term care plans. Such payments are not imputed income to the insured. Individual taxpayers who itemize deductions may be able to deduct the lesser of the actual long-term care premiums paid or the eligible long-term care premium amounts listed below as part of their total medical expenses. This deduction is subject to age-based limits, which are adjusted annually based on increases in the medical care component of the Consumer Price Index.

Premium Deduction Limits	2025
40 or younger	\$ 480
41 - 50	900
51 - 60	1,800
61 - 70	4,810
71 and older	6,020

Generally, a C corporation may deduct, as a business expense, all qualified long-term care premiums paid for employees, employee spouses and employee dependents without application of the above limits. Such payments are not included as imputed income to the insured. These benefits may be offered to select individuals and do not have to be made available to all employees. Benefits paid by the insurance company to an insured individual are tax-free under all circumstances.

Taxation of Social Security Retirement Benefits

Provisional Income for Single*	Provisional Income for Married Filing Jointly*	Percentage of Social Security Benefits Taxable
\$0-\$25,000	\$0-\$32,000	0%
\$25,000-\$34,000	\$32,000-\$44,000	50%
>\$34,000	>\$44,000	85%

*Provisional income = adjusted gross income, less 50% of Social Security benefits, plus tax-exempt interest.

Social Security Full Retirement Age (FRA)

Social Security Full Retirement Age ¹	Year of Birth ²	Social Security Full Retirement Age for Surviving Spouse
66 and 4 months	1956	66
66 and 6 months	1957	66 and 2 months
66 and 8 months	1958	66 and 4 months
66 and 10 months	1959	66 and 6 months
67	1960	66 and 8 months
67	1961	66 and 10 months
67	1962 and later	67

1. The maximum Social Security benefit in 2025 for a worker at full retirement age is \$4,018 per month or \$48,216 per year.

2. Individuals born on January 1 of any year should refer to the full retirement age for the previous year.

Social Security Earnings Limits

Earnings Limit for Social Security Benefits	Annual	Monthly*
Under FRA (\$1 reduction in benefit for every \$2 over limit)	\$23,400	\$1,950
During the year FRA is reached (\$1 reduction in benefit for every \$3 over limit)	\$62,160	\$5,180
At FRA	No Limit	No Limit

*Monthly earnings limits are used to determine if any reductions will be made to your Social Security benefit.

2025 Required Minimum Distribution Rules

Owner IRAs

The Required Beginning Date (RBD) for taking Required Minimum Distributions (RMDs) from a traditional IRA is age 73 for account holders born 1951-1959 (due to changes in the Secure Act 2.0).

If you turn 73 in 2025, your first RMD is due December 31, 2025. You may elect to postpone your first RMD to no later than April 1, 2026. Postponing your first (2025) RMD means you will still have an RMD for 2026, which must be taken by December 31, 2026. Note that funds held in tax-deferred employer-sponsored plans are subject to RMDs, but certain exceptions may apply.

Initial RMD for Owner IRAs	
Year of Birth	Age
Before 7/1/1949	70 1/2
7/1/1949 - 1950	72
1951-1959	73
1960 or later	75

Beneficiary IRAs

If you inherited an IRA on or after after January 1, 2020, it is advisable to consult with your tax advisor, as the post-Secure Act 2.0 regulations are complex, with various considerations and options for beneficiaries.

Traditional IRA & Roth IRA Contribution Limits

Year	Maximum Contribution*	Catch-Up Age 50+*
2025	\$7,000 (will continue to be indexed)	\$1,000

*The maximum contribution amount equals the lesser of \$7,000/\$8,000 or total earned income.

Traditional IRA Contribution Phase-Out

IRA deduction if you **ARE** covered by a retirement plan at work

If Your Filing Status Is	And Your Modified AGI Is	Then You Can Take
Single or Head of Household	\$79,000 or less	A full deduction up to the amount of your contribution limit
	More than \$79,000 but less than \$89,000	A partial deduction
	\$89,000 or more	No deduction
Married Filing Jointly or Qualifying Widow(er)	\$126,000 or less	A full deduction up to the amount of your contribution limit
	More than \$126,000 but less than \$146,000	A partial deduction
	\$146,000 or more	No deduction
Married Filing Separately*	Less than \$10,000	A partial deduction
	\$10,000 or more	No deduction

