

Individual/Family Tax and Wealth Preservation 2025 and Beyond



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Live Webinar: Oct 23rd, 2025



AAF
Wealth Management

Poll: How familiar are you with the July 4 tax legislation and how it affects your 2025-2026 tax optimization strategy?

Today's session qualifies for one CPE credit. You must answer three of our four polls today and remain online for >50 minutes.



MEET THE SPEAKERS



Rich Weiner
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MEET THE SPEAKERS



Jonathan Bloom
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Dan Seaman
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One Big Beautiful Bill Act (OBBBA)

- Signed into Law July 4, 2025
- Tax Rates from the Tax Cuts and Jobs Act Made Permanent
- Increased Standard Deduction/No Exemptions Made Permanent
- Raises State and Local Tax Deduction to 40K*



One Big Beautiful Bill Act (OBBBA)

- Creates a temporary \$6,000 for seniors age 65 and older.
- Charitable deduction changes beginning in 2026.
- Estate tax exemptions made permanent.
More to come.



2025 Tax Brackets

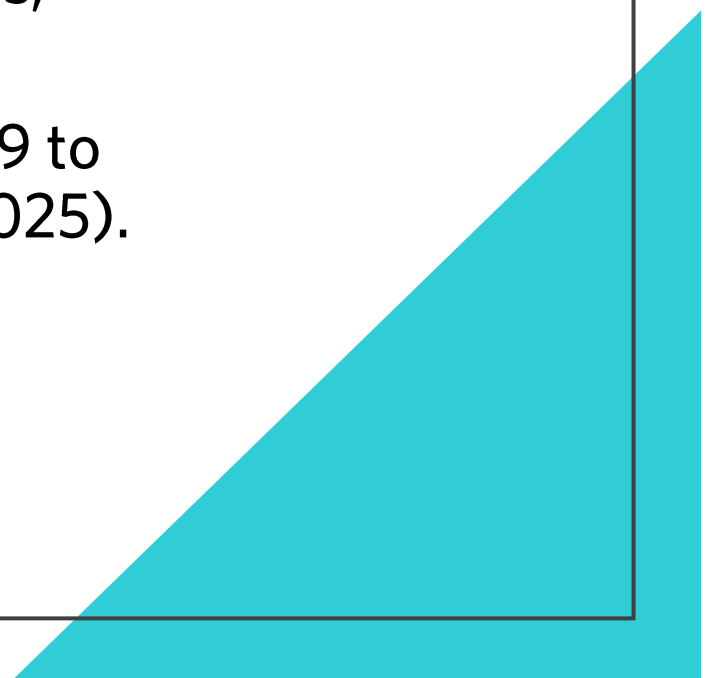
Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	\$0 to \$11,925	\$0 to \$23,850	\$0 to \$17,000
12%	\$11,925 to \$48,475	\$23,850 to \$96,950	\$17,000 to \$64,850
22%	\$48,475 to \$103,350	\$96,950 to \$206,700	\$64,850 to \$103,350
24%	\$103,350 to \$197,300	\$206,700 to \$394,600	\$103,350 to \$197,300
32%	\$197,300 to \$250,525	\$394,600 to \$501,050	\$197,300 to \$250,500
35%	\$250,525 to \$626,350	\$501,050 to \$751,600	\$250,500 to \$626,350
37%	\$626,350 or more	\$751,600 or more	\$626,350 or more



2025 Standard Deduction

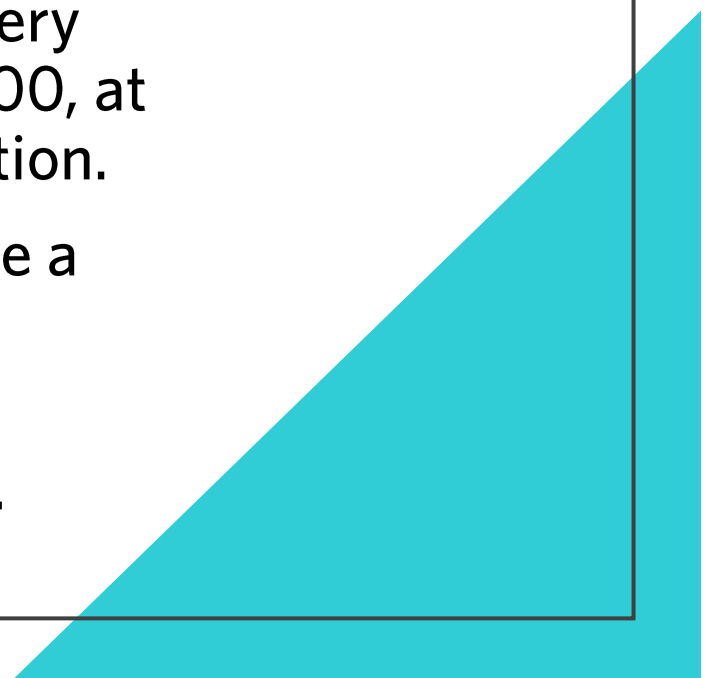
Single	\$15,750
Married Filing Jointly	\$31,500
Head of Household	\$23,625
Married Filing Separately	\$15,750
Qualifying Widow(er)	\$31,500

Increased State and Local Tax Cap

- Previously under the TCJA, a taxpayer was only able to deduct \$10,000 of state and local taxes (property taxes, state income taxes, sales tax, etc.)
 - OBBBA has now increased this for tax years 2025-2029 to \$40,000 (subject to inflation increases beginning in 2025).
 - Important! Once your Adjusted Gross Income exceeds \$500,000, it begins to phase out back to the original \$10,000.
- 

Increased State and Local Tax Cap

How does it phase out?

