

10 Year-End Tax-Savings Tips for 2025 for Individual Filers

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The end of the tax year is fast approaching, which means there's still time to execute some year-end tax-savings strategies, but not that much time. The One Big Beautiful Bill Act (H.R. 1) has extended and enhanced many taxpayer-friendly provisions, and you'd be wise to act now to take full advantage of them

Here at SWC, we hate to see anyone pay more in taxes than they're legally obligated to, which is why we offer year-end tax projection meetings for our clients from October through December. If you haven't scheduled yours yet, use the [Contact page](#) on our website (click on the Appointments link to get started).

To demonstrate our commitment to helping as many people as possible minimize their tax burden and use the money they save to build long-term wealth, we present these 10 year-end tax-savings tips.



Tip No. 1: Review Your Tax Withholdings and Estimated Tax Payments

To avoid having to pay an underpayment penalty, take a look at how much income tax you already handed over to the government for the 2025 tax year in the form of withholdings from your paychecks and any estimated tax payments you've made.

To avoid an underpayment penalty on your federal income tax, your withholding and/or estimated tax payments must be at least one of the following:

- 90 percent of this year's total tax liability
- 100 percent of last tax total tax liability
- 110 percent of last year's tax liability if your current year's adjusted gross income (AGI) is more than \$150,000 (\$75,000 if you're married filing as single).

If you had unexpected income or capital gains during the year, we here at SWC can help you project your 2025 tax liability and take steps to avoid underpayment penalties. To schedule a consultation, reach us by visiting the Contact page of our website.

Tip No. 2: Consider Bunching Itemized Deductions

Each year, you can deduct the greater of your itemized deductions (mortgage interest, charitable contributions, medical expenses, and state and local taxes) or the standard deduction. The 2025 standard deduction is:

- \$15,750 for single people and Married Individuals Filing Separately (MFS)
- \$31,500 for Married Couples Filing Jointly (MFJ)
- \$23,625 for Head of Household (HOH)

If your total itemized deductions for 2025 will be close to your standard deduction, consider *bunching* your itemized deductions, so they exceed your standard deduction. Bunching involves grouping multiple years' worth of deductible expenses into one tax year so your total itemized deductions exceed the standard deduction in that year. With the help of your CPA, it's typically done in alternating years – you bunch one year and claim the standard deduction the next.

Here are a few ways you can bunch:

- Make next year's house payments this year in order to increase the amount of mortgage interest you can deduct.
- Accelerate the payment of your property taxes. For example, if you have a property tax bill due in February 2026, and your county allows you to pay it early, pay it in November or December 2025.
- If you normally contribute \$5,000 per year to various charities, donate \$10,000 this year to cover your contributions for this year and next year.
- Accelerate elective medical procedures, dental work, and vision care into 2025. For 2025, medical expenses can be claimed as an itemized deduction to the extent they exceed 7.5 percent of your adjusted gross income.
- Pay state and local income and property taxes in the year before they're due; for example, instead of waiting to submit your fourth quarter estimated state income tax payment in 2026, pay it in 2025.

Due to certain caps and the Alternative Minimum Tax (AMT), bunching is not always advantageous. We can help you determine the best tax-saving strategy for your specific situation.

Tip No. 3: Max Out Your Retirement Contributions

A great way to reduce your taxable income is to contribute as much as possible to tax-deferred retirement accounts, such as a traditional Individual Retirement Account (IRA) or a 401(k) or 403(b) account. Here are the contribution limits for 2025:

- 401(k): \$23,000 (+\$7,500 if age 50+)
- Traditional IRA: \$7,000 (+\$1,000 if age 50+)

Your contributions reduce your taxable income and grow tax deferred, meaning you pay taxes on the money when you withdraw it from the account.

