



2025

TAX GUIDE



SOUTH BAY
ASSET STRATEGIES

FEDERAL INCOME TAX, STANDARD DEDUCTIONS

OVER BUT NOT OVER	TAX +	% ON EXCESS	OF THE AMOUNT OVER
SINGLE FILERS			
\$0	\$11,925	\$0	10%
\$11,925	\$48,475	\$1,192.50	12%
\$48,475	\$103,350	\$5,578.50	22%
\$103,350	\$197,300	\$17,651.00	24%
\$197,300	\$250,525	\$40,199.00	32%
\$250,525	\$626,350	\$57,231.00	35%
\$626,350	-----	\$188,769.75	37%
MARRIED FILING JOINTLY & SURVIVING SPOUSES			
\$0	\$23,850	\$0	10%
\$23,850	\$96,950	\$2,385.00	12%
\$96,950	\$206,700	\$11,157.00	22%
\$206,700	\$394,600	\$35,302.00	24%
\$394,600	\$501,050	\$80,398.00	32%
\$501,050	\$751,600	\$114,462.00	35%
\$751,600	-----	\$202,154.50	37%
HEAD OF HOUSEHOLD			
\$0	\$17,000	\$0	10%
\$17,000	\$64,850	\$1,700.00	12%
\$64,850	\$103,350	\$7,442.00	22%
\$103,350	\$197,300	\$15,912.00	24%
\$197,300	\$250,500	\$38,460.00	32%
\$250,500	\$626,350	\$55,484.00	35%
\$626,350	-----	\$187,031.50	37%
MARRIED FILING SEPARATELY			
\$0	\$11,925	\$0	10%
\$11,925	\$48,475	\$1,192.50	12%
\$48,475	\$103,350	\$5,578.50	22%
\$103,350	\$197,300	\$17,651.00	24%
\$197,300	\$250,525	\$40,199.00	32%
\$250,525	\$375,800	\$57,231.00	35%
\$375,800	-----	\$101,077.25	37%
TRUSTS & ESTATES			
\$0	\$3,150	\$0	10%
\$3,150	\$11,450	\$315.00	24%
\$11,450	\$15,650	\$2,307.00	35%
\$15,650	-----	\$3,777.00	37%
TAXES FOR GIFTS & ESTATES			
	2025	2024	
Annual Gift Tax Exclusion	\$19,000	\$18,000	
Annual Gift Tax Exclusion for a Noncitizen Spouse	\$190,000	\$185,000	
Lifetime Gift Tax Basic Exclusion Amount	\$13,990,000	\$13,610,000	
Top Gift Tax Rate	40%	40%	
STATES WITH ESTATE & INHERITANCE TAX			
States with State Estate Tax	CT, DC, HI, IL, MA, MD, ME, MN, NY, OR, RI, VT, WA		
States with Inheritance Tax	IA, KY, NE, PA, NJ, MD		
Community Property State	AK*, AZ, CA, ID, LA, NM, NV, TX, WA, WI * Opt-in community property state		
STANDARD DEDUCTIONS			
	2025	2024	
Single / Married Filing Separately	\$15,000	\$14,600	
Married Filing Jointly	\$30,000	\$29,200	
Head of Household	\$22,500	\$21,900	
Additional Deduction for Blind or Aged 65 or Older			
Single	\$2,000	\$1,950	
Married or Qualifying Widow(er)	\$1,600	\$1,550	