- Phases out starting at \$500,000 by 30 percent (for every dollar, you lose 30 cents of the credit) up until \$600,000, at which point it will go back down to the \$10,000 deduction.
 - For example, a taxpayer with \$530,000 of AGI will have a total deduction of \$31,000.
 - This \$500,000-\$600,000 phase out is the same for a single person and taxpayers filing married filing jointly.
- 

Deduction for Older Adults

- Effective for 2025 through 2028
- Individuals age 65 and older can claim an additional \$6,000 deduction (in addition to the current additional standard deduction) as a way to offset Social Security income.
- Phase out begins at Modified Adjusted Gross income greater than \$75K for single and \$150K for joint.
- Phases out at six percent rate (six cents out of every dollar). Completely phases out at \$175K single and \$250K married.

Car Loan Interest

- OBBBA allows for a deduction of car loan interest for 2025-2028.
- Max Annual Deduction: \$10,000
- Phases out with MAGI over \$100,000 (\$200,000 for joint filers). Phases out at a 20 percent rate and completely phases out at \$150,000 and \$250,000 respectively.

Other Change with OBBA

- Increases the Child Tax Credit from \$2,000 to \$2,200 and is now indexed for inflation.
- Beginning in 2026, AMT exemptions will fall to their pre-2018 level (\$500K down from \$626K for single and \$1 million down from \$1,252,700). This can potentially lead to more people being subject, so it is something to keep an eye out for.

Charitable Contributions

Given the substantial increase in standard deductions and changes, people who may have itemized in the past may not do so anymore.

This could lead to those people receiving no benefit for charitable contributions.

One way around this would be to 'stack' donations.

Use of Donor Advised Funds

How a Higher Standard Deduction Affects the Deductibility of Charitable Donations

Assumes a Federal 35% Rate

\$1,750 Savings	\$31.5K Standard Deduction		\$5K Over
	Charitable Donation	\$20K	
	Mortgage Interest	\$6.5K	
	Taxes	\$10K	



How a Higher Standard Deduction Affects the Deductibility of Charitable Donations

Assumes a Federal 35% Rate

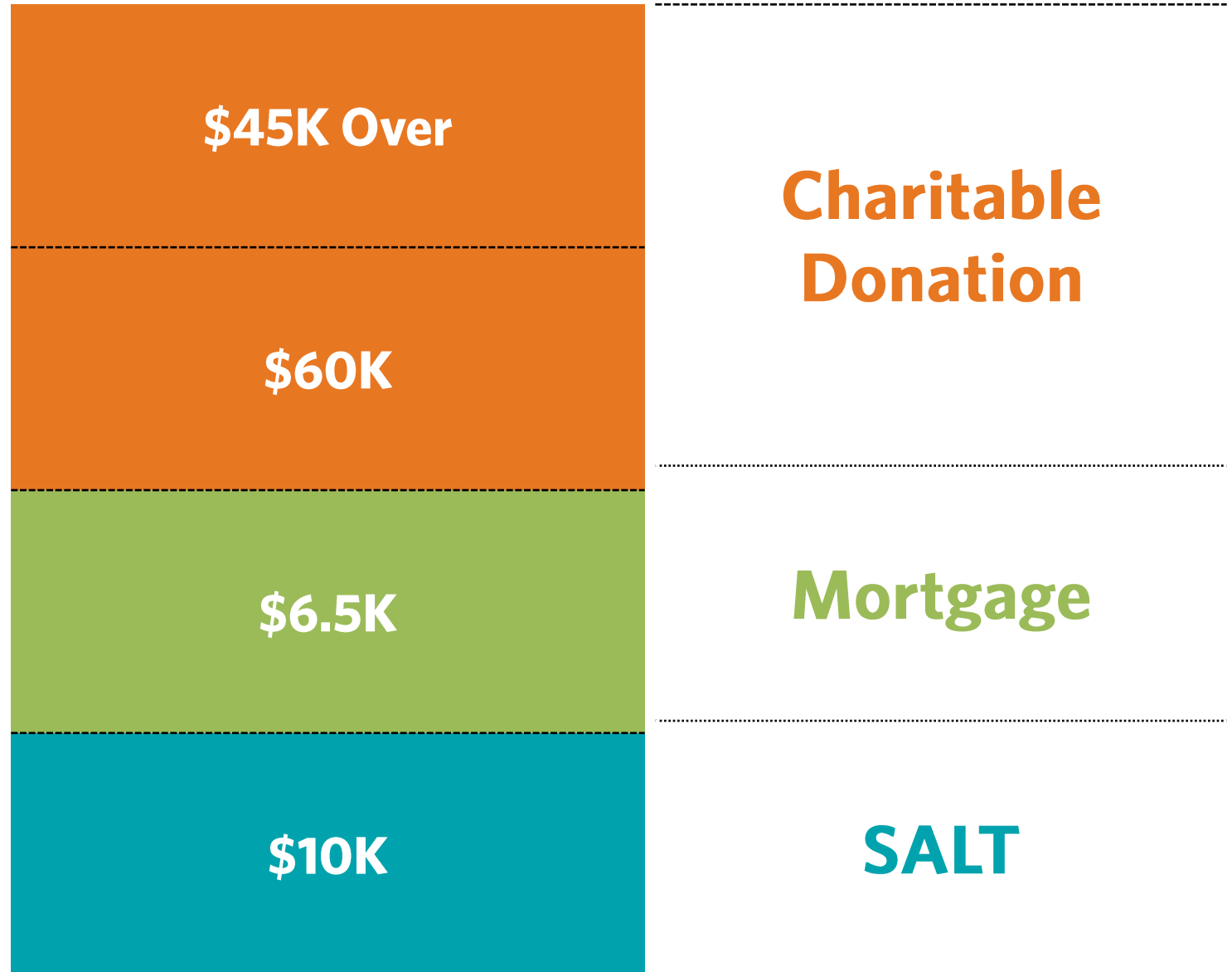
**\$5,250
Savings**

		2025	2026	2027
		\$5K Over	\$5K Over	\$5K Over
\$31.5K Standard Deduction	Charitable Donation	\$20K	\$20K	\$20K
	Mortgage	\$6.5K	\$6.5K	\$6.5K
	Taxes	\$10K	\$10K	\$10K



