

TAX CHANGES IN 2025!!

WHAT DID THE IRS DO FOR 2025??



I can't wait to do my taxes for this past year! Said no one.

No one likes it, but it's a fact of life. I try to help my clients by positioning them to pay as little as possible through tax-smart investing. What you invest in matters, depending on the account that you have. Having said that, let's take a look at what changes the IRS has in store for 2025:

The tax brackets are changing as they do every year so that shouldn't be a big surprise. Here's the difference:

Tax Rate For Single	2024	2025
10%	< \$11,600	< \$11,925
12%	\$11,601 to \$47,150	\$11,925 to \$48,475
22%	\$47,151 to \$100,525	\$48,475 to \$103,350
24%	\$100,526 to \$191,950	\$103,350 to \$197,300
32%	\$191,951 to \$243,725	\$197,300 to \$250,525
35%	\$243,726 to \$609,350	\$250,525 to \$626,350
37%	\$609,351 or more	\$626,350

Tax Rate For Married Filing Jointly	2024	2025
10%	< \$11,600	< \$23,850
12%	\$11,601 to \$47,150	\$23,850 to \$96,950
22%	\$47,151 to \$100,525	\$96,950 to \$206,700
24%	\$100,526 to \$191,950	\$206,700 to \$394,600
32%	\$191,951 to \$243,725	\$394,600 to \$501,050
35%	\$243,726 to \$609,350	\$501,050 to \$751,600
37%	\$609,351 or more	\$751,600

The standard deduction is also increasing for 2025 as follows:

Filing Status	Standard Deduction 2024	Standard Deduction 2025
Single	\$14,600	\$15,000
Married Filing Jointly	\$29,200	\$30,000

If you are single and made \$75,000 from employment, after you take the standard deduction your taxable income is \$60,400. You'll pay:
 10% on the first \$11,600 = $\$11,600 \times 0.10 = \$1,160$

12% on the next \$35,550 (\$47,150 - \$11,600) = $\$35,550 \times 0.12 = \$4,266$
 22% on the remaining \$13,250 (\$60,400 - \$47,150) = $\$13,250 \times 0.22 = \$2,915$
 Total Federal Tax Before Credits:
 $\$1,160 + \$4,266 + \$2,915 = \$8,341$

In 2025, that person would pay \$8,114 following the same process I listed above.

Capital Gains

In 2024, you pay 0% capital gains tax if your taxable income is \$47,025 (single) or \$94,050 (married filing jointly).
 For 2025, the same 0% capital gains tax will apply for taxable income is \$48,350 (single) or \$96,700 (married filing jointly).

Annual Retirement Contribution Limits

In 2024, the 401(k)/403(b)/457 limit is \$23,000.
 For 2025, the limit is increasing by \$500, to \$23,000.

IRAs

The annual contribution limits to an IRA (Roth or Traditional) is \$7,000 in 2024.
 The contribution limit remains unchanged for the tax year 2025.

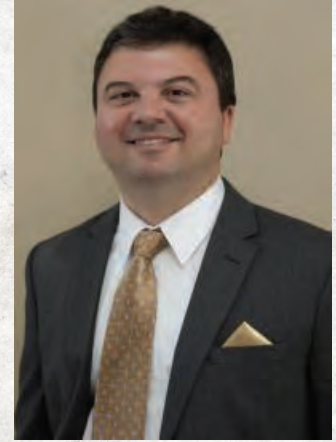
The catch-up contribution limit for individuals aged 50 and over also remains at an additional \$1,000 for 2025.

Roth IRA Income Limits

In 2024, the maximum income limit to contribute to Roth IRA directly is \$161,000 (\$240,000 if married filing jointly).
 In 2025, the income is increasing to \$165,000 and \$246,000 (for married filing jointly).

Annual Gifts

The annual gift exclusion limit is \$18,000 currently.
 It increases to \$19,000 for 2025.



January is here. A new year, a new you! Resolutions are popular now, as people think of all sorts of things they want to accomplish in 2025. Unfortunately, we don't keep them all. Strava — a social network for athletes — researched resolutions and it was found that approximately 80% of people who made resolutions have tapped out by the second week of January. New studies have found that about 2/3 of people abandon their diet resolutions within a month. One of the major problems with achieving resolutions is that those who set them are over-ambitious. People usually start with high levels of motivation, but as time progresses, the drive begins to wane. The key in achieving goals is to set short, medium, and long-term goals as opposed to one large unrealistic stretch goal. Start small and staying consistent will lead to good results.