RETIREMENT PLANS & MEDICARE PREMIUM

IRA & ROTH IRA ANNUAL CONTRIBUTION LIMIT		
	2025	2024
Contribution Limit	\$7,000	\$7,000
50+ Catch-up	\$1,000	\$1,000
TRADITIONAL IRA DEDUCTIBILITY PHASE-OUT BASED ON MAGI		
<i>Participants in Employers Plans</i>		
	2025	2024
Single or Head of Household	\$79,000-\$89,000	\$77,000-\$87,000
Married Filing Jointly or Qualifying Widow(er)	\$126,000-\$146,000	\$123,000-\$143,000
Nonparticipant Married to Participant & Filing Jointly	\$236,000-\$246,000	\$230,000-\$240,000
Married Filing Separately	\$0 - \$10,000	\$0 - \$10,000
ROTH IRA PHASE-OUT BASED ON MAGI		
	2025	2024
Married Filing Jointly or Qualifying Widow(er)	\$236,000-\$246,000	\$230,000-\$240,000
Single, Head of Household, Married Filing Separately, and Lived Apart from Spouse	\$150,000-\$165,000	\$146,000-\$161,000
Married Filing Separately and Lived w/ Spouse	\$0 - \$10,000	\$0 - \$10,000
QUALIFIED PLANS		
	2025	2024
401(k), 403(b), 457(b) Salary Deferral ¹	\$23,500	\$23,000
Plus: 50+ Catch-up	\$7,500	\$7,500
Plus: 60-63 Catch-up	\$11,250	-----
SIMPLE IRA Salary Deferral	\$16,000	\$16,000
Plus: 50+ Catch-up	\$3,500	\$3,500
Plus: 60-63 Catch-up	\$11,250	-----
Maximum Annual Additions in a Defined Contribution Plan	\$70,000	\$69,000
Maximum Annual Benefit in a Defined Benefit Plan	\$280,000	\$275,000
Maximum Compensation Considered	\$350,000	\$345,000
Highly Compensated Employee	\$160,000	\$155,000
Key Employee - Officer	\$230,000	\$220,000
¹ Special catch-up rules applies to certain 403(b) contributors with 15 or more years of service and governmental 457(b) participants in the last 3 years before retirement.		
SEP IRA CONTRIBUTION LIMITS		
	2025	2024
Maximum SEP IRA Contribution	\$70,000	\$69,000
Maximum SEP IRA Compensation	\$350,000	\$345,000
MEDICARE PART B PREMIUMS		
Individual Return	Joint Return	Mo. Pymt.
\$106,000 or less	\$212,000 or less	\$185.00
106,001 - \$133,000	212,001 - \$266,000	\$259.00
133,001 - \$167,000	266,001 - \$334,000	\$370.00
167,001 - \$200,000	334,001 - \$400,000	\$480.90
200,001 - \$499,999	400,001 - \$749,999	\$591.90
\$500,000 or over	\$750,000 or over	\$628.90
Married Filing Separately	\$0 - \$106,000	\$185.00
Married Filing Separately	\$106,001 - \$394,000	\$591.90
Married Filing Separately	\$394,000 +	\$628.90

EDUCATION & HEALTH DEDUCTIONS, BUSINESS TAXES

529 PLAN CONTRIBUTIONS	
529 Plan Contributions per Individual	\$19,000
529 Plan Contributions per Couple	\$38,000
Accelerate 5 years of gifting into 1 year per individual	\$95,000
Per Couple	\$190,000

STUDENT LOAN INTEREST	
	Phase-Out
Joint Return	\$170,000 - \$200,000
Single Return	\$85,000 - \$100,000

The maximum deduction for student loan interest is \$2,500.

HEALTH SAVINGS ACCOUNTS (CONTRIBUTION LIMITS)		
	2025	2024
Single	\$4,300	\$4,150
Family	\$8,550	\$8,300
55+ Catch-up	\$1,000	\$1,000

BUSINESS INCOME TAXES	
C Corporations	Taxable Net Income 21% Tax Rate
S Corporations & LLC's	Taxable K-1 Pass-Through Income to Shareholders Individual Tax Rates 10% - 37%

- "Qualified Business Income" is eligible for a 20% K-1 deduction (e.g. 37% bracket 29.6% net marginal rate).
- Generally, Specified Service Businesses are NOT eligible for a 20% K-1 deduction unless entire taxable income (including K-1 pass-through profits) falls below certain thresholds.

FICA TAX RATES		
	Self-Employed	Employee
Social Security (OASDI)	12.40%	6.20%
HI (Medicare)	2.90%	1.45%
Additional Medicare Tax	0.90%	0.90%

Additional Medicare Tax of 0.9% on earned income:

Married - Jointly	MAGI above \$250,000
Married - Separately	MAGI above \$125,000
Single / Head of Household	MAGI above \$200,000

UNIFORM LIFETIME TABLE

AGE	LIFE EXPECTANCY FACTOR	% ACCOUNT	AGE	LIFE EXPECTANCY FACTOR	% ACCOUNT
73	26.5	3.77	87	14.4	6.94
74	25.5	3.92	88	13.7	7.30
75	24.6	4.07	89	12.9	7.75
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	9.90
80	20.2	4.95	94	9.5	10.52
81	19.4	5.15	95	8.9	11.24
82	18.5	5.40	96	8.4	11.90
83	17.7	5.65	97	7.8	12.82
84	16.8	5.95	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
			101	6.0	16.67

*SECURE 2.0 ACT increased RMD age from 72 to 73 starting January 1, 2024.