Bunching Strategies Using a Donor Advised Fund

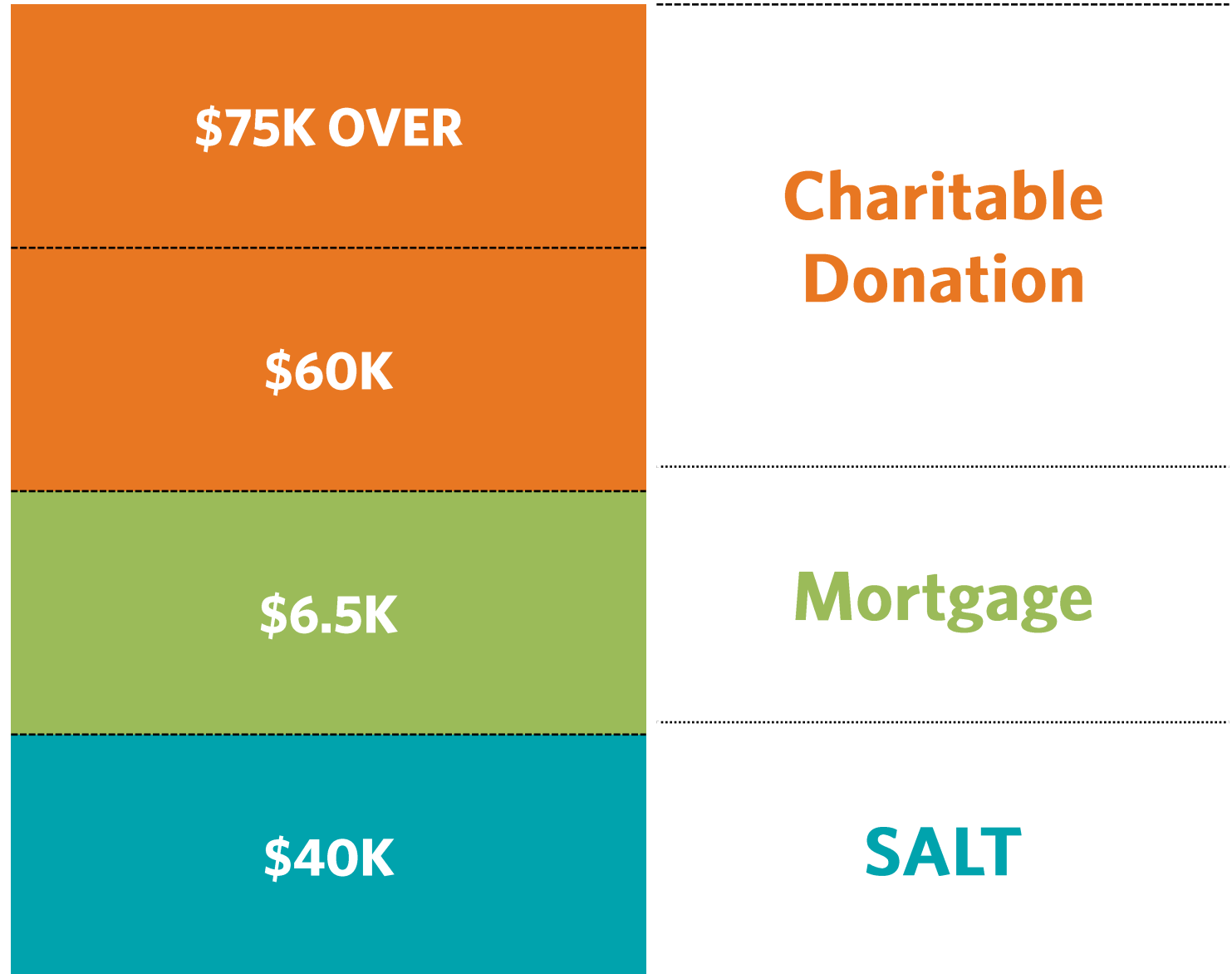
Assumes a Federal 35% Rate
\$15,750
Savings



Bunching Strategies Using a Donor Advised Fund

Assumes a Federal 35% Rate
\$26,250
Savings

Note: \$40K SALT cap subject to phase outs.



Charitable Deduction Changes in 2026

- The OBBBA in 2026 creates a new .5 percent of Adjusted Gross Income (AGI) floor for charitable deductions.
 - In my previous example, if we assume that the taxpayer has AGI of \$900,000, the first \$4,500 of that \$60,000 donation would not be deductible. So the total donation in that case would be \$55,500.
- For non-itemizers in 2026, you are able to deduct up to \$2,000 for married filing jointly and \$1,000 for individual of donations made. (DAF contributions do not count.)

Charitable Deduction Changes in 2026

- Also in 2026, taxpayers in the 37 percent bracket (taxable income of \$768,700 for married filing jointly and \$640,600 for single), will see their charitable deduction benefit capped at 35 percent.
 - For example, the \$60,000 donation above would provide a benefit of \$22,000 to a person in the 37 percent tax bracket. That will now be capped at \$21,000 ($\$60,000 \times 35$ percent).
- What can we do?
 - May be worthwhile to look at making these donations in 2025 before it takes effect.
 - Qualified Charitable Distributions

Ways to Fund Charitable Giving



Appreciated Assets
(Investments, Complex Assets,
Business Interests)



Qualified Charitable
Distributions. (More to Come.)



Cash

Qualified Charitable Distribution (QCD)

- Allows the donor to distribute up to \$108,000 directly from IRA.
- Starts at 70½ years old (regardless of RMD age).
- Counts toward your RMD.
- Distribution does not count as taxable income to the donor.

