



Year-end priorities and a preview of 2026

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In this report, we highlight year-end action items and provide a preview of new retirement planning provisions that go into effect in the coming years.

Key points

- Whether a family is decades away from retirement, approaching the transition, or already enjoying their retirement years, year-end is an ideal time to review their retirement plan for both risks and new opportunities.
- This report highlights a range of year-end retirement and tax planning strategies, and offers an update on key changes—including SECURE 2.0 Act provisions and other developments—that may shape the retirement planning landscape in 2026 and beyond.

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Tax changes for 2025

The One Big Beautiful Bill Act (OBBBA), passed earlier this year, has extended or made permanent several tax changes first implemented in the 2017 Tax Cuts and Jobs Act (TCJA)—for example, lower tax brackets, higher standard deductions, expanded child tax credits, an income tax deduction for small pass-through businesses, a cap on State and Local Tax (SALT) deductions, and a higher gift and estate tax exemption.

As we head into year-end, let's recap a few of the new or increased deductions available starting in 2025:

- **Standard deduction:** Permanent increase from \$15,000 (single filer)/\$30,000 (married filing jointly [MFJ]) to \$15,750 (single)/\$31,500 (MFJ) starting in tax year 2025. These amounts will be adjusted annually for inflation for tax year 2026 and thereafter.
- **65-plus-year-old "bonus" deduction:** For tax years 2025 through 2028, seniors are entitled to a "bonus" deduction—\$6,000 per taxpayer over the age of 65—available for taxpayers who itemize their deductions and for those claiming the standard deduction. This deduction is subject to a phase-out to the extent that modified adjusted gross income (MAGI) exceeds \$75,000 (single)/\$150,000 (MFJ).¹
 - **Note:** This means that a married couple who are both over age 65 may claim a total standard deduction of \$46,700 in tax year 2025: \$31,500 standard deduction + \$3,200 age-based deduction (\$1,600 per spouse) + \$12,000 new "bonus" deduction (\$6,000 per spouse) = \$46,700 total.
- **State and local tax deduction cap ("SALT cap"):** For tax years 2025 through 2029, taxpayers can deduct up to \$40,000 (single or MFJ)/\$20,000 (Married Filing Separately [MFS]) of state and local income and property taxes for federal income tax purposes. This deduction cap is subject to a phase-out for those with MAGI exceeding \$500,000 (single or MFJ)/\$250,000 (MFS). The deduction cap and income phase-out levels will increase by 1% each year for tax years 2026 through 2029, and then the cap will revert to \$10,000 beginning in tax year 2030.²
- **Deductions for tips and overtime:** For tax years 2025 through 2028, qualified tip income (for eligible occupations as determined by the Treasury Department) is eligible for a \$25,000 deduction (regardless of filing status), phased out for incomes above \$150,000 (single)/\$300,000 (MFJ). During the same period, taxpayers may deduct up to \$12,500 (single)/\$25,000 (MFJ) of qualified overtime compensation, phased out at the same income thresholds.¹
- **Car loan interest deduction:** For loans taken out from 2025 to 2028 (on new cars assembled in the United States), the OBBBA provides for a deduction of qualified passenger vehicle loan interest of up to \$10,000. This deduction is phased out for those with MAGI that exceeds \$100,000 (single)/\$200,000 (MFJ). The deduction is not available for leased vehicles or those used for commercial purposes.¹

These are only some of the provisions changed by the OBBBA. To learn more, see the CIO Global Investment Management team's report, [Five key tax changes in the One Big Beautiful Bill Act](#) (published 15 July 2025) and the UBS Advanced Planning Group's report, *Planning Opportunities for Individuals after the 2025 Tax Law* (published 28 July 2025).

Year-end planning priorities

Here are some planning items that can be considered:

1. Income tax strategies
2. Accelerate lifetime gifting
3. Give to others, not the IRS
4. Manage capital gains

1. Income tax strategies

Many of the income tax cuts introduced by the 2017 Tax Cuts and Jobs Act (TCJA) were originally scheduled to “sunset” at the end of 2025. However, the One Big Beautiful Bill Act (OBBBA) has extended several of these provisions—some temporarily, others on a so-called “permanent” basis. It is important to note, however, that no tax policy is truly permanent; future Congresses retain the authority to revise tax rates and provisions as needed.

Looking ahead, tax increases may become necessary to restore the US fiscal position to a more sustainable trajectory. As highlighted in the CIO research report [US fiscal outlook and the effort to contain bond yields](#) (published 28 May 2025), “the US already has the highest level of debt service among developed countries, posing a meaningful fiscal burden,” and “at some point, the US will need to reduce its deficit to a more sustainable level.”