CAPITAL GAINS & SOCIAL SECURITY

SINGLE FILERS	MARRIED FILING JOINTLY & QUALIFYING WIDOW(ER)	TAX RATE
\$0 - \$48,350	\$0 - \$96,700	0%
48,351 - \$533,400	\$96,701 - \$600,050	15%
over \$533,400	over \$600,050	20%

MARRIED FILING SEPARATELY	HEAD OF HOUSEHOLD	TRUSTS & ESTATES	TAX RATE
\$0 - \$48,350	\$0 - \$64,750	\$0 - \$3,250	0%
\$48,351 - \$300,000	\$64,751 - \$566,700	\$3,251 - \$15,900	15%
over \$300,000	over \$566,700	over \$15,900	20%

MEDICARE TAX ON NET INVESTMENT INCOME	
Additional 3.8% Tax on Net Investment Income	
Single / Head of Household	MAGI above \$200,000
Married Filing Separately	MAGI above \$125,000
Married Filing Jointly	MAGI above \$250,000
Trusts & Estates	MAGI above \$12,500

AMT EXEMPTIONS	
Single / Head of Household	\$88,100
Married Filing Jointly & Qualifying Widow(er)s	\$137,000
Married Filing Separately	\$68,500

Exemptions phase out beginning with alternative minimum taxable income over \$1,252,700 when Married Filing Jointly or \$626,350 for all other taxpayers. AMT ordinary income rate increases from 26% to 28% for alternative minimum taxable income over \$239,100 for all tax payers except Married Filing Separately is \$119,550.

SOCIAL SECURITY

TAXABLE WAGE BASE		
	2025	2024
Social Security (OASDI)	\$176,100	\$168,600
Medicare (HI only)	No Limit	No Limit

RETIREMENT EARNING TEST		
	2025	2024
Under full retirement age:	\$23,400/yr.	\$22,320/yr.
retirement age:	\$1,950/mo.	\$1,860/mo.
Year reaching full retirement age:	\$62,160/yr.	\$59,520/yr.
retirement age:	\$5,180/mo.	\$4,960/mo.

Note: One dollar in benefits will be withheld for every \$2 in earnings above the limit.

Note: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limit.

AGE TO RECEIVE FULL BENEFITS		
Year of Birth	Full Retirement Age	% Reduced at Age 62
1943-1954	66	25.00%
1955	66 & 2 months	25.83%
1956	66 & 4 months	26.67%
1957	66 & 6 months	27.50%
1958	66 & 8 months	28.33%
1959	66 & 10 months	29.17%
1960 & Later	67	30.00%

DELAYED RETIREMENT CREDITS	
Year of Birth	Yearly Rate of Increase
1943 or later	8.00%

Accrues starting at full retirement age until you start receiving benefits or reach age 70.

TAXABILITY OF BENEFITS (BASED ON PROVISIONAL INCOME)		
	Individual	Married Filing Jointly
Not taxable	Less than \$25,000	Less than \$32,000
Up to 50% taxable	\$25,000 - \$34,000	\$32,000 - \$44,000
Up to 85% taxable	Over \$34,000	Over \$44,000

Married Filing Separately, Up to 85% of benefits are taxable

Provisional Income = Adjusted Gross Income + Nontaxable Income + 1/2 Social Security Benefits.

DEDUCTIONS, CREDITS, & EDUCATION

DEDUCTION FOR STATE & LOCAL TAXES

Individuals may deduct state and local income (or sales) taxes and real and personal property taxes up to \$10,000 (\$5,000 if married filing separately) in the aggregate.

CHILD TAX CREDIT

- \$2,000 per “qualifying child” (who has not attained age 17 during the year); phased out as modified AGI exceeds \$400,000 (married/filing jointly) or \$200,000 (all other); \$1,700 per child is refundable.
- \$500 nonrefundable credit for qualified dependents other than qualifying children (with some modified AGI phaseouts).

KIDDIE TAX

The first \$1,350 is not taxed, the next \$1,350 is taxed at child’s bracket, amount above the total \$2,700 taxed at child’s parents rates. Earned income is taxed at single tax bracket rates.

