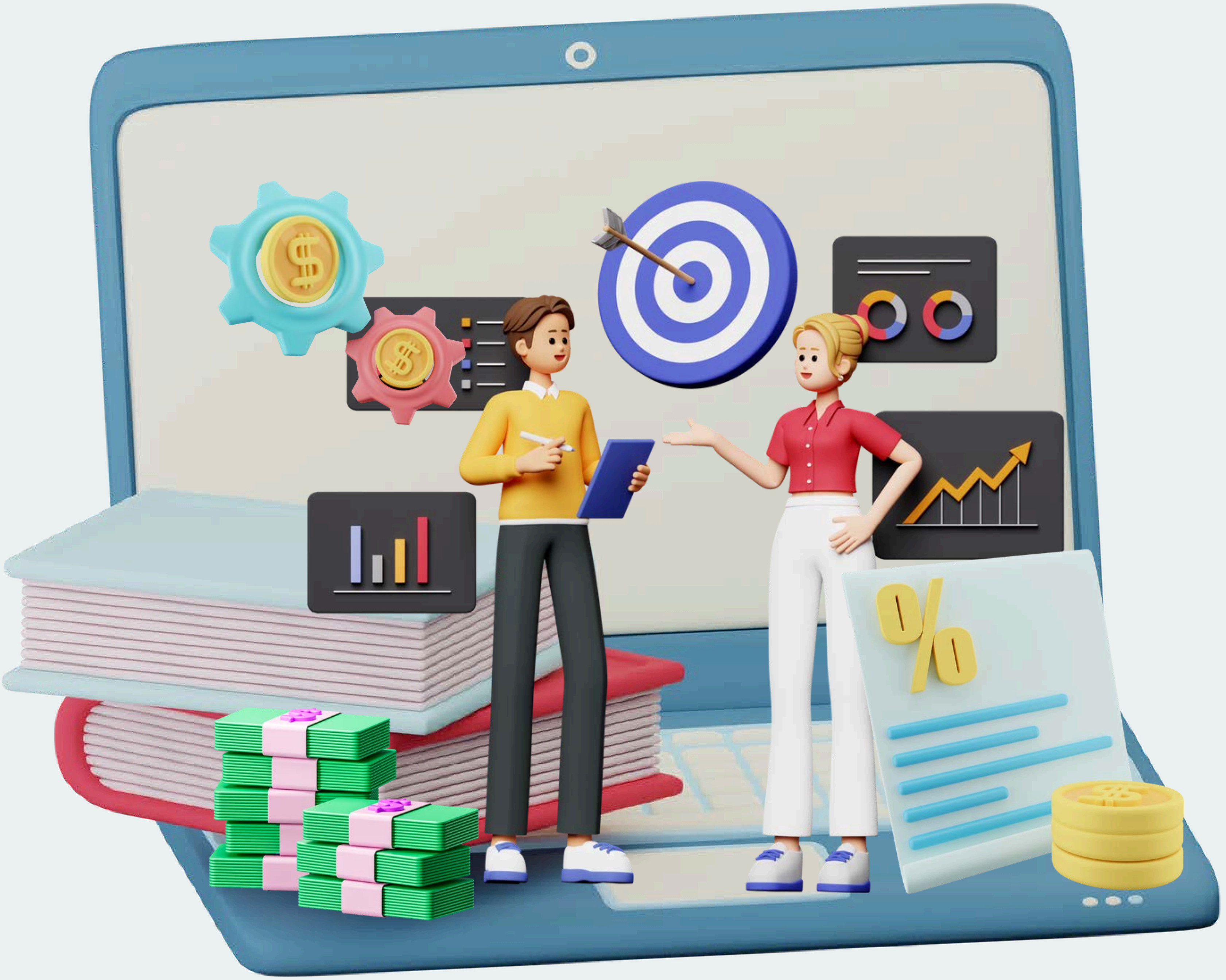
Tax Updates

It's Your Money!



September 2025

PRESENTED BY

MARTY MCNAMARA, CPA/PFS, CFP®

marty@marrickwealth.com

www.marrickwealth.com

About Me...

- I'm a creative CPA/PFS, CFP®!
- Over 20 years experience in tax, estate, and financial planning.
- Prior to co-founding marrick wealth in 2012, Marty worked at Deloitte, two RIA firms, and Northern Trust.
- I have serviced wealthy families throughout my career; my current practice serves families with investment portfolios of $2 million - $20 million.
- I'm married with 3 kids and a golden retriever. I enjoying surfing, swimming and yoga.