Despite these long-term fiscal considerations, future tax rates remain inherently unpredictable. One prudent approach to managing the potential impact of higher tax rates is to pursue “tax diversification.” Tax diversification involves saving and investing across a mix of taxable, tax-deferred, and tax-exempt accounts, and then strategically drawing from these accounts to manage the tax implications of generating retirement income.

This section of the report highlights several strategies that can be considered as year-end approaches, with the goal of enhancing tax diversification and increasing a household’s flexibility to manage future tax liabilities.

Working years: Savings waterfall

During a family's working years, they may benefit from pursuing a “Savings waterfall” approach, which prioritizes account contributions based on each account type's after-tax growth potential. The CIO research team has published several reports addressing this strategy, including the [2025 savings waterfall worksheet](#) (published 7 November 2024) and the [Modern retirement monthly: Traditional or Roth? report](#) (published 29 May 2024).

The potential benefits and considerations of the savings waterfall are further explored in this CIO research report [Savings waterfall: Supercharge your savings](#) (published 20 May 2024), which explains how potentially “the savings waterfall can help you to turn \$1 of hard-earned savings into \$2-3 of inflation-adjusted spending in 30 years by harnessing tax-advantaged growth, compound interest, and (when available) your employer's willingness to match your contributions.”

Priority: Revisit contribution strategy

As we approach year-end, families in their working years may consider whether they might benefit from making changes to their retirement saving strategy, such as amending direct deposits or payroll deduction elections. For example, families may want to make sure that they have contributed enough to maximize their company's 401(k) contribution match, or consider increasing their Health Savings Account contributions to reach the annual contribution limit (if such benefits are available to them).

Before making any direct deposit or payroll deduction decisions, families may first want to ensure that they will still have sufficient income in their other accounts for any spending needs.

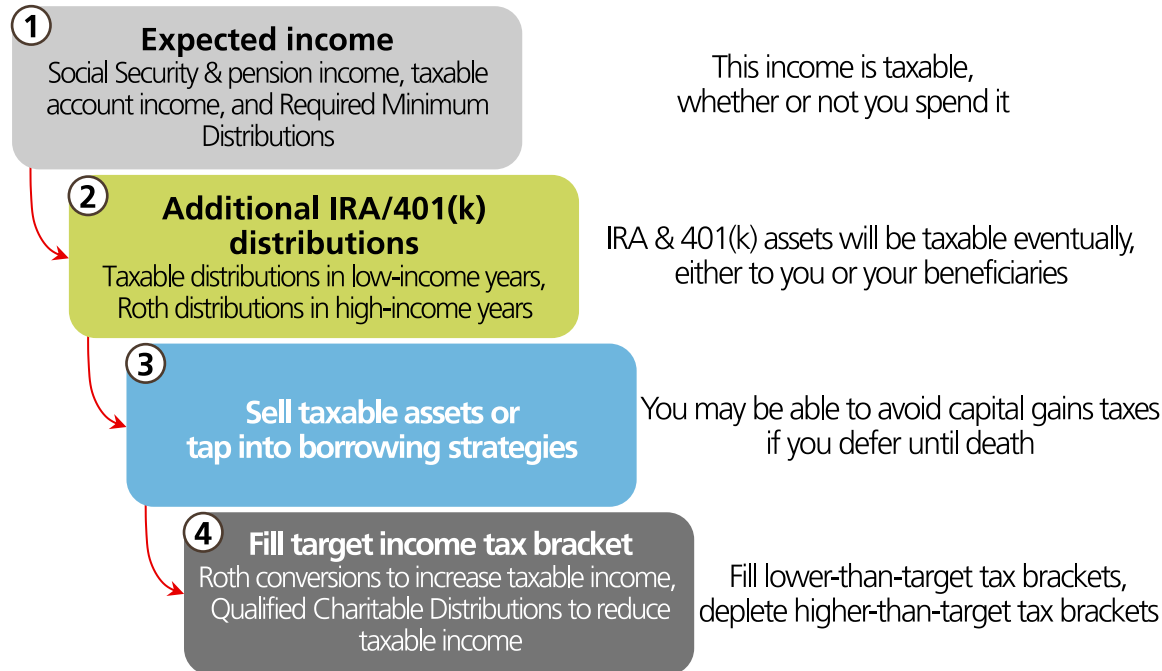
Retirement years: Spending waterfall

In retirement, a family's attention turns from accumulating wealth to turning their savings into a stream of retirement income to support spending. Just as the savings waterfall can help to identify how to prioritize account contributions to improve after-tax growth potential, the spending waterfall strategy aims to help families take tax-efficient retirement account withdrawals.