Alexis Hongamen, CFP®,

ADVICE FROM AN 80 YEAR OLD MAN...

1. Have a firm handshake.
2. Look people in the eye.
3. Keep secrets.
4. Never give up on anyone, miracles happen everyday.
5. Always accept an outstretched hand.
6. Be brave. Even if you're not, pretend to be. No one can tell the difference.
7. Avoid sarcastic remarks.
8. Choose your life's mate carefully. From this one decision will come 90% of all your happiness or misery.
9. Make a habit of doing nice things for people that will never find out.
10. Lend only those books you never care to see again.
11. Never deprive someone of hope. It might be all that they have.
12. When playing games with children, let them win.
13. Give people a second chance, but not a third.
14. Be romantic.
15. Become the most positive and enthusiastic person you know.
16. Don't allow the phone to interrupt important moments. It's there for our convenience, not the caller's.
17. Be a good loser.
18. Be a good winner.
19. Think twice before burdening a friend with a secret.
20. When someone hugs you, let them be the first to let go.
21. Be modest. A lot was accomplished before you were born.
22. Keep it simple.
23. Beware of the person who has nothing to lose.
24. Don't burn bridges. You'll be surprised how many times you have to cross the same river.
25. Live your life so your epitaph could read no regrets.
26. Be bold and courageous. When you look back on life, you'll regret the things you didn't do more than the ones you did.
27. Never waste an opportunity to tell someone you love them.
28. Remember no one makes it alone. Have a grateful heart and be quick to acknowledge those who helped you.
29. Take charge of your attitude. Don't let someone else choose it for you.
30. Visit friends and relatives when they are in the hospital.
31. Begin each day with some of your favorite music.
32. Once in a while, take the scenic route.
33. Send a lot of Valentine's Day cards. Sign them "Someone who thinks you are terrific."
34. Answer the phone with enthusiasm and energy in your voice.
35. Show respect for everyone who works for a living, regardless of how trivial their job.
36. Send your loved ones flowers. Think of a reason later.
37. Become someone's hero.
38. Marry only for love.
39. Count your blessings.
40. Compliment the meal when you are a guest in someone's home.
41. Wave at the children on a school bus.
42. Remember that 80% of the success in any job is based on your ability to deal with people.
43. Don't expect life to be fair.



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I have been quoted in the following publications:



Flashback 40 Years Ago This Month

MOVIES: January 1985

- **Beverly Hills Cop.....**A freewheeling Detroit cop, Axel Foley (Eddie Murphy), pursuing a murder investigation finds himself dealing with the very different culture of Beverly Hills. Comedy follows.
- **Protocol.....**Goldie Hawn plays a Washington, D.C., cocktail waitress who prevents the assassination of a visiting Arab emir and winds up a national heroine.
- **The Flamingo Kid.....**This romantic comedy tells the story of a working class boy (Matt Dillon) who takes a summer job at a beach resort and learns valuable life lessons. It was the first film to receive a PG-13 rating, although it was the fifth to be released with that rating (after Red Dawn, The Woman in Red, Dreamscape, and Dune).
- **Dune...A Duke's son leads desert warriors against the galactic emperor and his father's evil nemesis to free their desert world from the emperor's rule.**



MUSIC

Billboard Hot 100: January 1985!!

- **Like A Virgin (Madonna)**
- **All I Need (Jack Wagner)**
- **We Belong (Pat Benatar)**



NEWS/SPORTS/CELEBRITY

- VH-1 made its broadcasting debut.
- Mitch McConnell becomes Senator of Kentucky. He is still serving!
- Daniel Ortega inaugurated as President-Nicaragua for the 1st time. Still there!
- Martina Navratilova is 3rd to win 100 tennis tournaments (Connors & Evert).
- "Playboy" announces end of stapling centerfolds. Stopped production in 3/2020
- "Born in the USA", single by Bruce Springsteen, peaks at #9.
- Cold front strikes US, 40 die (-27°F in Chicago). Damage 90% of FL citrus crop
- Super Bowl XIX, Stanford Stadium, Stanford, CA: San Francisco 49ers beat Miami Dolphins, 38-16; MVP: Joe Montana, SF, QB. I remember that game!
- 42nd Golden Globes: "Amadeus", F Murray Abraham win.
- Charity single "We Are the World" recorded by supergroup USA for Africa (Michael Jackson, Lionel Richie, Quincy Jones, Bruce Springsteen, Stevie Wonder, and other pop stars).