Tip No. 4: Review Your Investments with an Eye Toward Selling

You may be able to leverage the power of your investment portfolio to reduce your tax liability. Here are some year-end tax-savings tactics to consider:

- Ignore your retirement accounts (IRA, 401k, etc.) because gains and losses on these investments aren't taxed until they're withdrawn.
- Hold appreciated investments for more than 12 months before selling, so any profits from the sales qualify as long-term capital gains, which are taxed at a lower rate than short-term capital gains.
- Sell losing investments to offset any capital gains with capital losses.
- Avoid wash sales: Don't buy the same or a substantially identical security within 30 days before or after selling it at a loss.
- Use excess losses to offset up to \$3,000 of ordinary income (\$1,500 if you're married filing separately). You can carry forward any remaining losses. Carry forward any losses to offset future short- or long-term gains.
- Place your investment goals first: Don't sell investments that are performing well solely to reduce your tax bill.

Wash Sale Warning: A *wash sale* happens when you sell an investment at a loss to claim a tax benefit, then buy the same or a substantially identical investment again soon after. Intent isn't required. Even automatic activity can trigger it: if you harvest a loss by selling part of a position and your dividends are set to reinvest, that reinvestment can reduce or erase some of your tax deduction.

If you're concerned, we can review your investment portfolio with you, including any retirement accounts you may have, with the objective of minimizing your tax liability and

maximizing your potential for building wealth. Our approach is focused on saving on taxes and more, including increasing your net worth and using your wealth to build a rich and fulfilling life for yourself and your loved ones.

Tip No. 5: Use Charitable Contributions to Reduce Your Tax Liability

People do not generally donate to charitable organizations to save on taxes, but you shouldn't overlook the tax advantages of your generosity. And if you feel even the slightest tinge of remorse for taking advantage of such a tax break, you can always donate the amount you save in taxes to your favorite cause.

Here are a few ways to use charitable contributions to trim your 2025 tax bill:

- If you itemize instead of taking the standard deduction, you can deduct cash donations up to 60 percent of your adjusted gross income. You can carry over any excess for five years. (In 2026, you can take the standard deduction and claim an above-the-line charitable contribution of \$1,000 or \$2,000 if you are married filing jointly.)
- Donate appreciated securities instead of cash to avoid having to pay tax on the capital gains. If you itemize, you can deduct appreciated assets, such as stocks, up to 30 percent of the total assets' fair market value.
- Contribute to a *donor-advised fund* (DAF). That's a public charity or community foundation that issues grants to approved charities.
- Make qualified charitable distributions (QCDs) from IRAs. If you are 70½ years or older, you can donate up to \$100,000 per year directly from your IRA to charity and have it count toward your required minimum distribution (RMD) while excluding it from your taxable income.
- Donate household goods or property. You can deduct the fair market value of clothing, furniture, and other items in good condition when you donate to a qualified charity. Be sure to keep your receipts or appraisals for any items priced in excess of \$500. If an item you donated is valued at more than \$5,000, a formal appraisal is required. (Qualified charities are generally those found through the [IRS' Tax Exempt Organization Search Tool](#).)

We can help you develop a tax-savvy charitable-giving plan that uses one or more of these tactics to maximize the amount of money you're able to donate while minimizing the amount you pay in taxes.

Tip No. 6: Convert Traditional IRAs into Roth IRAs

Both traditional IRAs and Roth IRAs can be used to reduce your tax liability. With a traditional IRA, you invest pre-tax dollars and pay taxes only when you withdraw money from the account. With a Roth IRA, you invest after-tax dollars and withdraw the money

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tax-free. Converting a traditional IRA into a Roth IRA can be beneficial in the following circumstances:

- You expect to be in the same or higher tax bracket during your retirement years. In this case, your “withdrawal” is subject to the current, lower tax rate.
- You expect exceptional growth. Investing pre-tax dollars in a traditional IRA gives you more investment capital to start with, but the more that initial investment grows, the more taxes you have to pay when you withdraw it. You may be better off taking the tax hit on your initial investment capital so you can cash out all your capital gains later tax free.

Warning: Of course, moving money from a traditional IRA to a Roth IRA can have some drawbacks. One drawback is that if the conversion triggers a lot of income, it could push you into a higher tax bracket. One way to avoid that is to convert smaller portions of the traditional IRA over several years.

If you’re not sure about the best approach to take with traditional and Roth IRAs, we can help you formulate balanced strategy that shields as much of your income as possible from tax, while enabling you to build long-term wealth that’s protected from future taxation.