The spending waterfall strategy aims to smooth taxable income over time—generating the cash flow that a family needs while aiming to fill up lower income tax brackets and avoid realizing taxable income that would fall into higher income tax brackets. The full strategy is explained in the CIO research report [Modern retirement monthly: Managing taxes with a “spending waterfall”](#) (published 30 June 2025), and summarized in this figure from that report:

Figure 1 - A "spending waterfall" can help you manage taxes

Suggested sequence of withdrawals to help improve tax efficiency, along with rationale for each step



Source: UBS. For illustration purposes only.

Priority: Understand partial Roth conversion approaches

Partial Roth conversions are one possible tool for smoothing a family's taxable income over time. Roth conversions involve moving assets from tax-deferred accounts, such as a Traditional IRA or 401(k), into a Roth IRA or Roth 401(k).³ Income tax is due on the amount converted, creating a potential benefit for those implementing a Roth conversion at a lower tax rate than they may face later in retirement. Moreover, Roth accounts offer the potential for tax-free growth and tax-free qualified distributions.⁴

Partial Roth conversion are generally most appropriate for families who are in a year of lower-than-normal taxable income. For example, families in early retirement that are no longer earning a salary, not collecting Social Security, and/or are not old enough to be taking required minimum distributions (RMDs) from their retirement accounts. In such lower-than-normal tax years, a partial Roth conversion may be implemented at a lower tax rate than the family may face later in retirement, and may increase the pool of investments available for tax-free withdrawals in future years.

A series of partial Roth conversions—spread across a number of tax years, each sized to “fill up” a family's marginal income tax bracket—may help the family to move taxable income out of higher tax brackets in later retirement years (or when their children inherit the retirement accounts) to lower income tax brackets in earlier retirement years.

Whenever considering a Roth conversion, families may want to ensure that they have sufficient liquidity to pay the tax cost of the conversion, and bear in mind that a higher level of taxable income in the current year may trigger higher Medicare premiums two years later (Income-Related Monthly Adjustment Amount (IRMAA) surcharges are calculated annually, based on the Modified Adjusted Gross Income (MAGI) from two years prior).

For families with philanthropic objectives, it may be beneficial to consider whether a portion of their Traditional IRA should be reserved for future charitable gifts rather than converting to a Roth IRA; it is more tax-efficient to make charitable bequests directly from a Traditional IRA rather than converting those assets to a Roth IRA, which would trigger income tax on the conversion; after all, the charity will not owe income taxes on distributions from the IRA that they've been given.

For guidance on assessing an appropriate amount to convert in a given year, refer to the CIO research report, [Beyond RMDs: Strategies for IRA owners and beneficiaries](#) (published 25 February 2025), and discuss this decision with a tax advisor, help tailor a strategy to a family's unique circumstances and objectives.

2. Accelerate lifetime gifting

With the lifetime gift and estate tax exemption at a historically high level (\$13.99 million per person, \$27.98 million for married couples in tax year 2025)—and now set to increase further under the OBBBA (\$15 million per person, \$30 million for married couples starting in tax year 2026)—families may have an opportunity to transfer significant wealth without incurring federal gift or estate taxes.⁵

While the immediate risk of a lower exemption has been postponed (the lifetime exemption was set to expire at the end of 2025 until the OBBBA permanently extended its increased level), the possibility of future legislative changes remains, making proactive planning especially important.

By acting now, families can:

- **Lock in the current exemption:** Gifts made today utilize the exemption in effect at the time of transfer, protecting against potential future reductions.
- **Shift future growth out of the taxable estate:** Any appreciation on assets transferred now would be outside the donor's estate, further reducing potential future estate tax exposure.
- **Support heirs and charitable causes:** Strategic gifting can benefit family members, fund education or medical expenses, and advance philanthropic goals.

Priority: Assess lifetime gifts

Even without an imminent "sunset" of the lifetime exemption to spur immediate action, families may want to evaluate strategies that lock in the current exemption and protect against the risk of future tax changes, thus potentially increasing the after-tax value of assets left to future generations. For example:

Figure 2 - Lifetime gifting strategies may enhance the after-tax value of intergenerational wealth transfers

A selection of potential gift and estate planning strategies

Strategy	Description & Benefits
Annual gift tax exclusion	Allows gifts up to \$19,000 per spouse per recipient (2025) each year, free of gift tax and without using lifetime exemption.
Medical and education gifts	Payments made directly to providers for tuition or medical expenses, are excluded from gift tax and do not use the lifetime exemption.
Lifetime exemption gifts	Larger gifts that use part of the lifetime exemption, removing future appreciation from the estate.
Tax-efficient irrevocable trusts	Irrevocable trusts (e.g., SLATs, GRATs, ILITs) can be funded with exemption gifts, providing control, asset protection, and potential estate tax benefits.
Transfer of discounted interests	Gifts of minority or non-controlling interests in family entities (LLCs, partnerships, corporations), fractional real estate, or investment holding companies may qualify for valuation discounts, reducing the lifetime exemption being used.
529 plan "superfunding"	Allows up to five years of annual exclusions to be contributed at once per beneficiary without using the lifetime exemption.