*If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

IRA deduction if you are **NOT** covered by a retirement plan at work
(deduction is limited only if your spouse IS covered by a retirement plan)

If Your Filing Status Is	And Your Modified AGI Is	Then You Can Take
Single, Head of Household, or Qualifying Widow(er)	Any amount	A full deduction up to the amount of your contribution limit
Married Filing Jointly or Separately with a Spouse Who is Not Covered By a Plan at Work	Any amount	A full deduction up to the amount of your contribution limit
Married Filing Jointly with a Spouse Who is Covered By a Plan at Work	\$236,000 or less	A full deduction up to the amount of your contribution limit
	More than \$236,000 but less than \$246,000	A partial deduction
	\$246,000 or more	No deduction
Married Filing Separately with a Spouse Who is Covered By a Plan at Work*	Less than \$10,000	A partial deduction
	\$10,000 or more	No deduction

*If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

Roth IRA Contribution Phase-Out

Your Filing Status is	Full Contribution if Modified AGI is	Modified AGI Phase-Out Range*	No Contribution if Modified AGI is
Single or Head of Household	Less than \$150,000	\$150,000 but less than \$165,000	\$165,000 or more
Married Filing Jointly or Qualifying Widow(er)	Less than \$236,000	\$236,000 but less than \$246,000	\$246,000 or more
Married Filing Separately	N/A	Less than \$10,000	\$10,000 or more

*If the individual's modified adjusted gross income (MAGI) for the taxable year is in the phase-out range, the maximum regular contribution for the taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200.

Traditional IRA to Roth IRA Conversion

- There are no adjusted gross income limits on a conversion to a Roth IRA.
- The conversion is subject to income tax in the year of the conversion (reported on Form 8606), but is not subject to the 10% premature distribution penalty.
- Intra-plan Roth conversions from vested tax-deferred balances are available within qualified retirement plans (401(k), 403(b), 457) that provide a Roth option when allowed by the plan's controlling document.

Employer-Sponsored Retirement Plans

401(k)¹, 403(b)¹, and 457¹ Salary Deferral Limits²

Year	Maximum Employee Deferral	Catch-Up Age 50-59 OR 64+	Catch-Up Age 60-63
2025	\$23,500 (will continue to be indexed)	\$7,500	\$11,250

1. The maximum combined employee/employer contribution is \$70,000 plus catch-up contributions as applicable and as allowed by the plan sponsor.
2. Participation in concurrent multiple employer-sponsored retirement plans may incur limitations not addressed here. Participants should consult with their plan sponsors for additional details.

SIMPLE IRA¹ Deferral Limits²

Year	Maximum Deferral	Catch-Up Age 50-59 OR 64+	Catch-Up Age 60-63
2025	\$16,500 (will continue to be indexed)	\$3,500	\$5,250

1. Generally, employers must either match employee contributions dollar-for-dollar up to 3% of the employee's compensation or make a contribution of 2% of compensation for all eligible employees, whether participating or not.
2. Due to the Secure Act 2.0, certain participants may have higher deferral limits. Participants should consult with their plan sponsor for additional details.

SEP IRA Plans

- The 2025 maximum contribution limit is the lesser of 25% of compensation* or \$70,000.
- Minimum compensation for plan eligibility is \$750 in 2025 unless otherwise noted by the plan.
- Contributions may be made into a SEP plan through the filing date of the employer's tax return, including extensions.

*Compensation is limited to \$350,000 in 2025.