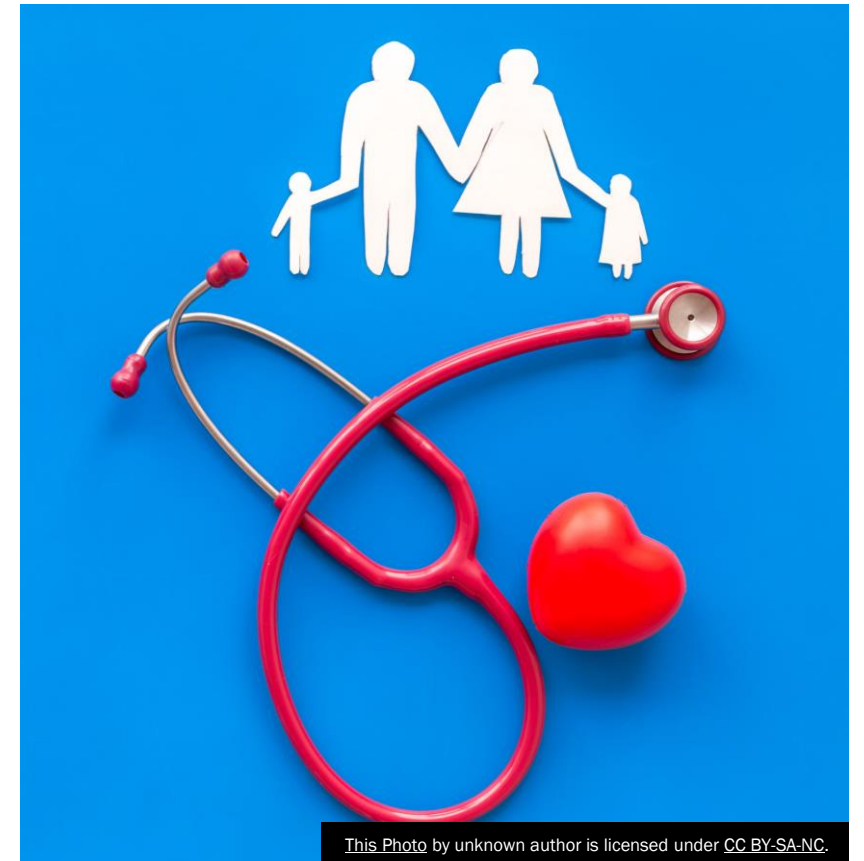
Qualified Charitable Distribution (QCD)

- Funds must go directly to charity.
- Keep track of these donations and give them to your tax advisor.
- For married couples, each spouse may make \$108,000 contribution.



Health Savings Accounts (HSAs)

- Must be covered by a qualified high-deductible health plan.
- Generally, only available before age 65.
- HSAs allow pre-tax or deductible contributions.
 - \$4,300/\$4,400 for an individual and \$8,550/\$8,750 for a family for 2025/2026.
 - Additional \$1,000 for those age 55 or older.
- May be invested.
- Grows tax-free similar to an IRA.
- Withdrawals for qualified medical expenses are tax-free.
- You can carry over remaining balances from year to year.
- When should it be spent?



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Flex Savings Accounts (FSAs)

Plans are available through employers.

FSAs allow pretax contributions.

- \$3,300(2025)/
\$3,400 (2026)

Withdrawals For Qualified Medical Expenses

You may carry over \$660 (2025)/
\$680 (2026) of remaining balances from year to year.

When should it be spent?



Dependent Care Flex Savings Accounts (DCFSA's)

- Plans are available through employers.
- DCFSA's allow pre-tax contributions.
 - \$5,000 Per Household in 2025
 - \$7,500 Per Household in 2026
- Used for eligible dependent care services (preschool, summer day camp, after school care).
- You cannot carry over remaining balances from year to year.
- When should it be spent?



Retirement Contributions (2025)

- Max out retirement contributions if possible: \$23,500.
 - 401(k) Plans: \$23,500 (\$7,500 catch up if over 50)
 - 403(b) Plans: \$23,500 (\$7,500 catch up if over 50)
 - IRAs: \$7,000 (\$1,000 catch up if over 50)
- *Earned Income

Important Retirement Plan Changes 2026

- **Roth catch-up contribution:** Beginning January 1, 2026, if your prior year's income with your current employer exceeded \$145,000, your catch-up contributions must be made to a Roth account.
 - At a 24 percent tax bracket, with a \$12,000 catch up contribution, an upfront tax payment federal taxes of \$2,880. Money then grows tax free in a Roth 401(k).

Important Retirement Plan Changes 2026

- **Ages 50–59 and 64+:** The standard catch-up contribution limit is projected to increase from \$7,500 in 2025 to \$8,000 in 2026.
- **Ages 60–63:** The ‘super’ catch-up contribution limit is projected to be between \$11,500 and \$12,000 in 2026.

“Back Door” Roth IRA Contributions

If you are subject to the income limitations and not able to contribute directly to a Roth, consider a “back door” Roth.

- Set up a traditional IRA.
- Make a non-deductible contribution.
- Convert the amount to a Roth IRA.

This only works well if you don’t have other IRAs.