Tip No. 7: Use Your FSA or HSA to Reduce Taxes

Flexible Spending Accounts (FSAs) and Health Savings Account (HSAs) are great tools to avoid paying taxes on money you spend to cover healthcare costs (medical, dental, and vision care):

- FSAs are sponsored by employers. You contribute pre-tax dollars to the account and then pay your qualifying healthcare bills out of that account tax free. These plans typically have a “use it or lose it” policy, meaning you must spend the money you have in your account by year’s end, or you lose it. Familiarize yourself with your FSA’s rules and deadlines, so you take full advantage of it.
- HSAs are available only if you have a high-deductible health insurance policy. Contributions to an HAS have three tax advantages: they are deductible contributions, they offer tax-free growth, and you benefit from tax-free withdrawals for qualified expenses. Additionally, contributions to the account are yours to keep; there’s no “use it or lose it” rule.

Tip No. 8: Take Advantage of the Annual Gift Tax Exclusion

The 2025 lifetime estate and gift tax exclusion is \$13.99 million per person (\$27.98 million per married couple), and it increases to \$15 million per person in 2026. If you think your estate may be taxable, consider using annual exclusion gifts to reduce your taxable estate. Here’s how:

- You can gift up to \$19,000 (\$38,000 per married couple) tax-free to as many people as you like.

- Consider gifting income-producing assets to family members in lower tax brackets, such as children and grandchildren. (Be careful gifting to individuals under the age of 24, because the *Kiddie Tax* may apply. Not familiar with the Kiddie Tax? See below.)
- Avoid gifting investments or other assets that are worth less than you paid for them. Instead, sell the asset, claim the loss, and gift the cash.
- Think beyond saving taxes. What's most important is that your assets go where you want them to and that they support your loved ones and your preferred charities.

The Kiddie Tax: This tax is a U.S. regulation that stops parents from reducing their taxes by shifting investment income to their children, who usually fall into a lower tax bracket. This rule requires that part of a child's unearned income be taxed at the parents' marginal rate rather than at the child's lower rate. For more information, see [Topic No. 553, Tax on a child's investment and other unearned income \(kiddie tax\)](#) on the IRS website.

Tip No. 9: Defer Income (If Self-Employed or on Commission)

If you're in a situation that gives you some control over when you receive income, consider delaying invoicing or receiving year-end payments until January of 2026. Shifting income into next year can reduce your current year's taxable income and potentially qualify your income to be taxed at a lower rate. However, it can have the opposite effect the following year.

We can review your situation with you and help you decide on the most advantageous strategy in terms of taxes and your overall financial health.

Tip No. 10: Take Advantage of Clean Energy Home Improvement Credits

Many clean energy home improvement credits are set to expire at the end of 2025, so if you are considering home improvement projects, such as new windows and doors, solar panels, or other green energy upgrades, make them before the end of 2025.

Bonus Tip for 2026: Contribute to "Trump Accounts" for Children Born in 2025

Beginning in the summer of 2026, parents or guardians can open a tax-deferred savings account for each eligible child and contribute up to \$5,000 (indexed for inflation) per year until the child turns 18. For children born between 2025 and 2028, the federal government will make a one-time \$1,000 deposit into each account, which doesn't count toward the \$5,000 limit. Contributions by employer of up to \$2,500 per year per child are also allowed, but these do count toward the \$5,000 limit.

If you have a child or grandchild who qualifies, let us know, so we can provide guidance

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on how your family can take advantage of this valuable tax and long-term wealth-building benefit.

These tax-saving tips provide plenty of options for you to consider. If you'd like more information about any of the strategies we present in this SWC singlette or would like us to review your situation and work closely with you to develop a personalized tax-saving and wealth-building strategy that's optimized for your finances, please contact us to schedule a consultation. We would love to help you develop a year-end tax planning strategy that minimizes your tax liability while bringing you closer to meeting your financial goals.

If you're an SWC client and you haven't yet scheduled your Year-End Tax Projection Meeting with one of our CPAs, please get started by clicking the Appoint link on the Contact page of our website

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