Education Funding

Funding Source/Benefit	Benefit	Annual Limits	Qualified Expenses
Coverdell Education Savings Accounts¹	<ul style="list-style-type: none"> Earnings are not taxed Tax-free withdrawals for qualified expenses 	Maximum 2025 contribution is \$2,000 (generally contributions may be made until the beneficiary turns 18) ²	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment Room & board if at least half-time student Payments to 529 Plans
529 Savings Plans¹	<ul style="list-style-type: none"> Earnings are not taxed Tax-free withdrawals for qualified expenses State income tax deduction in some states, including VA Unused 529 funds (lifetime limit of \$35,000) may be rolled over tax and penalty-free to a Roth IRA for the beneficiary. Restrictions apply. 	Maximum contribution is determined by each state's plan (as of 2024) ³ VA: \$550,000 NC: \$550,000	<ul style="list-style-type: none"> Tuition & mandatory fees Room & board if at least half-time student K-12 tuition, public or private, up to \$10,000 annually Fees, books, supplies, and equipment required for participation in a certified apprenticeship program Principal and interest of a qualified education loan of a designated beneficiary or sibling of beneficiary, not to exceed a lifetime limit of \$10,000
Traditional, Roth, SEP, and SIMPLE IRAs⁴	No 10% premature distribution penalty if used for qualified expenses	N/A ²	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment Room & board if at least half-time student
Education Savings Bond Program¹	Interest used for qualified expenses is not taxed	N/A	<ul style="list-style-type: none"> Tuition & mandatory fees Payments to 529 Plans & Coverdell ESAs
Student Loan Interest	Interest is tax deductible	Maximum deduction is \$2,500 per year	N/A
American Opportunity Credit/Hope Scholarship Credit	Credits directly offset the amount of federal tax due	Maximum credit is \$2,500 per student	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment
Lifetime Learning Credit		Maximum credit is \$2,000 per family	<ul style="list-style-type: none"> Tuition & mandatory fees

1. Any non-taxable withdrawal is limited to the amount of qualifying education expenses.

2. Income limits apply at the time of contribution. They are not relevant for withdrawals.

3. Contributions are subject to federal gift tax rules.

4. Normal income tax rules apply on withdrawals.

Funding Source/Benefit	Qualified Education	Other Conditions	Income Phase-Out
Coverdell Education Savings Accounts^{1,4}	Grades K-12 and all undergraduate and graduate	<ul style="list-style-type: none"> • Can contribute to Coverdell ESA and 529 Plan in the same year • Must withdraw assets by age 30 	Single: \$95,000-\$110,000 Joint: \$190,000-\$220,000
529 Savings Plans¹		<ul style="list-style-type: none"> • Distributions are excluded from gross income • American Opportunity and Lifetime Learning Credits are permitted in the same year but not for the same expenses 	No Phase-Out
Traditional, Roth, SEP, and SIMPLE IRAs²	All undergraduate and graduate	N/A	No Phase-Out ³
Education Savings Bond Program¹		Applies only to qualified series EE bonds and series I bonds issued after 1989	Single: \$99,500-\$114,500 Joint: \$149,250-\$179,250
Student Loan Interest		Must have been at least half-time student in a degree program	Single: \$85,000-\$100,000 Joint: \$170,000-\$200,000
American Opportunity Credit/Hope Scholarship Credit⁴	First four years of undergraduate	<ul style="list-style-type: none"> • Can be claimed only for four years • Must be enrolled at least half-time in a degree program 	Single: \$80,000-\$90,000 Joint: \$160,000-\$180,000
Lifetime Learning Credit⁴	All post-secondary education when American Opportunity Credit is unavailable	Undergraduate, graduate, and job skills courses	Single: \$80,000-\$90,000 Joint: \$160,000-\$180,000

1. Any non-taxable withdrawal is limited to the amount of qualifying education expenses.

2. Normal income tax rules apply on withdrawals.

3. Income limits apply at the time of contribution. They are not relevant for withdrawals.

4. Phase-out ranges based on the current revision of IRS Publication 970 as of December 2, 2024.

Uniform Lifetime Table (Partial)

The Uniform Lifetime Table is used to calculate Required Minimum Distributions for most original account holders. This table is not used for Inherited IRAs. Below is an excerpt from from IRS Publication 590-B (2022). Consult your tax professional to determine which table applies to your account(s).

Age of IRA Owner or Plan Participant (73 to 87)	Life Expectancy (in years)	RMD as a % of Account Value	Age of IRA Owner or Plan Participant (88 to 102)	Life Expectancy (in years)	RMD as a % of Account Value
73	26.5	3.78%	87	14.4	6.95%
74	25.5	3.93%	88	13.7	7.30%
75	24.6	4.07%	89	12.9	7.76%
76	23.7	4.22%	90	12.2	8.20%
77	22.9	4.37%	91	11.5	8.70%
78	22.0	4.55%	92	10.8	9.26%
79	21.1	4.74%	93	10.1	9.91%
80	20.2	4.96%	94	9.5	10.53%
81	19.4	5.16%	95	8.9	11.24%
82	18.5	5.41%	96	8.4	11.91%
83	17.7	5.65%	97	7.8	12.83%
84	16.8	5.96%	98	7.3	13.70%
85	16.0	6.25%	99	6.8	14.71%
86	15.2	6.58%	100	6.4	15.63%