Part B monthly premiums and IRMAA

If your yearly income in 2023 (for what you pay in 2025) was:

File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2025)
\$106,000 or less	\$212,000 or less	\$106,000 or less	\$185.00
Above \$106,000 up to \$133,000	Above \$212,000 up to \$266,000	Not applicable	\$259.00
Above \$133,000 up to \$167,000	Above \$266,000 up to \$334,000	Not applicable	\$370.00
Above \$167,000 up to \$200,000	Above \$334,000 and up to \$400,000	Not applicable	\$480.90
Above \$200,000 and up to \$500,000	Above \$400,000 and less than \$750,000	Above \$106,000 and less than \$394,000	\$591.90
\$500,000 or above	\$750,000 or above	\$394,000 or above	\$628.90

*Income based on Modified Adjusted Gross Income (MAGI).
IRMAA: Income Related Monthly Adjustment Amount*



Part D monthly premiums and IRMAA

If your filing status and yearly income in 2023 was:

File individual tax return	File joint tax return	File married & separate tax return	You pay each month (in 2025)
\$106,000 or less	\$212,000 or less	\$106,000 or less	Your plan premium
Above \$106,000 up to \$133,000	Above \$212,000 up to \$266,000	Not applicable	\$13.70 + your plan premium
Above \$133,000 up to \$167,000	Above \$266,000 up to \$334,000	Not applicable	\$35.30 + your plan premium
Above \$167,000 up to \$200,000	Above \$334,000 up to \$400,000	Not applicable	\$57.00 + your plan premium
Above \$200,000 and less than \$500,000	Above \$400,000 and less than \$750,000	Above \$106,000 and less than \$394,000	\$78.60 + your plan premium
\$500,000 or above	\$750,000 or above	\$394,000 or above	\$85.80 + your plan premium

Income based on Modified Adjusted Gross Income (MAGI).
IRMAA: Income Related Monthly Adjustment Amount



Medicare Surcharges (IRMAA) Example

	Couple #1	Couple #2	Couple #3
Age	Late 70s	Late 70s	Late 70s
Income Source	Investment Income, Social Security, RMDs	Investment Income, Social Security, RMDs	Investment Income, Social Security, RMDs, House Sale
Income Total	\$260,000 (\$212K- \$266K)	\$270,000 (\$266K- \$334K)	\$405,000 (\$400K-\$750K)
Monthly Medicare Part B Premium (Per Person)	\$185.00	\$370.00	\$591.90
Monthly Part D Surcharge (Per Person)	\$0 + Plan Premium	\$35.30 + Plan Premium	\$78.60 + Plan Premium
Part B & D Monthly Total (Per Person)	\$185.00	\$405.30	\$670.50
Part B & D Annual Total (Per Person)	\$2,220.00	\$4,863.60	\$8,046.00
Part B & D Annual Total (Couple)	\$4,440.00	\$9727.20	\$16,092.00

Medicare Surcharges Example (IRMAA)

- Sale of primary home
- Recent Retirement
- Divorce
- Loss of Income
- Settlement
- Death
- Request a Reduction to Income-related Monthly Adjustment Amount to the SSA (SSA-44)

	Couple #3
Age	Late 70s
Income Source	Investment Income, Social Security, RMDS, House Sale
Income Total	\$405,000 (\$400K-\$750K)
Monthly Medicare Part B Premium (Per Person)	\$591.90
Monthly Part D Surcharge (Per Person)	\$78.60 + Plan Premium
Part B & D Monthly Total (Per Person)	\$670.50
Part B & D Annual Total (Per Person)	\$8,046.00
Part B & D Annual Total (Couple)	\$16,092.00



Medicare Surcharges Example (IRMAA)

- Current Year Strategies
 - Charitable Giving
 - Tax Loss Harvesting
 - Managing Gains When Possible
 - Retirement Contributions (earned income)
- Planning Strategies (long-term)
 - Roth Conversions to Lower RMDs During Years of Lower Income

	Couple #3
Age	Late 70s
Income Source	Investment Income, Social Security, RMDs, House Sale
Income Total	\$405,000 (\$400k-\$750k)
Monthly Medicare Part B Premium (Per Person)	\$591.90
Monthly Part D Surcharge (Per Person)	\$78.60 + Plan Premium
Part B & D Monthly Total (Per Person)	\$670.50
Part B & D Annual Total (Per Person)	\$8,046.00
Part B & D Annual Total (Couple)	\$16,092.00



Gap Year Strategies

Strategy	Benefit	Drawbacks
Partial Roth Conversions	Lowered RMDs, Use Lower Tax Brackets, Tax-free Growth	Current Year Taxable Income (more taxes)
Delayed Social Security	Increased Monthly Payment Down The Road, Flexibility in Gap Years	Reduced Current Income
0% LTCGs Capital Gains	← See Here	Reduced/No Income
Charitable Contributions	Deduction	Reduction of Assets

LTCG AND QUALIFIED DIVIDEND RATES BASED ON TAXABLE INCOME			
Filing Status	0% rate	15% rate	20% rate
Single	up to \$48,350	\$48,351-\$533,400	over \$533,400
Head of household	up to \$64,750	\$64,751-\$566,700	over \$566,700
Married filing jointly	up to \$96,700	\$96,701-\$600,050	over \$600,050
Married filing separately	up to \$48,350	\$48,351-\$300,000	over \$300,000
Estates and trusts	up to \$3,250	\$3,251-\$15,900	over \$15,900





Massachusetts Charitable Contributions

- Beginning in 2023, MA allowed for charitable contributions.
- Must be used on Part B income and cannot be used against Part A or Part C income.
- Part A Income: Interest, Dividends
- Part C Income: Capital Gains

Massachusetts Millionaires Tax



Voters passed this amendment to the state constitution on November 8, 2022.



Establishes an additional income tax on taxable income exceeding \$1 million.

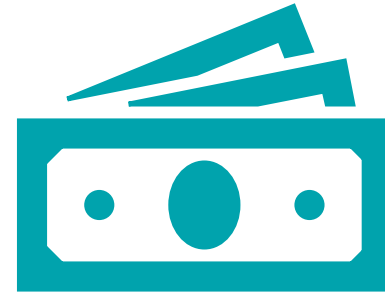


Effective for tax years beginning January 1, 2023.

Massachusetts Millionaires Tax



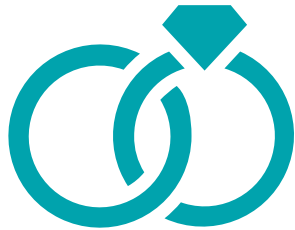
Only taxable income that exceeds \$1 million is subject to the additional tax. For example, if your MA taxable income is \$1.5 million, then \$500,000 is subject to nine percent tax while the first million will be subject to five percent.



