

Smart Financial Planning: **2025 Strategic Limits**

By Kelly Wright, CFP®

Key Takeaways:

- How can I maximize retirement contributions in 2025 to take full advantage of tax benefits?
- What are the benefits of using Health Savings Accounts (HSAs)?
- What steps can you take to prepare for rising healthcare costs and Medicare premiums in retirement?

Smart financial planning starts with maximizing retirement contributions.

Financial planning isn't just about investments—it's about connecting your wealth to your life. It means crafting a strategy that grows with your family, aligns with your goals, and addresses the things you might not think about, like tax planning or preparing for healthcare costs. True planning looks at the whole picture, so every piece of your financial life works together.



The key strategic limits below aren't just numbers—they're tools aligned to help you save more, reduce taxes, and help ensure your financial plan stays on track. By aligning your strategy with these limits, you can make steady progress toward your financial goals while staying within the rules.

Retirement Savings: Optimize Your Contributions

When it comes to retirement, every dollar counts. Contribution limits provide a clear framework for maximizing your savings potential while leveraging tax advantages.

Key Limits for 2025

- **401(k), 403(b), 457 Plans:**
 - Contribution limit: \$23,500
 - Pre-tax contributions reduce taxable income and grow tax deferred.
- **Catch-Up Contributions (for 50+ and 60–63):**
 - Age 50+: additional \$7,500
 - Age 60-63: additional \$11,250
- **SIMPLE Plans:**
 - Regular contributions: \$16,500
 - Age 50+: may contribute an additional \$3,500
 - Age 60-63: may contribute an additional \$5,250
- **IRA/Roth IRA Contributions:**
 - Limit: \$7,000. Add \$1,000 if you're 50+
- **Catch-Up Provision Ages:**
 - All catch-up provisions refer to your age on 12/31/2025.

Why It Matters: *Catch-up contributions can significantly boost retirement savings for all savers during peak earning years. This is especially important for those who started saving late.*

Healthcare Savings: Plan for Rising Costs

Healthcare is one of the largest expenses in retirement. Utilizing Health Savings Accounts (HSAs) and understanding Medicare limits are vital to long-term planning.

2025 HSA Limits

- Individual contribution: \$4,300
- Family contribution: \$8,550
- Catch-up (55+): \$1,000

Medicare Part B Premiums Without Surcharge

- Income <\$106,000 (single): \$185/month premium
- Income <\$212,000 (married filing jointly): \$185/month premium

Social Security Wage Base

- Maximum taxable earnings: \$176,100
- Maximum Social Security Employee Tax: \$10,918.20

Why It Matters: HSAs offer a triple tax advantage—contributions are tax-deductible, growth is tax-free, and withdrawals for qualified expenses are tax-free. Proper planning can help ensure you're prepared for out-of-pocket healthcare costs and can avoid surprises when Medicare premiums are due.

Tax Planning: Reduce Liability and Build Wealth

Tax planning is essential to preserving and growing your wealth. Staying updated on tax thresholds ensures you make informed decisions that minimize liabilities.

2025 Tax Limits

- **Standard Deduction:**
 - \$15,000 (single); add \$2,000 if over 65 or blind
 - \$30,000 (married filing jointly) add \$1,600 for each spouse over 65 or blind
- **Long-Term Capital Gains Tax:**

- Rates for single tax payers range from 0% (income up to \$48,350) to 20% (income over \$533,400).
- Rates for married filing jointly range from 0% (taxable income up to \$96,700) to 20% taxable income up to \$600,051
- High-earning individuals are subject to the net investment income tax (NIIT) of an additional 3.8%
- **Educational Credits:**
 - Lifetime Learning Credit: 20% of up to \$10,000 in qualified expenses
 - Limited by income
- **Child Tax Credit:**
 - Up to \$2,000 per child under 17
 - Limited by income

Why It Matters: *Thoughtful timing of investment sales can help minimize capital gains tax. Credits for education and children can further reduce tax burdens, enabling families to save for key life events and goals.*

Verdence: Your Partner in Financial Planning

At Verdence, we specialize in helping high-net-worth families and individuals navigate these complexities with confidence. Our team focuses on personalized strategies that align with your goals while keeping you informed about changes in financial regulations and opportunities.

What sets Verdence apart?

- **Unbiased Advice:** As fiduciaries, we act in your best interest with complete transparency.
- **Comprehensive Planning:** From investing strategies to tax optimization, our approach seeks to integrate every aspect of your financial life.
- **Family-Centered Service:** We help you balance wealth preservation with the values and legacy you want to pass down.

Take the Next Steps Today

Understanding these strategic limits is a powerful tool in your financial plan. Contact Verdence to schedule a financial review and learn how we can help you focus on wealth while reducing stress. Together, we'll create a clear, actionable plan for your financial future.

Book a consultation now at www.Verdence.com.

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