

Top Ten Year-End Planning Ideas



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As the end of another year approaches, it's a good time for people to take stock of their situation. The goal of this whitepaper is to spark conversations that may lead people to refine their planning approach, whether that be income tax planning, wealth transfer planning, or charitable planning. Sometimes, that's simply considering a new idea that could possibly save on taxes. Other times, it's enabling them to better achieve their visions for their legacy. Whichever it may be for you, we hope you find this to be a valuable resource.

Income tax planning

When thinking about tax planning before year-end, many individuals think of their potential income tax liability. As part of this planning and in light of the passage of the new 2025 tax law,¹ an individual might consider reviewing their projected income (including gains), deductions, and credits for this year and next year and considering whether any of these can be timed in a way that minimizes their income tax liability.

1. Accelerating payments of deductible expenses and bunching deductions

Under the new 2025 tax law, the standard deduction

amounts in 2025 are \$15,750 for unmarried individuals (other than surviving spouses or heads of households), \$31,500 for married couples filing jointly, and \$23,625 for heads of households. In 2026 and thereafter, those amounts will be adjusted for inflation.

The new 2025 tax law also includes an incremental reduction of the tax benefit from itemized deductions and places a floor on charitable contribution deductions. Therefore, individuals in the top income tax bracket may consider accelerating the payment of deductible expenses in 2025 to avoid the reduced benefit of itemized deductions in 2026, while keeping income tax liability and alternative minimum tax in mind. Given the new limits on the standard deduction and itemized deduction, those deciding between utilizing one deduction over the other might consider strategically bunching itemized deductions in certain tax years to take advantage of these changes.

For more strategies related to the new 2025 tax law, see Laura M. Chooljian, Jennifer Lan, Carrie Larson, and Ari Messenger, *Planning Opportunities for Individuals after the 2025 Tax Law Changes* (a publication of the UBS Advanced Planning Group).

¹ On July 4, 2025, the President signed into law the One Big Beautiful Bill Act (OBBBA) (H.R. 1). Under the new 2025 tax law, the income tax rates that were established pursuant to the Tax Cuts and Jobs Act of 2017 will be permanent for tax years after 2025. For more information on certain provisions affecting the taxation of individuals under the OBBBA, see Jacqueline Denton and Andrea Levine Sanft, *The One Big Beautiful Bill Act Signed into Law* (a publication of the UBS Advanced Planning Group).

2. Estimating and planning to pay taxes and filing income tax returns

As year-end approaches, an individual might consider calculating (or re-calculating) the income taxes that they expect to pay, confirming that they've made sufficient tax payments during the year (either through withholding or estimated taxes), and planning for the payment of any taxes that will be due (whether through additional estimated tax payments or a final tax payment).

Most 2025 income tax returns for individuals are due April 15, 2026.² An individual may apply for an extension to file their income tax return. The Internal Revenue Service grants an automatic six-month extension so long as the individual files an application for extension before the original due date for the income tax return.³ With the extension, the 2025 income tax return generally is due October 15, 2026.⁴ An extension of time to file doesn't extend the date on which the individual must pay their taxes.⁵

For more information on estimating and paying taxes, see Todd D. Mayo, Jacqueline Denton, and Chelsea Rubio, *2025 Planning Guide* (a publication of the UBS Advanced Planning Group).

Wealth transfer planning

There are a number of opportunities for planning that can minimize or avoid gift, estate, and generation-skipping transfer taxes.

3. Making annual exclusion gifts

Congress doesn't limit the ability to make gifts, but it does limit the amount that can be gifted without incurring gift taxes. Generally, the two main gifting tools are the annual exclusion and the lifetime exemption (which is discussed below). In 2025, the annual exclusion allows an individual to give up to \$19,000 to any number of individuals (\$38,000 per married couple) free of gift tax. Any gifts in excess of this amount count against an individual's lifetime exemption.