Why Is Tax Planning Important?

- A *BIG* part of financial planning is tax planning
- The *less* you pay in taxes,
  - the *more* you have to devote toward your financial goals
- Working with the right advisor
  - Manage your income & withdrawals to minimize the tax impact
  - Maximize tax-advantaged savings opportunities & tax breaks

Taxes

Federal Gift & Estate Taxes

Income Taxes

Updates & Changes

Planning Considerations

Federal Gift & Estate Taxes

	2025	2026
Annual Gift Exclusion	$19,000	*$20,000
Estate Exemption	$13,990,000	$15,000,000
Estate Tax Rate (Highest)	40%	40%

“Step-Up” in Cost Basis

Dad buys stock for $400,000

Son inherits the stock at dad’s death when it’s worth $1,000,000

Son’s cost basis is $1,000,000

Son sells the stock for $1,000,000 and has no capital gain or taxes due

Dad gifts son the stock during his lifetime when it’s worth $1,000,000

Son’s cost basis is $400,000

Son sells the stock for $1,000,000 and has $600,000 capital gain

What Is Your Tax Bracket?

Gross Income

< Adjustments >

Adjusted Gross Income

< Deductions >

< QBI >

Taxable Income

2025 Deductions - Greater of:

Standard Deduction

- Single $15,750 + $2,000 over age 65
- MFJ $31,500 + $1,600/spouse over age 65

Itemized Deductions

- Medical & Dental Expenses (over 7.5% of AGI)
- Long-Term Care Premiums (limited based on age)
- Property/SALT Paid (subject to limit)
- Mortgage Interest You Paid
- Gifts to Charity

Ordinary Income vs. Capital Gains

Ordinary Income		
Rate	Single	Married
10%	$0 - $11,925	$0 - $23,850
12%	$11,926 - $48,475	$23,851 - $96,950
22%	$48,476 - $103,350	$96,951 - $206,700
24%	$103,351 - $197,300	$206,701 - $394,600
32%	$197,301 - $250,525	$394,601 - $501,050
35%	$250,526 - $626,350	$501,051 - $751,600
37%	$626,351 +	$751,601 +

Examples:

- Wages
- Interest & Non-Qualified Dividends
- Social Security Benefits
- Pension
- IRA Distributions
- Rental Income
- Gain on sale of assets owned < 1 year

Capital Gains		
Rate	Single	Married
0%	$0 - $48,350	$0 - $96,700
15%	$48,351 - $533,400	$96,701 - $600,050
20%	$533,401 +	$600,051 +

Examples:

- Qualified Dividends
- Gain on sale of assets owned > 1 year

Also, 3.8% Net Investment Income Tax

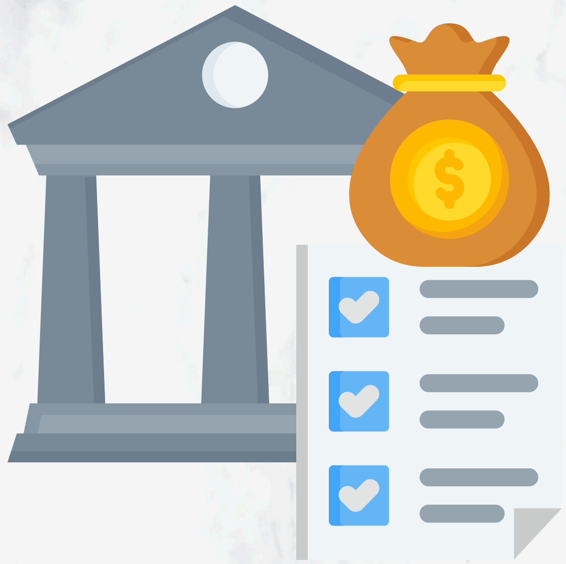
- Single $200,000, Married $250,000

State & Local Tax (SALT) Cap

Effective January 1, 2025

Pre-OBBBA

- $10,000 cap.



Enacted OBBBA

Year	Individual Cap	Notes
2025--2029	$40,000	• Phaseout begins > $500k MAGI • Cap not reduced below $10k • +1% Indexed
2030+	$10,000	• Reverts to $10k

**Key planning area for those who live in high-tax states.*

Standard Deductions

Effective January 1, 2025

Pre-OBBBA

- TCJA increased standard deduction expires after 2025; reverts to pre-TCJA.