Source: UBS. For illustration purposes only.

Before making any gifts of assets that result in a loss of access or control, families may want to discuss potential gifting strategies with a financial advisor and tax advisor, who can help tailor a strategy to a family's unique circumstances and objectives and help assess whether the family can meet their lifetime goals without relying on those resources.

For more details, see the UBS Advanced Planning Group's [Planning Guide 2025 report](#) (published 20 February 2025) and the CIO research report [529 College Savings FAQ](#) (published 27 May 2025).

3. Give to others, not the IRS

As the season of giving approaches, individuals and families often look for ways to make a meaningful impact on the people and causes that matter most—while also maximizing the effectiveness and efficiency of their gifts.

As noted in the CIO Global Investment Management team's report, [Five key tax changes in the One Big Beautiful Bill Act](#) (published 15 July 2025), 2026 will see a few key changes to charitable deductions:

- **For taxpayers who claim the standard deduction:** Beginning in tax year 2026, taxpayers who claim the standard deduction may also deduct up to \$1,000 (single filers) or \$2,000 (married filing jointly) in charitable donations. Only cash contributions qualify for this deduction; donations of property or securities, as well as contributions to donor-advised funds, are not eligible.
- **For taxpayers who itemize deductions:** Starting in tax year 2026, only charitable contributions that exceed 0.5% of adjusted gross income (AGI) will be deductible. Cash gifts to qualified charities remain subject to a permanent limit of 60% of AGI. Additionally, the maximum tax benefit from itemized deductions is capped at 35%, reduced from the previous 37%.

Priority: Understand the implications of bunching charitable donations in 2025

Some families may choose to switch between itemizing and taking the standard deduction depending on the amount of itemized deductions that they have in a given tax year. One strategy is to "bunch" multiple years of charitable deductions into a single tax year, in order to exceed the standard deduction in that year.

This strategy may be especially valuable in 2025, before the aforementioned 2026 changes go into effect. After all, an individual taxpayer who itemizes in 2025 may still have their charitable contributions count beginning with the first dollar donated (subject to other deductibility limitations), rather than being subject to the 0.5% of AGI "floor" that will go into place starting next year.

For example, a family with an AGI of \$1,000,000 that makes a \$10,000 charitable contribution in 2025 would be able to add \$10,000 to itemized deductions in 2025. If they make another \$10,000 gift in 2026, they will only be able to add \$5,000 to their 2026 itemized deductions ($\$1,000,000 \text{ AGI} \times 0.5\% = \$5,000$ threshold, and $\$10,000 \text{ gift} - \$5,000 \text{ threshold} = \$5,000$ deduction). Together, these two gifts would add about \$15,000 in itemized deduction across the two-year period. By contrast, if the family were to give \$20,000 to charity in 2025, they could add all \$20,000 to their itemized deductions.

Priority: Evaluate qualified charitable distributions (QCDs)

Qualified charitable distributions (QCDs) are one notable strategy for those age 70½ or older, allowing for tax-efficient charitable gifts, even for those who do not itemize deductions. QCDs allow Traditional IRA owners to make a distribution to charity—up to \$108,000 for the 2025 tax year—and have the distribution count toward their annual RMD but not be included in the IRA owner's federal taxable income. The QCD must go directly from a Traditional IRA to a qualified charity, and must be completed by year-end to qualify for the current tax years. Married couples may each utilize this limit from their respective IRAs.

For individuals with substantial balances in tax-deferred retirement accounts, the annual QCD limit may not fully offset the tax cost of RMDs. Nevertheless, QCDs remain a valuable tool for extending the impact of charitable giving and supporting philanthropic legacy goals in a tax-efficient manner.

While QCDs cannot be directed to donor-advised funds or private foundations, there is a special provision allowing a one-time QCD of up to \$54,000 (for the 2025 tax year) per individual to a charitable gift annuity (CGA), charitable remainder

unitrust (CRUT), or charitable remainder annuity trust (CRAT). These split-interest entities must be funded exclusively by the QCD, and only certain types of CRUTs and CRATs are eligible to receive such transfers.⁶

Additional tax efficiency may come from pairing QCDs and Roth conversions in the same year. RMDs can't be converted to a Roth IRA, so families must make sure that they satisfy their annual RMD before implementing a Roth conversion.

For more information on QCDs, please see the CIO research report, [Beyond RMDs: Strategies for IRA owners and beneficiaries](#) (published 25 February 2025).

Those interested in learning more about charitable giving may also want to consult the UBS Advanced Planning team's [Charitable giving: the rules of the road](#) report, and ask a UBS financial advisor for a copy of *Advanced Planning: Impact of the 2025 Tax Act on Charitable Giving* (published 31 July 2025).