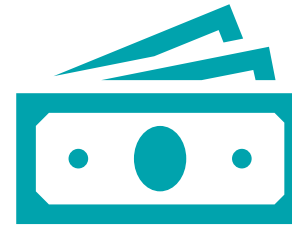
The \$1 million limit will be adjusted for inflation using the same method as the IRS (currently \$1,053,750).



Massachusetts Millionaires Tax



Married Filing Separate: Not an option anymore!



Still look at other means to spread income.

Installment Sales

State Apportionment

Relocation

Use of Trusts



Year End Personal Wealth Checklist



Roth Conversion Review



Tax Loss/Gain Harvesting



Maxing Out Contributions/
Taking RMDs



Year-End Gifting



Revisit Asset Allocation Portfolio Drift / Financial Plan



How AAF Wealth Management Can Help



Personalized Financial
Plan



Personal Tax Strategy
with Estate Planning
Considerations



Active Portfolio
Management





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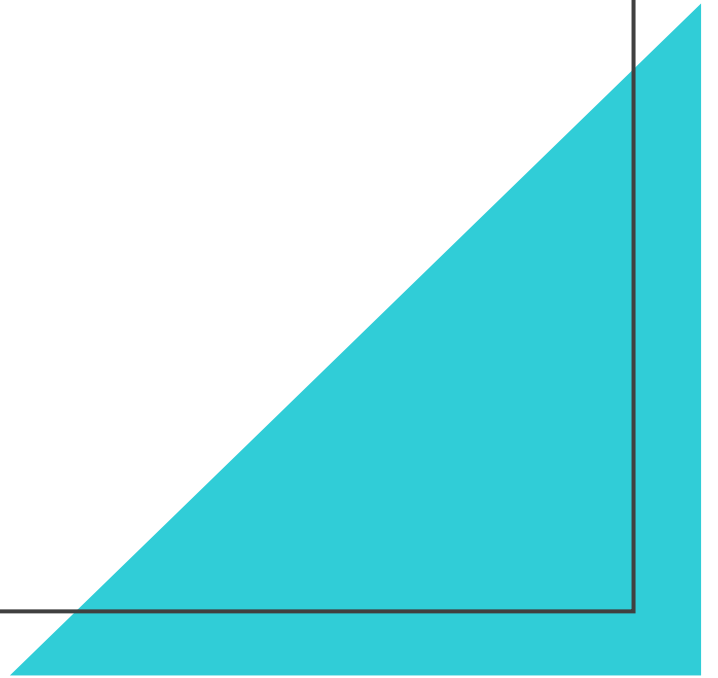


Poll: Where are you in
your retirement planning
journey?



Federal Estate Tax

- Federal Estate Tax Exemption
 - 2025 is \$13,990,000
 - 2026 is \$15,000,000
- Indexed for Inflation
- Permanent Change (no automatic sunset)



Federal Estate Tax

- If you are worth \$13.5 million today, at five percent compounded growth, your estate will be worth more than \$34 million.
 - Federal estate tax would be \$7.8 million.
 - Massachusetts estate tax would be \$4.9 million.
- Making completed gifts today eliminates the estate tax on the assets and all future growth.

Massachusetts Estate Tax

- Massachusetts estate tax exemption:
 - 2025 is \$2,000,000
 - 2026 is \$2,000,000
- No inflation adjustment
- Still third lowest exemption out of 13 states that impose an estate tax.
 - We now beat Oregon and Rhode Island.

Massachusetts Estate Tax

- Old method of calculating tax
 - \$999,000 estate had zero estate tax.
 - \$1,100,000 estate had a \$38,800 estate tax.
 - \$2,000,000 estate had a \$99,600 estate tax.
- Today, eliminates the filing threshold:
 - \$2,100,000 estate has a \$7,200 Massachusetts estate tax.
 - Rate between 7.2 and 16 percent.

Massachusetts Estate Tax

- No portability for Massachusetts.
 - Exemption of the first spouse to die may go unused without proper planning.
 - Marital/Family Trust or A/B Trust for each spouse still necessary to ensure use of both \$2,000,000 exemptions.

Massachusetts Estate Tax

- If you are a nonresident who owns real property in Massachusetts and your total assets exceed \$2,000,000, you are still subject to the Massachusetts estate tax.
 - Assume total estate is \$10,000,000 and the Massachusetts real property is \$2,500,000 or 25 percent of the estate.
 - As a Massachusetts resident, your estate tax would be \$968,000.
 - As a non-resident, the estate tax would be \$242,000.
 - With proper planning, this can be eliminated.

What Can You Do?

- If you're married, you can gift the assets to a trust for the benefit of your spouse and thus continue to enjoy control and access through your spouse.
- Known as a Spousal Lifetime Access Trust (SLAT)



Income Tax Planning

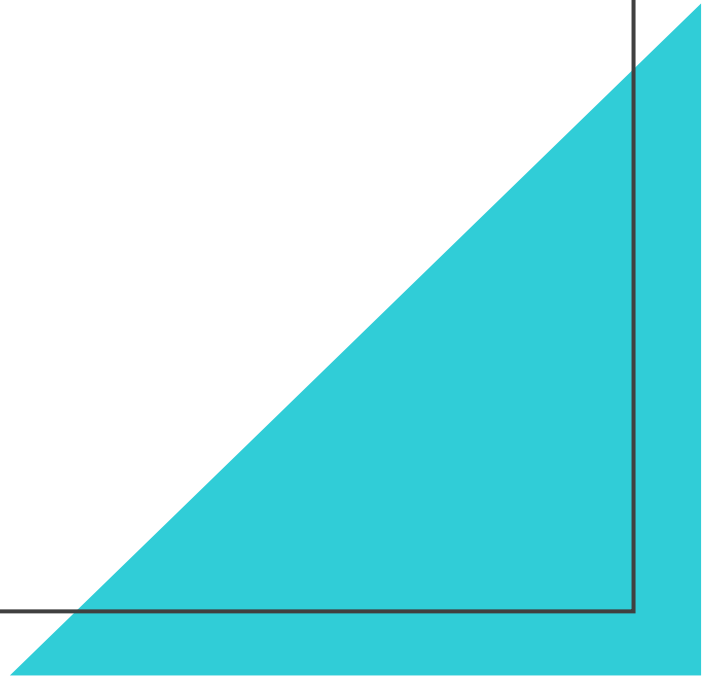
Trust planning is now as much about saving income taxes as estate taxes.