4. Making gifts using the lifetime exemption

Lifetime exemption (i.e., gift and estate tax exemption) gifts are those that don't qualify for the gift tax annual exclusion,

tuition exclusion, medical expense exclusion, marital deduction, or charitable deduction. In tax parlance, these are called taxable gifts, even though an individual doesn't pay any gift tax on them until the total amount of taxable gifts that an individual makes during their life exceeds their lifetime exemption.⁶ In 2025, an individual's lifetime exemption is \$13.99 million.⁷ Under the new 2025 tax law, the exemption is increased to \$15 million starting in 2026, with an annual inflation adjustment beginning in 2027.⁸ By making gifts that use their lifetime exemption, the individual potentially removes from the individual's estate any future appreciation with respect to the money or property that the individual gives away.

For more information about making gifts using the lifetime exemption, see Todd D. Mayo, Jacqueline Denton, and Chelsea Rubio, *2025 Planning Guide* (a publication of the UBS Advanced Planning Group). For more information on gifting options, see Todd D. Mayo, Jacqueline Denton, and Chelsea Rubio, *An Overview of Wealth Transfer Tax Planning* (a publication of the UBS Advanced Planning Group).

Trust planning and administration

As year-end approaches, an individual may wish to review the administration of any trusts of which they are a grantor, beneficiary, or trustee.

5. Sending Crummey notices

In some cases, an individual may design an irrevocable trust (for example, an irrevocable life insurance trust) so that one or more of the beneficiaries has the power to withdraw some or all of each contribution made to the trust. To the extent that a beneficiary can withdraw a contribution to this type of trust, the contribution is a gift to the beneficiary and qualifies for the gift tax annual exclusion.⁹ When an individual makes a contribution to the trust, the trust agreement may require the trustee to provide notices to the beneficiaries who can withdraw some or all of the contribution. Even if the trust agreement doesn't require the trustee to send those notices, it may be advantageous to do so to ensure that the contribution qualifies for the gift tax annual exclusion (to the extent of the withdrawal powers).

² IRC §§ 6072(a) and 7503. See also Treas. Reg. §§ 1.6072-1(a) and (d).

³ Treas. Reg. § 1.6081-4(a). See also IRC § 7503.

⁴ Id.

⁵ Treas. Reg. § 1.6081-4(c).

⁶ Treas. Reg. § 25.2505-1(a).

⁷ IRC § 2010(c) and Rev. Proc. 2021-45. This assumes that the individual is a US citizen.

⁸ One Big Beautiful Bill Act, Pub. L. No. 119-21, 139 Stat. 72 (2025).

⁹ *Crummey v. Commissioner*, 397 F.2d 82 (9th Cir. 1968). For more information about annual exclusion gifts, see making annual exclusion gifts above.

6. Making year-end distributions from nongrantor trusts

As year-end approaches, a grantor or beneficiary of a nongrantor trust might ask the trustee to consider distributing the trust's income (and, depending on the terms of the trust, the trust's capital gains) to the beneficiaries who are taxed at lower rates than the trust. This may be more tax efficient, because trusts are subject to compressed income tax brackets and a lower threshold for the 3.8% net investment income tax. Under the 65-day rule, the trustee may make a distribution within the first 65 days of 2026 and, for tax purposes, treat it as being made on December 31, 2025.¹⁰ This gives the trustee some extra time to evaluate whether to make a distribution. Of course, the trustee should consider the tax status, goals, and objectives of the trust and beneficiaries before making any tax-motivated distributions to the beneficiaries.

Charitable giving

An individual who is charitably inclined should review their charitable gifts made so far this year and consider whether they wish to make additional gifts. In addition to helping an individual achieve their philanthropic objectives, a charitable gift often provides tax benefits.

7. Making year-end gifts

If an individual wishes to obtain an income tax charitable deduction for 2025, the individual must make their gift on or before December 31, 2025.¹¹ When contemplating year-end gifts, an individual should be mindful of the practical issues with completing the gift. For example, a gift of stock for which the donor has a physical stock certificate may take several weeks to complete. Similarly, a gift of real estate involves preparing a deed, signing it, and delivering it to the charitable organization.