4. Manage capital gains

Investments in taxable accounts can accumulate significant unrealized capital gains over time as families save and invest throughout their working years. When families transition into retirement and begin to tap into their taxable account to fund retirement spending, these investment sales may realize capital gains, triggering capital gains taxes.

Priority: Harvest capital losses

"Tax loss harvesting"—which involves realizing capital losses while staying fully invested—can help to reduce this tax burden and can help add to an investment portfolio's after-tax return potential.

It may seem counterintuitive to sell investments after they've experienced a drawdown—after all, this goes against the adage "buy low, sell high"—but tax loss harvesting can potentially add value in three ways:

- To lower taxes this year
- To keep the "tax dollars" growing in the account
- To (possibly) avoid capital gains taxes altogether (through a step-up in cost basis at death)

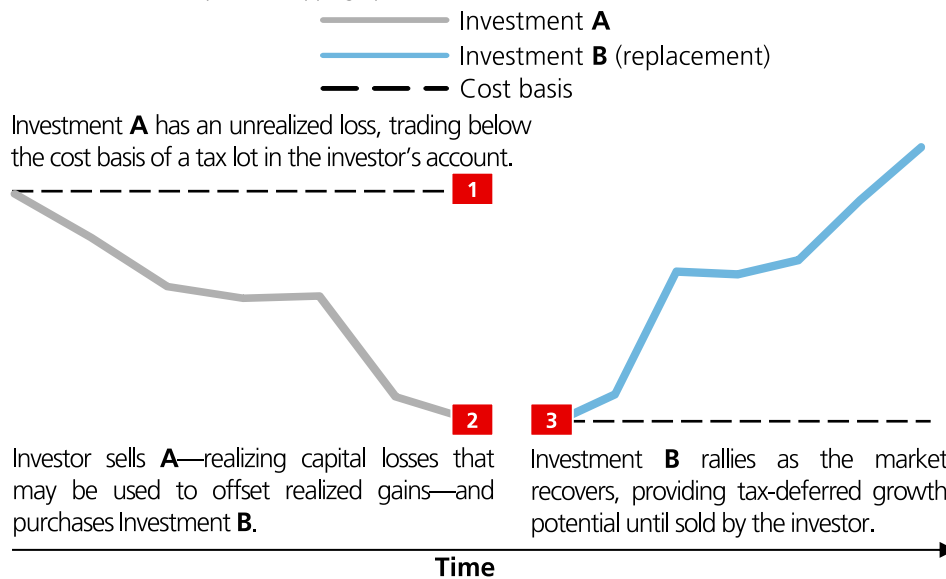
Implementing tax loss harvesting throughout the year—as opportunities present themselves—can be an effective strategy. Especially in a well-diversified portfolio, where some assets "zig" when others "zag," it is common for there to be a few loss-harvesting opportunities each year, with more opportunities available during market drawdowns.

Provided that tax loss harvesting can be implemented without introducing additional investment risk—which is to say that there are limited transaction costs and a suitable replacement security can be found—it may be beneficial to harvest capital losses in taxable accounts whenever they appear. When implementing a tax loss harvesting strategy, it's important to watch out for the "wash sale" rule: Taxpayers cannot implement both "buy" and "sell" trades in the same security (or any investment that the IRS considers "substantially identical") within 30 days of one another (IRC § 1091).

To learn more about tax loss harvesting—including information on how to implement strategies such as "tax swapping" and "doubling down," and how to abide by the wash sale rule—see the CIO research report [Tax loss harvesting: 3 reasons, 3 tips, and 3 strategies to help improve after-tax returns](#) (published 11 May 2022). It may also be helpful to refer to the CIO research team's *Exchange-traded funds: ETF tax swaps* report, which is updated regularly to highlight potential replacement securities to consider when implementing a tax loss harvesting strategy.

Figure 3 - How tax loss harvesting can help manage taxes

Illustration of the 3-step "tax swapping" process



Source: UBS. For illustration purposes only. A "tax lot" refers to shares that the investor purchased at a certain time and price.

SECURE 2.0 Act: Upcoming changes

The Setting Every Community Up for Retirement Enhancement (SECURE) Act and SECURE 2.0 Act introduced a broad set of changes aimed at enhancing retirement savings and plan flexibility, with its provisions taking effect gradually over several years. Here are some details for a few provisions that will be implemented soon:

Mandatory Roth catch-up contributions (for high earners)

Beginning in 2026, high-income employees aged 50 or older will face new restrictions on pre-tax "catch-up" contributions to workplace retirement plans such as 401(k) accounts. Catch-up contributions are additional amounts that employees age 50 and above are permitted to contribute to retirement plans—such as 401(k)s—beyond the standard annual limit, to help boost retirement savings as they approach retirement. For example, employees can contribute up to \$22,500 to 401(k) accounts in 2025, but those age 50 or older can contribute an additional \$7,500 for a total of \$31,000. Some plans allow for a "super catch-up" of \$11,250—for a total of \$34,750—for those age 60-63.