Enacted OBBBA

- Permanently increases standard deduction (indexed):
  - Single/MFS: $15,750 (indexed)
  - HoH: $23,625 (indexed)
  - MFJ: $31,500 (indexed)

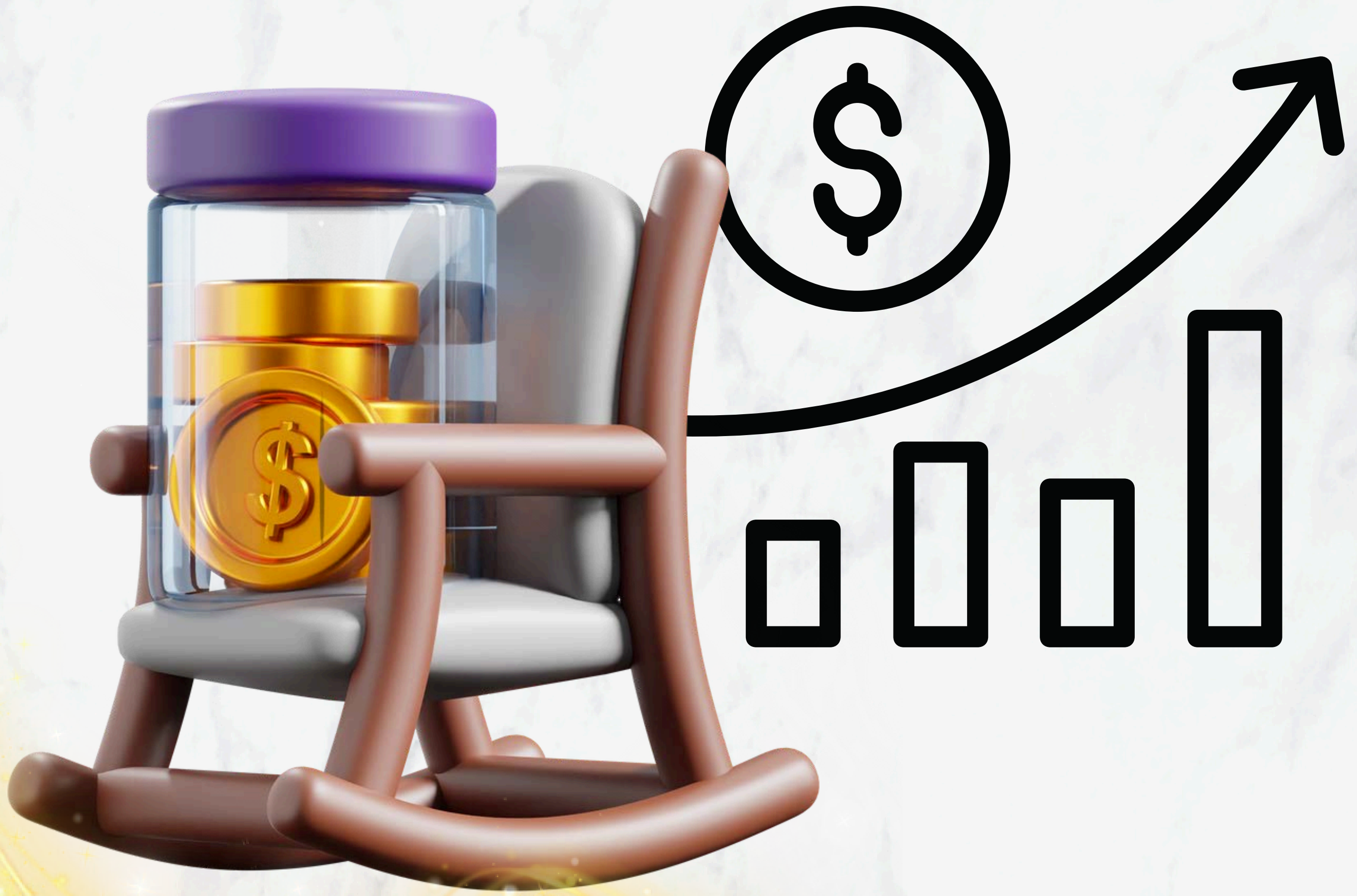
**Consider bunching deductions or timing payments.*