The type of asset gifted and the particular charitable organization the asset is gifted to will (in part) determine the available charitable deduction. The donor will be subject to adjusted gross income (AGI) limitations on their charitable contributions based on these factors.¹²

For a detailed discussion of the rules relating to the deductibility of charitable contributions, see Todd D. Mayo, Jacqueline Denton, and Chelsea Rubio, *2025 Planning Guide* (a publication of the UBS Advanced Planning Group).

8. Front-loading and bundling charitable gifts

Starting in 2026, the new 2025 tax law will set a minimum threshold that an individual taxpayer's charitable contributions must exceed in order for that taxpayer to get any tax benefit from claiming them as itemized deductions. That threshold is 0.5% of an individual taxpayer's AGI. This means that if an individual taxpayer's contribution base is \$1 million and they itemize their deductions, that taxpayer receives no benefit for the first \$5,000 contributed to charity.

These new charitable restrictions do not take effect until 2026, so this limitation does not apply to charitable contributions made in 2025. As mentioned, an individual taxpayer who itemizes in 2025 will generally still have their charitable contributions count beginning with the first dollar donated. For this reason, individual taxpayers for whom the 0.5% threshold is a concern might consider front-loading their contributions in 2025, rather than waiting until 2026.

For more information about the recent legislative changes to charitable giving, see Koy Kosek, *Impact of the 2025 Tax Act on Charitable Giving* (a publication of the UBS Advanced Planning Group).

¹⁰ IRC § 663(b).

¹¹ IRC § 170(a)(1).

¹² More precisely, these limits are based on the donor's contribution base, which is the donor's AGI calculated without regard to any net operating loss carrybacks.

9. Private foundation distribution requirements

An individual who created a private foundation and remains involved in its management (such as a director or trustee) should review the foundation's investments and operations before year-end. There are several things to consider before year-end, one of which is the distribution requirement. The foundation generally must make qualifying distributions of at least 5% of the foundation's assets each year. In general, qualifying distributions include grants to public charities and administration expenses (but do not include investment management fees).¹³ The failure to make the required annual 5% distribution results in excise taxes on the shortfall.

For more information about these requirements, see Todd D. Mayo, Jacqueline Denton, and Chelsea Rubio, *2025 Planning Guide* (a publication of the UBS Advanced Planning Group).

10. Making qualified charitable distributions

An individual who has attained age 70½ and is charitably inclined might consider making a qualified charitable distribution (QCD), which is a distribution from an IRA to a public charity (other than a donor advised fund or supporting organization).¹⁴ In 2025, an individual generally can make up to \$108,000 of QCDs.¹⁵ To qualify as a QCD, the distribution must be made from an IRA directly to a qualifying charity.¹⁶ An individual's QCDs may count toward the individual's required minimum distributions.¹⁷

A QCD isn't includible in the IRA owner's income and thus isn't subject to income tax.¹⁸ A QCD doesn't qualify for an income tax charitable deduction.¹⁹ Excluding a QCD from income *and* allowing an income tax deduction for the distribution would be a double tax benefit.

For more information about QCDs, see Todd D. Mayo, Jacqueline Denton, and Chelsea Rubio, *2025 Planning Guide* (a publication of the UBS Advanced Planning Group).

¹³ There are detailed regulations addressing the calculation of the fair market value of a foundation's assets and administrative expenses that can be applied for purposes of determining the 5% distribution requirement.

¹⁴ IRC § 408(d)(8)(B). A distribution from an active SEP IRA or an active SIMPLE IRA, however, doesn't qualify as a qualified charitable contribution.

¹⁵ IRC § 408(d)(8)(A).

¹⁶ IRC § 408(d)(8)(B)(i).

¹⁷ Id.

¹⁸ IRC § 408(d)(8)(A).

¹⁹ IRC § 408(d)(8)(E).



About the Advanced Planning Group



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The Advanced Planning Group provides comprehensive planning and sophisticated advice and education to ultra high net worth (UHNW) clients of the firm. The Advanced Planning Group also serves as a think tank for the firm, providing thought leadership and creating a robust intellectual capital library on estate planning, tax and related topics of interest to UHNW families.



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