Taxable Equivalent Yields

Federal Income Tax Bracket*	Tax-Free Yield (%)										
	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00	5.50	6.00
Taxable-Equivalent Yield (%)											
22%	1.28	1.92	2.56	3.21	3.85	4.49	5.13	5.77	6.41	7.05	7.69
24%	1.32	1.97	2.63	3.29	3.95	4.61	5.26	5.92	6.58	7.24	7.89
27.8%	1.39	2.08	2.77	3.46	4.16	4.85	5.54	6.23	6.93	7.62	8.31
32%	1.47	2.21	2.94	3.68	4.41	5.15	5.88	6.62	7.35	8.09	8.82
35%	1.54	2.31	3.08	3.85	4.62	5.38	6.15	6.92	7.69	8.46	9.23
35.8%	1.56	2.34	3.12	3.89	4.67	5.45	6.23	7.01	7.79	8.57	9.35
37%	1.59	2.38	3.17	3.97	4.76	5.56	6.35	7.14	7.94	8.73	9.52
38.8%	1.63	2.45	3.27	4.08	4.90	5.72	6.54	7.35	8.17	8.99	9.80
40.8%	1.69	2.53	3.38	4.22	5.07	5.91	6.76	7.60	8.45	9.29	10.14

*Tax brackets under current legislation are 10%, 12%, 22%, 24%, 32%, 35% and 37%. In addition, there is a 3.8% investment income surtax on single filers who have modified adjusted gross income (MAGI) greater than \$200,000 and married couples filing jointly who have MAGI greater than \$250,000. This leads to potential marginal tax brackets of 27.8%, 35.8%, 38.8% and 40.8%.

An individual in the highest tax bracket would have to purchase a taxable investment yielding more than 5.07% to outperform a 3% tax-free investment.

2025 Medicare Parts B and D Premium Costs

Medicare participants share a portion of costs through premiums or surcharges paid on Medicare Parts B and D. For 2025, the basic Part B premium cost for most participants will be \$185.00 per month; however, some participants may pay less due to protections in place for lower income individuals.

Your modified adjusted gross income (MAGI = adjusted gross income plus tax exempt interest, series EE bond interest used for education, and foreign earned income) from two years ago is used to calculate your premium for Medicare Part B and any additional surcharge to your Part D premium. The higher your income, the more you may pay in premiums. This increase in premium is called the Income-Related Monthly Adjustment Amount, or IRMAA.

Filing Individually		Filing Jointly		Premium Costs	
2023 Modified AGI was:		2023 Modified AGI was:		Part B	Part D
> than	< than or = to	> than	< than or = to	Monthly Premium	Monthly Surcharge
\$0	\$106,000	\$0	\$212,000	\$185.00	\$0
106,000	133,000	212,000	266,000	259.00	13.70
133,000	167,000	266,000	334,000	370.00	35.30
167,000	200,000	334,000	400,000	480.90	57.00
200,000	500,000	400,000	750,000	591.90	78.60
500,000	---	750,000	---	628.90	85.80

Medicare Income-Related Monthly Adjustment Amount (IRMAA)

Reviewing your projected annual income, in both the short and long term, is a prudent way to avoid or prepare for an IRMAA surcharge. Important considerations:

- **Income assessment:** The Social Security Administration calculates the IRMAA based on your income as filed with the IRS two years prior.
- **Tax planning:** If you are close to the income thresholds, tax planning strategies might help you lower your MAGI to avoid IRMAA. This could involve adjusting retirement account withdrawals, tax deductions, or other strategies.
- **Appeals:** If you experience a significant life change that affects your income, you can appeal your IRMAA determination. This process might involve providing documentation from your tax return to show that your income has decreased.

Notes



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The information contained herein has been compiled from a variety of publicly available documents and websites believed to be reliable; however, there is no guarantee as to its accuracy or completeness. All information provided is of a general nature and is not intended to address the circumstances of any particular individual or entity.

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