Step-up in Basis

- If I die owning an asset, my heirs receive a basis equal to the fair market value at my date of death.
- If I gift an asset during my life, my heirs receive a carryover of my basis.

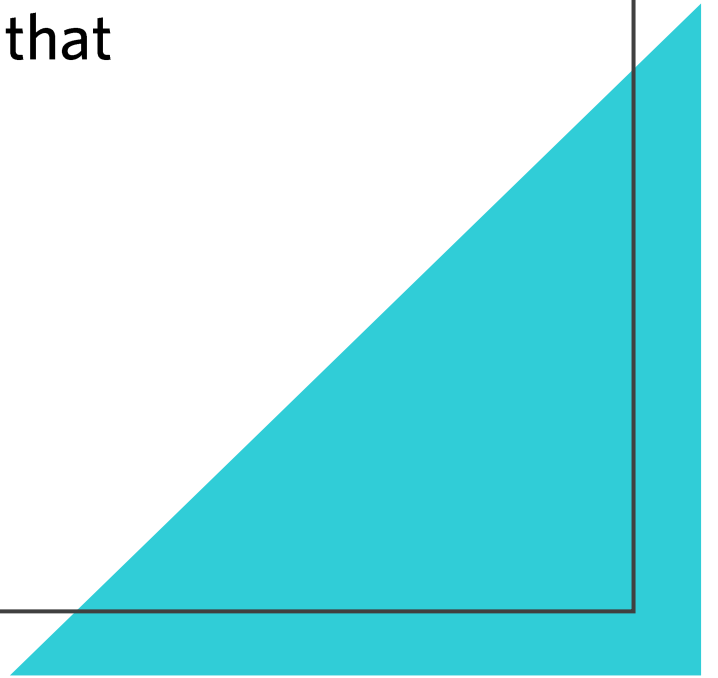
Trust Tax Planning



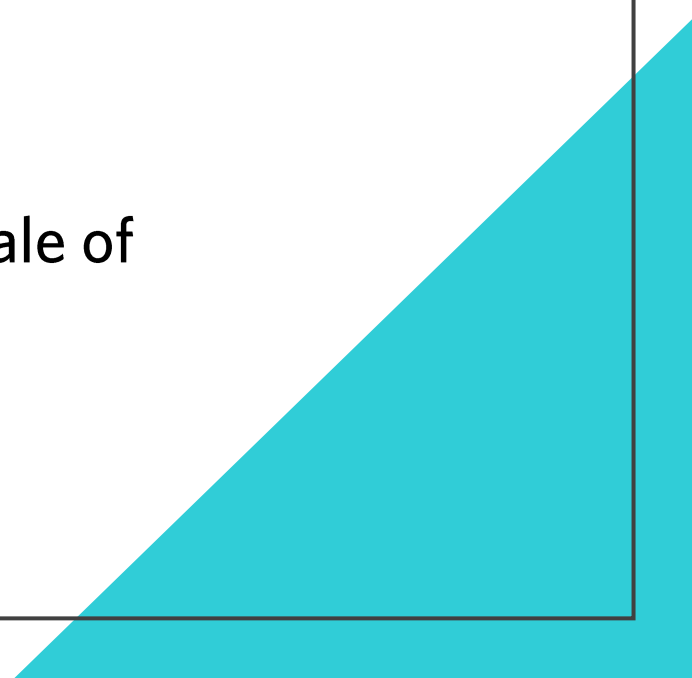
Upstream Trust

Force an asset into the estate of an elderly relative with unused estate tax exemption to get a step-up in basis at that relative's death.

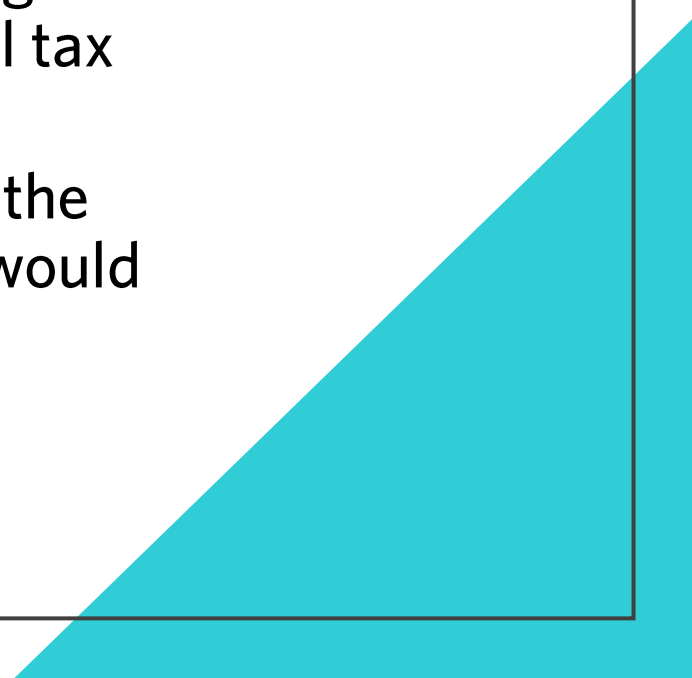
- Maintain control of the assets
- No risk of the asset being diverted