Under the new rule, employees who earned more than **\$145,000 in FICA wages** from the same employer in the previous calendar year (this threshold will be annually indexed for inflation) will need to make any catch-up contributions on a Roth basis (which means that these contributions are not eligible for an upfront tax deduction, but will be eligible for income tax-free qualified distributions).⁷

New option for long-term care insurance funding

Beginning on 29 December 2025, employees will have the ability to make penalty-free withdrawals from employer-sponsored retirement plans—such as 401(k) plans—to pay for qualifying long-term care insurance premiums. The provision allows for distributions of up to **\$2,500 per year** (or 10% of the participant's vested balanced, whichever is smaller) for this purpose.⁸

These withdrawals will not be subject to the 10% early withdrawal penalty that typically applies to distributions before age 59 ½, but they will remain subject to ordinary income tax. The \$2,500 annual limit will be annually indexed for inflation.

Student loan matching contributions

Since 2024, the SECURE 2.0 Act has allowed employers to make matching contributions to workplace retirement plans based on employees' qualified student loan payments. This provision is designed to help workers who might otherwise miss

out on valuable retirement savings opportunities while managing student debt, ensuring they can build long-term financial security even as they pay down educational loans. Traditionally, employees needed to contribute their own earnings to a 401(k) or similar plan to receive an employer match.

The SECURE 2.0 Act allows employers to offer this benefit, but it is not available at all companies. Moreover, those that do offer the option may place limits on the match dollar amount or apply a prerequisite, such as length of service. Families who are making student loan payments—especially those who aren't able to contribute enough to their 401(k) to get the full company match—should check to see if their employer(s) offer this benefit, and consider whether it's appropriate to adjust their savings and student loan payments as a result.

Roth contribution matching

The SECURE 2.0 Act also expanded the use of Roth (after-tax) contributions in employer-sponsored retirement plans. Specifically, employers may now offer matching or nonelective contributions on a Roth basis, rather than only as pretax contributions. This means that—for employees participating in a plan that has elected to offer this option—employees will be able to choose to have employer contributions made to their Roth account within the plan. This option could be attractive for families who would prefer to make a Roth contribution (which will be included in taxable income) rather than a pre-tax contribution.⁹

Emergency savings accounts (PLESA)

The SECURE 2.0 Act also introduced the concept of a "Pension-Linked Emergency Savings Account" (PLESA), intended to help workers build a financial cushion for emergencies without needing to tap into their long-term retirement funds, with the intention of improving both short-term financial resilience and long-term retirement security.¹⁰

Beginning in 2024, employers may offer these emergency savings accounts to defined contribution retirement plans, such as 401(k)s. Employees participating in a plan that has elected to offer this option will be able to make up to **\$2,500 per year** of Roth contributions to their PLESA (these contributions are not tax-deductible), where they will be kept separate from their main retirement savings and are intended to be easily accessible for unexpected expenses.

Opportunity costs is one potential drawback of PLESA contributions; workers who contribute to a PLESA and don't use the funds for emergencies may miss out on returns if those same contributions earned more in a more traditional, growth-oriented retirement account.

Conclusion and next steps

As we head into year-end, here is a quick recap of planning priorities that families may want to evaluate:

1. **Revisit contribution strategy.** Max out allowable yearly contributions and take advantage of employer matching contributions. 401(k) contributions must be made by 31 December 2025, while Health Saving Account (HSA) and IRA contributions can be made on a "prior year" basis until 15 April 2026. Use the CIO research report, [2025 savings waterfall worksheet](#) (published 7 November 2024), to assess other potential opportunities. In October, the IRS will announce 2026 retirement plan contribution limits, allowing families to adjust their savings strategies to align with higher contribution limits.
2. **Understand partial Roth conversion approaches.** Families who are in a year of lower-than-normal taxable income may consider implementing a partial Roth conversion to "fill up" lower tax brackets. For guidance on determining the appropriate amount to convert in a given year, refer to the CIO research report, [Beyond RMDs: Strategies for IRA owners and beneficiaries](#) (published 25 February 2025), and discuss this decision with a financial advisor and tax advisor, who can provide recommendations tailored to a family's unique circumstances and objectives.
3. **Assess lifetime gifts.** Families may want to consider gift and estate tax strategies to move growth out of their taxable estates and protect against the risk of future tax changes. For example, using annual gift tax exclusions, making large gifts to use some of the lifetime gift and estate tax exemption, and/or funding tax-efficient irrevocable trusts. Families should discuss any such actions with a financial and a tax advisor to find a suitable solution for their individual circumstances and goals.
4. **Understand the implications of bunching charitable donations in 2025.** Some families may wish to "bunch" multiple years of charitable deductions into the 2025 tax year, ahead of charitable deduction changes that will go

into effect in 2026. Those interested in learning more may want to ask a UBS financial advisor for a copy of the UBS Advanced Planning team's report, *Impact of the 2025 Tax Act on Charitable Giving* (published 31 July 2025).