DEDUCTION FOR MORTGAGE INTEREST

- Deduction on interest for qualifying mortgages up to \$750,000 (\$375,000 if married/filing separately); homes under agreement before 12/15/17 for purchase prior to 1/1/18 (provided purchase occurred by 4/1/18) grandfathered under previous \$1,000,000 (\$500,000 if married/filing separately) limits.
- Interest on home equity lines of credit (HELOC) deductible in certain cases where proceeds are utilized to acquire or improve a residence.

HIGH DEDUCTIBLE HEALTH PLANS

Minimum Deductible - Single	\$1,650
Minimum Deductible - Family	\$3,300
Maximum Out of Pocket - Single	\$8,300
Maximum Out of Pocket - Family	\$16,600

AMERICAN OPPORTUNITY TAX CREDIT

Maximum Credit	\$2,500
Phase-Out - Single	\$80,000 - \$90,000
Phase-Out - Joint	\$160,000 - \$180,000

COVERDELL EDUCATION SAVINGS ACCOUNT

Contribution	\$2,000
Phase-Out - Single	\$95,000 - \$110,000
Phase-Out - Joint	\$190,000 - \$220,000

LIFETIME LEARNING CREDIT

Maximum Credit	\$2,000
Phase-Out - Single	\$80,000 - \$90,000
Phase-Out - Joint	\$160,000 - \$180,000

DEDUCTIONS FOR PUBLIC CHARITABLE CONTRIBUTIONS

TYPE OF PROPERTY CONTRIBUTED	VALUE	PERCENTAGE LIMITATION ¹
Cash	Actual dollar amount	60%
Appreciated ordinary income property or appreciated short-term capital gain property ³	Donor’s tax basis	50%
Appreciated long-term capital gain property ⁴		
(a) General rule	Fair market value	30%
(b) Election made to reduce amount of contribution	Donor’s tax basis	50%
(c) Tangible personal property put to unrelated use by donee charity	Donor’s tax basis	50%

1) The applicable “percentage limitation” applies to the donor’s contribution base, which is the donor’s adjusted gross income (AGI) determined without regard to any net operating loss carryback. The limitation is applied on an annual basis. Any deductible contributions that exceed the current year’s limitations may be carried over and deducted in the five succeeding tax years, subject to the percentage limitations in those years.

2) “Ordinary income property” property that would produce ordinary income if sold by the individual.

3) “Short-term capital gain property” property that would produce a short-term capital gain if sold by the individual.

4) “Long-term capital gain property” property that would produce a long-term capital gain if sold by the individual.

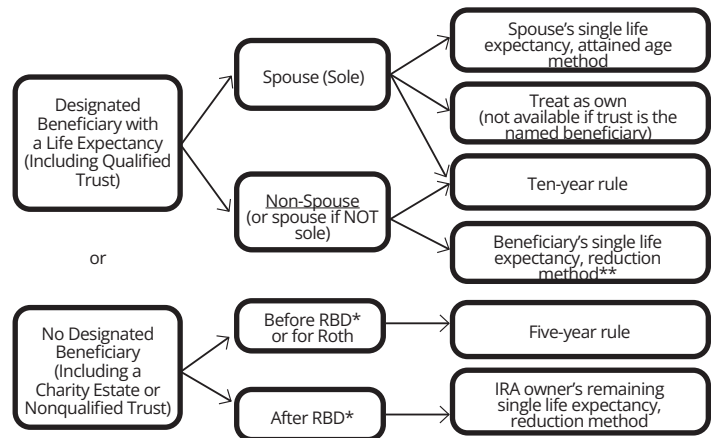
DEDUCTION FOR LONG-TERM CARE INSURANCE PREMIUMS

Age	40 or Less	41 - 50	51 - 60	61 - 70	Over 70
	\$480	\$900	\$1,800	\$4,810	\$6,020

QUALIFIED LONGEVITY ANNUITY

Maximum Premium Allowed	\$210,000
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IRA BENEFICIARY OPTIONS



*RBD defined as “Required Beginning Date” (April 1 following the year a Traditional IRA owner reaches age 73).

**Method only available if the non-spouse beneficiary is the minor child of the deceased IRA owner (until the child’s age of majority), disabled, chronically ill, or not more than 10 years younger than the deceased IRA owner.



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