New Hampshire Incomplete Non-Grantor Trust (NHING)

- Can be used to reduce the Massachusetts Millionaires Tax by spreading income over multiple entities.
 - Spread income to maximize the state income tax deduction.
 - Can be used to eliminate state income tax on the sale of your Massachusetts business.
 - Can be used to multiply the \$10M Qualified Small Business Exemption.
- 

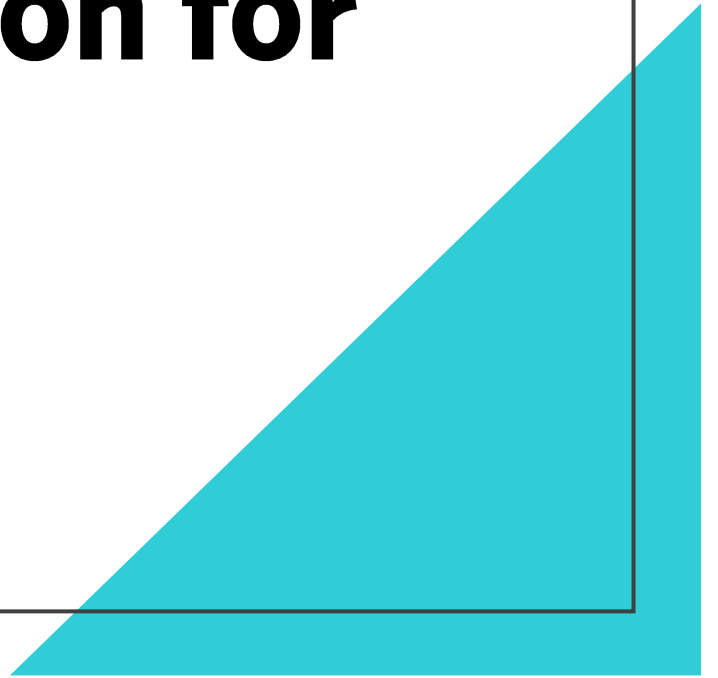
New Hampshire Incomplete Non-Grantor Trust (NHING)

- For a married couple with AGI of \$2,000,000 taking the standard deduction, the Massachusetts and federal tax would be approximately \$792,000.
 - If we shift \$500,000 of that income into a NHING, the combined tax on the married couple and the trust would be approximately \$730,000.
 - Savings of \$62,000
- 
- A large teal-colored triangle is positioned in the bottom right corner of the slide, pointing towards the top right.

Poll: Which aspects of estate planning are most important to you?



Strategic Tax Optimization for Entrepreneurs



OBBBA (New Tax Act)

Pre- vs. Post-OBBBA. Dates matter.

Business Owner Planning Reminders

Managing Adjusted Gross Income (AGI)

IRC Sec. 168(k) Bonus Depreciation

- 100 Percent now permanent
- Purchases Post 1/19/25
- 1/1/2025 - 1/19/2025 - 40%
- No annual dollar limit
- No phaseout threshold
- State implications

IRC Sec. 179

- \$2.5M expensing limit (pre-OBBA \$1M)
- \$4M phase-out threshold (pre-OBBA \$2.5M)
- Cannot create losses (unused is carried forward indefinitely)
- Purchase post 12/31/24
- State treatment

Business Owner Planning Reminders

IRC Sec. 174 – R&D Expensing



Business Owner Planning Reminders

Simplified Employee Pension (SEP)

- Different contribution rules for employees vs self-employed persons
- Employer contributions only (max \$70k for 2025) direct (no 50+ catch-up)
- Each employee must have a SEP IRA Account, owned/controlled by the employee
- Contributions are immediately 100% vested
- Flexible
- Established/funded by due date of employer's tax return (incl. ext.)

Solo 401K

- Employee deferral + employer contribution
- No employees (other than taxpayer/owner & spouse)
- Elective employee deferral 2025 max of \$23,500 (and \$7,500 50+)
- Total contributions limit (employee + employer): \$70K (\$77,500 50+)
- Plan set-up and employee deferral by December 31, 2025
- Employer contributions by due date of their return (incl. ext.)



**(QSBS)
Qualified
Small
Business
Stock**

QSBS Benefits (IRC Sec. 1202):

- Part or Full Exclusion of Gain
 - Stock acquired after July 4, 2025:
 - Held 3 years – 50% gain exclusion
 - Held 4 years – 75% gain exclusion
 - Held 5 years – 100% gain exclusion
 - Remaining gain @ 28%
 - Exclusion from 3.8% Net Investment Income Tax
 - Rollover Provision (IRC Sec. 1045)
 - Held at least 6 months
 - New QSBS w/in 60 days
- 
- 

(QSBS) Qualified Small Business Stock

QSBS Basic Requirements:

- Issued by a domestic C corporation
- Purchased after 7/4/2025
(not an S corporation or LLC)
- Original issuance (for money, property, services)
- Initial issuance first \$15M
- Gross assets test - \$75M
- Active business requirement (80%)
- Certain business excluded:
 - Consulting, Banking, Legal, Hospitality
- No significant redemptions (other than de min)

Pass-through Entity Tax (PTE)

- Generally available for partnerships and S-corporations
- Benefits individuals who receive passthrough income
- Single member LLCs, sole proprietorships, trusts, non-profits, and corporations are not eligible
- SALT CAP – now \$40,000
- State implications



***Being proactive is empowering.
When in doubt, reach out!***



Poll: Which of the following wealth preservation strategies would you like to explore further?



2025 – 2026 Tax Planning Guide for Businesses & Individuals

We welcome the opportunity to help you map out a tax plan that takes full advantage of all strategies available to you.

[2025-2026 Guide here.>>](#)



Questions



AAFCPAs
great minds | great hearts



AAF
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