5. **Evaluate qualified charitable distributions (QCDs).** For those age 70 1/2 or older, making a charitable gift directly from an IRA to a qualified charity can be a tax-efficient strategy for making charitable gifts, even for those who do not itemize deductions. There is additional information in the CIO research report, [Beyond RMDs: Strategies for IRA owners and beneficiaries](#), published 25 February 2025.
6. **Harvest capital losses.** Families with unrealized capital losses may consider tax-loss harvesting strategies to realize those losses—while remaining fully invested—in order to reduce their 2025 net capital gains and/or generate realized losses that can be carried into future years. There is additional information in the CIO research report [Tax loss harvesting: 3 reasons, 3 tips, and 3 strategies to help improve after-tax returns](#) (published 11 May 2022). It may also be helpful to refer to the CIO research team's *Exchange-traded funds: ETF tax swaps* report, which can help to identify potential replacement securities.
7. **Review beneficiary designations.** Ensure that retirement accounts, insurance policies, and other assets have up-to-date beneficiary information, especially after major life events.

As always, it is important to review these strategies in the context of a comprehensive financial plan, working with a financial advisor and tax advisor to take actions that are suitable based on the family's unique goals and circumstances.

End notes

¹ Internal Revenue Service. (18 June 2024). *One Big Beautiful Bill Act: Tax deductions for working Americans and seniors*. <https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors>.

² Thomson Reuters. (n.d.). *SALT deduction*. <https://tax.thomsonreuters.com/en/glossary/salt-deduction>.

³ Not all 401(k) providers allow participants to implement an in-plan Roth conversion. Those who participate in a plan that does not offer this option may have other potential options, such as rolling the 401(k) into an IRA or to another 401(k) (if the plan is eligible for such a rollover) to implement the Roth conversion. Refer to the UBS IRA Rollover Guide, available [here](#), for key considerations that must be considered before implementing any such rollover.

⁴ A qualified distribution from a Roth IRA is one made at least five years after the account was established, and when the account owner is age 59½ or older, disabled, deceased, or using up to \$10,000 for a first-time home purchase. Qualified distributions are tax- and penalty-free, including both converted principal and earnings. Each Roth conversion is subject to a separate five-year holding period for penalty-free withdrawal of the converted principal. If converted amounts are withdrawn from a Roth IRA before five years have passed since the specific conversion—and before the account owner reaches age 59½—the withdrawal may be subject to a 10% early withdrawal penalty, unless an IRS exception applies. See [this IRS page regarding Roth accounts](#) for more details.

⁵ IRC §§ 2010(c) and 2502(a). See Rev. Proc. 2024-40. This assumes the individual is a US person for gift and estate tax purposes.

⁶ DAF Giving 360. (November 2024). *Giving with IRA*. <https://www.dafgiving360.org/giving-with-ira>.

⁷ Internal Revenue Service. (15 September 2025). *Treasury, IRS issue final regulations on new Roth catch-up rule, other SECURE 2.0 Act provisions*. <https://www.irs.gov/newsroom/treasury-irs-issue-final-regulations-on-new-roth-catch-up-rule-other-secure-2point0-act-provisions>.

⁸ Reuters. (2024, November 1). *SECURE 2.0 changes effective in 2025*. <https://www.reuters.com/practical-law-the-journal/transactional/secure-20-changes-effective-2025-2024-11-01/>.

⁹ Internal Revenue Service. (January 12 2024). *SECURE 2.0 Act changes affect how businesses complete Forms W-2*. <https://www.irs.gov/newsroom/secure-2-point-0-act-changes-affect-how-businesses-complete-forms-w-2>.

¹⁰ US Department of Labor, Employee Benefits Security Administration. (2024). *Pension-linked emergency savings accounts: Frequently asked questions*. <https://www.dol.gov/agencies/ebsa/about-ebsa/our-activities/resource-center/faqs/pension-linked-emergency-savings-accounts>.