Enhanced Deduction for Seniors

Effective January 1, 2025

Pre-OBBBA

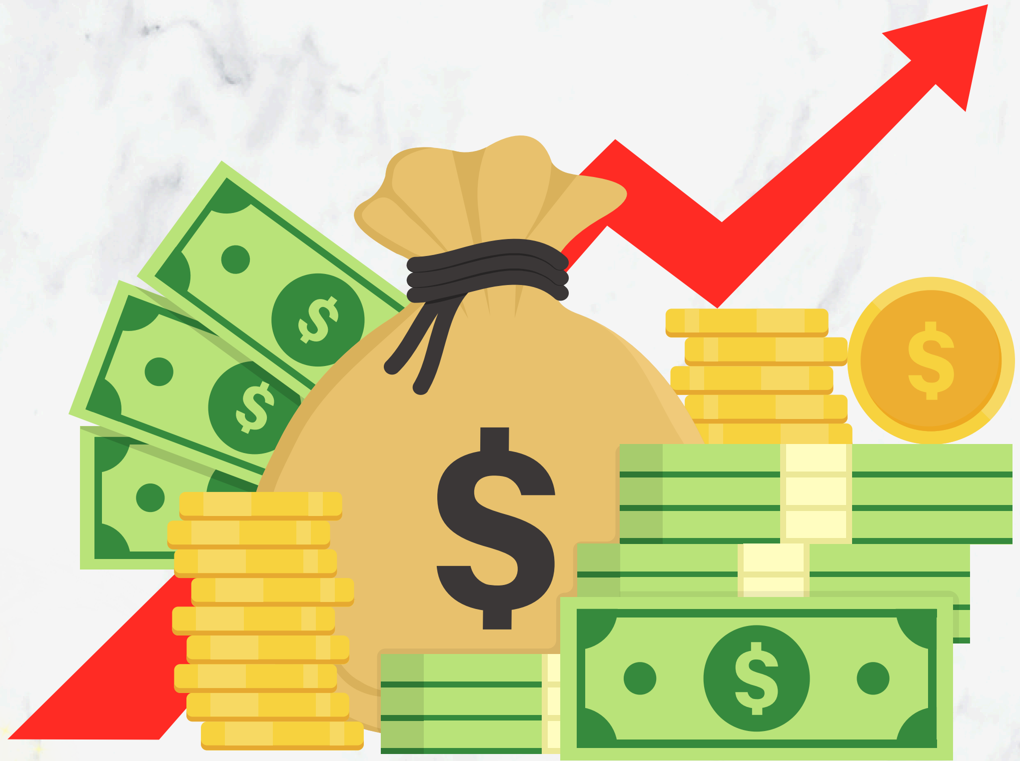
- Additional standard deduction for age 65+.



Enacted OBBBA

- Adds bonus deduction for seniors (2025–2028) of $6,000 per spouse.
- Phased out at MAGI of:
  - Single/MFS: $75,000 - $125,000
  - MFJ: $150,000- $250,000

Bunching Deductions



Scenario

Married couple makes $10,000 in charitable donations annually
Mortgage Interest: $20,000 per year
Standard Deduction: $31,500 (2025, Married Filing Jointly)

Year 1 - Itemize (Bunched)
Mortgage Interest: $20,000
Charitable Giving: $20,000 (accelerated)*
Total Itemized Deductions: $40,000
✓ Itemize (exceeds standard deduction)

Year 2 : Standard Deduction
Mortgage Interest: $20,000
Charitable Giving: $0
Total Itemized Deductions: $20,000
✓ Take Standard Deduction ($31,500)

Result:
$71,500 in total deductions over two years vs. $60,000 if spread evenly.

*Donor Advised Funds facilitate "bunching" deductions!

Charitable Giving: Itemizers & Non-Itemizers

Effective January 1, 2026

Pre-OBBBA	Enacted OBBBA
Itemizers: • Can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution. **Non-Itemizers:** • Not available after 2021.	**Itemizers:** • Deduction allowed only for contributions exceeding 0.5% of contribution base **Non-Itemizers:** • Creates new charitable deduction for non-itemizers: ◦ $1,000 (single) / $2,000 (MFJ). • Deduction is permanent (begins after 2025).

