

**BAIRD**Private Wealth
Management

Wrapping Up 2025: Your Year-End Planning Checklist

The summer passage of the One Big Beautiful Bill Act (OBBBA) makes 2025 a pivotal year for tax planning. While many aspects of year-end planning remain familiar, the OBBBA introduces new opportunities worth reviewing before the calendar flips.

This checklist is designed to help you take steps with your advisor now. Items highlighted in **blue** point to fresh considerations resulting from the OBBBA – so you'll know exactly where new opportunities lie.

RETIREMENT SAVINGS

☐ **Make sure you're fully funding your retirement.**

Maximum contributions for 2025 are \$23,500 for a 401(k) and \$7,000 for an IRA. If you're age 50 or older, these limits rise to \$31,000 and \$8,000 – and if you're between the ages of 60 and 63, the 401(k) contribution limit increases further to a total of \$34,750.

☐ **Revisit your long-term retirement income strategy.**

Before the OBBBA, the Tax Cuts & Jobs Act's tax rate reductions were set to sunset in 2026 – adding pressure to complete Roth conversions before the rates increased. Now, with permanently lowered tax brackets, take a fresh look with your advisor. You may have more flexibility to spread income – through Roth conversions, IRA withdrawals or capital gains – over multiple years without hitting higher brackets.

EMPLOYMENT BENEFITS

☐ **If eligible, max out your Health Savings Account.** This allows you to put tax-advantaged money away for health expenses. Contribution limits in 2025 are \$4,300 for those with individual coverage and \$8,550 for those with family coverage, plus an extra \$1,000 for those aged 55 or older.

☐ **Use up your Flexible Savings Account funds**, as these accounts must be depleted by year-end.

☐ **Accelerate future health expenses into this year** if you've met your 2025 health insurance deductible.

RISK MANAGEMENT

☐ **Review your health, life, disability, long-term care, home and auto insurance coverage** with your advisor to ensure the coverage still fits your current needs.

INVESTMENT MANAGEMENT

☐ **Review the asset allocation of all your investment accounts**, including personal and retirement accounts. If market performance caused your portfolio to drift from your target, explore rebalancing with your advisor.

☐ **Consider "harvesting" underperforming stocks** – but beware of strict rules around the repurchase of investments sold for a loss.

CHARITABLE GIVING

☐ **Re-evaluate your gifting strategy with your advisor.** With a permanent increase to the standard deduction, an increase to the state and local tax deduction this year and new rules on deductions next year, techniques for minimizing taxes on gifts – like bunching – can have even more impact on your personal situation.

☐ **Consider donating appreciated assets.** This allows you to deduct the full value of the position and avoid capital gains tax on the growth. ►

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ESTATE PLANNING

- ☐ **Revisit all primary and successor beneficiary designations** on retirement plans, insurance policies and more.
- ☐ **Review your legacy administration decisions**, such as trustee, executor, power of attorney and healthcare proxy.
- ☐ **Take advantage of your annual gift tax exemption.** In 2025, you can gift up to \$19,000 per recipient in annual exclusion gifts, lowering your taxable estate.
- ☐ **Update your estate plan for the permanently increased lifetime gift and estate tax exemption.** With the higher exemption amount now permanent (\$13.99 million in 2025 and \$15 million in 2026), planning around the estate tax is now most critical for those with a household net worth above \$30 million.
- ☐ **Evaluate your financial flexibility.** Ensure your cash reserves, budget, investment mix and credit lines provide you with enough liquidity for any economic road bumps.
- ☐ **Adapt your wealth plan to the newly permanent tax rates.** With the OBBBA locking in the lower tax rates originally introduced by the TCJA, the anticipated 2026 tax increases are off the table – offering an opportunity for longer-term planning. Work with your advisor to develop a thoughtful strategy for managing your tax bracket over time.
- ☐ **Complete your annual credit check** and consider enrolling in a credit monitoring service. Baird clients and their families have access to a special rate when enrolling in ID Watchdog. Reach out to your advisor for more details.

PERSONAL FINANCE

- ☐ **Get a comprehensive view of your income and expenses for the year by using tools like Baird 360 Wealth.** With your advisor, review whether your saving and spending habits are on track to meet your goals.