Appendix: Summary of Key 2025 tax information

Taxable income tax rates

Marginal tax rate	Single	Head of Household	Married Filing Jointly	Married Filing Separately
10%	\$0 to \$11,925	\$0 to \$17,000	\$0 to \$23,850	\$0 to \$11,925
12%	\$11,925 to \$48,475	\$17,000 to \$64,850	\$23,850 to \$96,950	\$11,925 to \$48,475
22%	\$48,475 to \$103,350	\$64,850 to \$103,350	\$96,950 to \$206,700	\$48,475 to \$103,350
24%	\$103,350 to \$197,300	\$103,350 to \$197,300	\$206,700 to \$394,600	\$103,350 to \$197,300
32%	\$197,300 to \$250,525	\$197,300 to \$250,500	\$394,600 to \$501,050	\$197,300 to \$250,525
35%	\$250,525 to \$626,350	\$250,500 to \$626,350	\$501,050 to \$751,600	\$250,525 to \$375,800
37%	\$626,350 or more	\$626,350 or more	\$751,600 or more	\$375,800 or more

	Single	Head of Household	Married Filing Jointly	Married Filing Separately
Standard deduction*	\$15,750	\$23,625	\$31,500	\$15,750
Change from 2024	(up from \$14,600)	(up from \$21,900)	(up from \$29,200)	(up from \$14,600)

* For single or head of household taxpayers, the annual standard deduction is increased by \$2,000 if you are age 65 or older or blind (\$4,000 if both 65+ and blind). For married taxpayers, the deduction is increased by \$1,600 for each married taxpayer aged 65 or older or blind (e.g. \$3,200 if one spouse is both 65+ and blind). Taxpayers age 65+ with a valid Social Security number are also eligible for a "bonus" deduction of \$6,000 per qualifying spouse, subject to a phase-out for those with a Modified Adjusted Gross Income greater than \$75,000 (single) / \$150,000 (Married Filing Jointly).

Long-term capital gains tax rates

Maximum tax rate	Single	Head of Household	Married Filing Jointly	Married Filing Separately
0%	\$0 to \$48,350	\$0 to \$64,750	\$0 to \$96,700	\$0 to \$48,350
15%	\$48,350 to \$533,400	\$64,750 to \$566,700	\$96,700 to \$600,050	\$48,350 to \$300,000
20%	\$533,400 or more	\$566,700 or more	\$600,050 or more	\$300,000 or more
3.8% surtax**	\$200,000	\$200,000	\$250,000	\$125,000

** Some of your investment income may be subject to a 3.8% surtax. The tax is applied to the lesser of: 1) Your net investment income or 2) The amount that your modified adjusted gross income exceeds these thresholds. Net investment income includes "passive" sources of income such as taxable interest, dividends, realized capital gains, annuities, royalties, and rental income.

Additional Medicare tax

Tax rate	Single	Head of Household	Married Filing Jointly	Married Filing Separately
0.9%	\$200,000	\$200,000	\$250,000	\$125,000

Note: The 0.9% surtax applies to wages, railroad retirement compensation, and self-employment income over these thresholds.

Social Security

Wage base limit	\$176,100
Change from 2024	(up from \$168,600)
Earnings test exemption (below Full Retirement Age)	\$23,400
Change from 2024	(up from \$22,320)
Earnings test exemption (at Full Retirement Age)	\$62,160
Change from 2024	(up from \$59,520)

Note: The Old-Age, Survivors, and Disability Insurance (OASDI) tax—commonly called "the Social Security tax"—is based on a worker's earned income. This 12.4% tax (6.2% paid by the employee, 6.2% paid by the employer) only applies to earned income up to the "wage base". There is also a Medicare withholding tax of 2.9% (1.45% paid by the employee, 1.45% paid by the employer)—this tax applies to all earned income (no wage base limit).

Note: For workers receiving Social Security benefits before reaching full retirement age, Social Security applies a "retirement earnings test" and withhold benefits based on "excessive" income in the years leading up to full retirement age. The test only counts earned income, not "passive" income sources such as capital gains, dividends, interest income, or retirement plan distributions.

For individuals younger than their full retirement age, Social Security withholds \$1 for every \$2 of income exceeding the exemption amount. For individuals attaining full retirement age in the year of the earnings test, Social Security withholds \$1 for every \$3 of income exceeding the exemption amount.

Gift and estate tax

	Unmarried	Married
Gift tax annual exclusion	\$19,000 per recipient	\$38,000 per recipient
Change from 2024	(up from \$18,000)	(up from \$36,000)
Lifetime unified gift and estate tax exemption	\$13,990,000	\$27,980,000
Change from 2024	(up from \$13,610,000)	(up from \$27,220,000)
Maximum federal gift/estate tax rate	40%	40%

Note: Families should think beyond the federal estate tax when considering estate planning. According to research from the Tax Foundation, 17 states currently impose a state-level estate or inheritance tax (including Maryland, which imposes both types of tax). The top state-level estate tax rate is 20%, and state-level taxes can affect estates as small as \$1 million.

Source: IRS, H&R Block, UBS. For information purpose only.

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