

Key tax figures for 2025

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While future tax policy remains unclear due to the pending expiration of the Tax Cuts and Jobs Act (TCJA) at the end of 2025, we do have clarity on tax rates, brackets and key figures for this year.

Other than new retirement plan catch-up contributions, there are no major changes from 2024 other than annual inflation adjustments. As a result of SECURE 2.0, beginning in 2025, retirement plan participants between the ages of 60 to 63 have the opportunity to make a higher catch-up contribution. For example, the catch-up contribution for 401(k) plans increases from \$7,500 to \$11,250.

Sound tax planning relies on knowing the key figures related to taxes on ordinary income, capital gains, dividends, gifts and estates. See our updated piece “2025 tax rates, schedules and contribution rates.” (See <https://franklintempletonprod.widen.net/s/c7wxx5zvd6/2025-tax-rates-schedules-and-contribution-limits-flyer-taxr-fl25>).

Changes to Key Tax Figures for 2025

	2024	2025
Standard deduction	\$14,000 for individuals and \$29,200 for couples filing a joint return	\$15,000 for individuals and \$30,000 for couples filing a joint return
Maximum elective deferral to retirement plans	\$23,000	\$23,500
Limit on annual additions to DC plans	\$69,000	\$70,000
HSA contribution limit	\$4,150 for individuals and \$8,300 for family	\$4,300 for individuals and \$8,550 for family
Annual gift limit	\$18,000	\$19,000
Unified gift/estate tax exclusion	\$13,610,000	\$13,990,000
Maximum compensation subject to Social Security payroll taxes	\$168,600	\$176,100

Action steps to consider

- Review retirement savings accounts to adjust contributions since limits have increased for 2025, especially for those who are ages 60 to 63 who can benefit from the new, higher catch-up contribution limits.
- The annual gift limit increases to \$19,000, which can allow higher contributions into 529 college savings plans.
- Adjust contributions to health savings accounts (HSAs) to take advantage of the higher contribution limit for 2025. It's important to remember that funds contributed to HSAs, and eventually distributed from HSAs for qualified expenses, are never taxed.
- Be aware that the Social Security wage base has increased (from \$168,600 to \$176,100), so those affected will pay an additional \$465 in payroll taxes.

To view last year's tax rates as a reference, see "2024 tax rates, schedules and contribution limits." (See <https://franklintempletonprod.widen.net/s/87kqctbp8q/2024-tax-rates-schedules-and-contribution-limits-flyer-taxr-fl>).

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