Questions? Call Alexis' cell 407-729-8516

SOCIAL SECURITY

We all know we can get social security benefits when we are of retirement age. But what are the specifics to qualify for social security benefits due to working?

You must earn at least 40 Social Security credits to be eligible for Social Security benefits. You earn credits when you work and pay Social Security taxes. They will not pay benefits to you if you don't have enough credits.

You can earn up to a maximum of 4 credits per year.

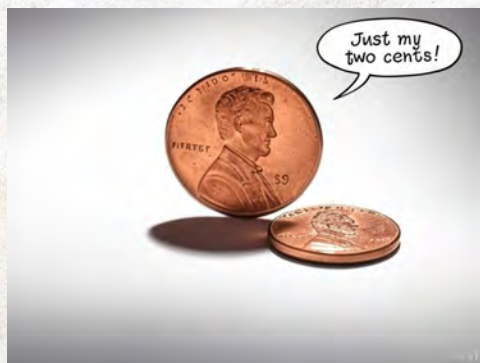
Credits are based on your total wages and self-employment income for the year. You might work all year to earn 4 credits, or you might earn enough for all 4 in less time. In 2025, you earn 1 Social Security credit for every \$1,810 in covered earnings each year. You must earn \$7,240 to get the maximum 4 credits for the year.

During your lifetime, you might earn more credits than the minimum number you need to be eligible for benefits. These extra credits do not increase your benefit amount. The average of your earnings over your working years, not the total number of credits you earn, determines how much your monthly payment will be when you receive benefits.

Your benefit is dependent on how much you contributed during your working years. The more you contributed, the greater your benefit. Although it isn't proportional. It's a formula where your benefit doesn't go up as fast as your contributions did during your contribution years. Find your benefit at ssa.gov.

Idiom Of The Month

“My Two Cents!”



I know inflation has taken its toll, but giving your two cents still means something!

The phrase "my two cents", and its longer version "put my two cents in", comes from the older saying "to put in one's two cents worth," which means to offer one's opinion or advice.

It comes from the original English "put

in my two-penny worth".

The earliest reference of "two cents/pence" appears in both the Gospel of Mark and the Gospel of Luke. In the biblical episode, several wealthy temple patrons donate large sums of money, while a poor widow places just two small coins into the offering. She finds greater favor with Jesus than the wealthy patrons however, as the two coins constitute her whole wealth, as opposed to a tiny fraction from the rich merchants of their fortune.

Other likely origins are that "my two pennies' worth" is derived from the 16th-century English

expression, "a penny for your thoughts", possibly a sarcastic response to receiving more opinion than was wanted "I said a penny for your thoughts, but I got two pennies' worth!"

There is also some belief that the idiom may have its origins in the early cost of postage in England, the "twopenny post", where two pennies were the normal charge of sending a letter containing one's words and thoughts or feelings to someone.

I wonder if we'll change it to "my three cents" with all the inflation???

FINANCIAL TRIVIA

1. In accounting, the term "ROI" is often used to describe the financial performance of an asset. ROI stands for "return on" what?
2. Schlongberg Sachs and Total Bankers are fictional finance companies found in various installments of what vehicle-stealing video game franchise?
3. Repping finance, pancakes, and orbiting stuff, the IMF, iHOP, and the ISS are initialisms that all contain what I-word?
4. If you don't repay a debt, what might a creditor place against your property (for example, your house) as collateral until you pay up?
5. Although they each use their own version of the currency, Argentina, Chile, Colombia, Cuba, the Dominican Republic, Mexico, the Philippines, and Uruguay all use a currency with what four-letter name?
6. Founded in 1971, the National Association of Securities Dealers Automated Quotations is better known as what stock exchange?
7. Headquartered in Santa Clara, California and often referred to by its initials SVB for short, what financial institution suffered a bank run in 2023, leading to the largest bank failure in the US since the 2007-08 financial crisis?
8. Reflecting its headquarters at Love Field in Dallas, as well as an old marketing campaign in which in-flight snacks were called "love bites" & "love potions," LUV is the stock symbol of what directionally named airline?

Answers:

1. Investment
2. Grand Theft Auto
3. International
4. Lien
5. Peso
6. NASDAQ
7. Silicon Valley Bank
8. Southwest Airlines