

# 2025 tax updates



**EACH YEAR**, the IRS updates various tax provisions to keep pace with inflation. Notable changes for 2025 and some important planning tools that did not change are listed below. Also important to remember: the 2017 Tax Cuts and Jobs Act (TCJA). The preferential estate and gift tax provisions are set to expire at the end of 2025, though it is looking more likely that Congress will act to extend or even expand the TCJA. Now is the time to plan, making it more important than ever to review your individual situation with your trusted advisors. Here at Trust Company of Vermont, we are here to help you plan for possible tax law changes and provide you with creative solutions.

**Annual gift exclusion** The annual gift exclusion, which is the amount you can give an individual recipient each calendar year without using estate tax exemption or filing a gift tax return, will increase to \$19,000 per recipient in 2025, up from \$18,000 in 2024.

**Estate and gift tax exclusion** The estate and gift tax exemption is the total amount of wealth a person can transfer (during life or at death free from estate tax.

For 2025, the federal estate and gift tax exemption amount will increase to \$13,900,000, or \$27,800,000 for a married couple, meaning that each taxpayer will be able to transfer an additional \$290,000 free of transfer tax liability next year.

**Qualified Charitable Distributions (QCDs) from IRAs** The total amount of QCDs that you can exclude from your gross income remains at \$105,000 in 2025.

**Retirement Savings** In 2025, individuals can contribute up to \$23,500 to their 401(k) plans, up from \$23,000 in 2024. Those playing catch-up get a boost, too: the catch-up contribution limit for employees aged 50 and over is an additional \$7,500 for 2025. NEW for 2025, there is a super catch-up for anyone who turns 60-63 in 2025. If you fall in this age range, you can contribute an additional \$3,750. At age 64, you lose the super catch-up bonus.

The limit on annual contributions to an IRA remains at \$7,000 in 2024. This limit applies to the total amount contributed to your traditional and Roth IRAs. IRA plans also allow catchup contributions for individuals aged 50 and over, which remains an additional \$1,000 for 2025.



**HSAs and FSAs** For 2025, if you contribute to a health flexible spending account, or FSA, you can contribute up to \$3,300. The 2025 limit for health savings accounts, or HSAs, will rise to \$4,300 for individual and \$8,550 for family coverage. If you are over 55, you can contribute an additional \$1,000 for the HSA.

**Federal tax brackets and tax rates** The marginal tax rates for 2025 remain unchanged at 10%, 12%, 22%, 24%, 32%, 35% and 37%. However, the IRS did make several adjustments to the income levels of the brackets. Below are the income limits for each filing type.

**2025 tax brackets: Married filing jointly**

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

**Standard Deduction** For the 2025 tax year, the standard deduction will increase by \$400 for single filers and those married filing separately, \$800 for married filing jointly, and \$600 for heads of household.

| Filing status                            | 2024 standard deductions | 2025 standard deductions |
|--|--------------------------|--------------------------|
| Single; Married filing                   | \$14,600.                | \$15,000.                |
| Married filing jointly; Surviving spouse | \$29,200.                | \$30,000.                |
| Head of Household                        | \$21,900.                | \$22,500.                |

## Tax Document REMINDERS

You can download your non-IRA account tax information online!

You must have online access and be listed as the owner of the account. Contact your administrator for more information!

**Log in to your account online**

From the menu, go to: **Documents > Tax Doc**

Select **ACCOUNT** and **TAX YEAR** from drop downs

Click **GET** to show the list of documents (if available, it will be displayed)

**Click View or Download**

You can also still use the tracking ID on any 1099 Div/Int to import the information directly to Turbo Tax or H&R Block\*

*Not an endorsement of either program.*

Tracking ID:

**ABCDEFGHIJ123456789ABCDEFGHIH  
Important Tax Documents Enclosed**