**Qualified Charitable Distributions (QCDs) continue to be a key planning opportunity.*

Qualified Charitable Distribution (QCD)

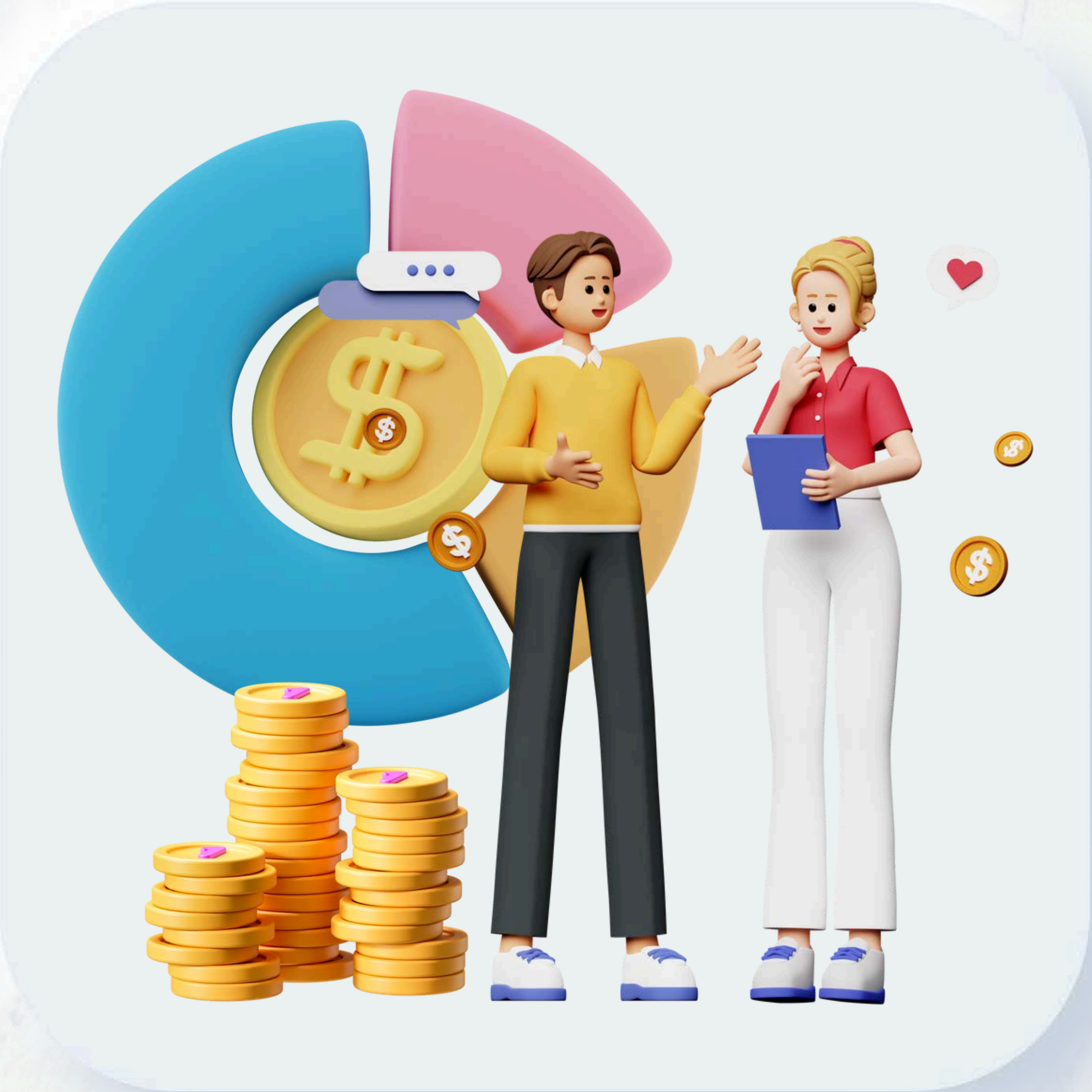
Charitable giving after **Age 70-1/2** made simple by the IRS:

Donate up to $108,000 (and up to $54,000 to a life income plan) directly from your IRA instead of taking your Required Minimum Distribution (RMD).

Required Minimum Distributions (RMD)

The SECURE Act 2.0 pushes back the age you must begin taking RMDs:

Birthdate	RMD Age
Before July 1, 1949	70.5
July 1, 1949 - 1950	72
1951 - 1959	**73**
1960 or later	**75**

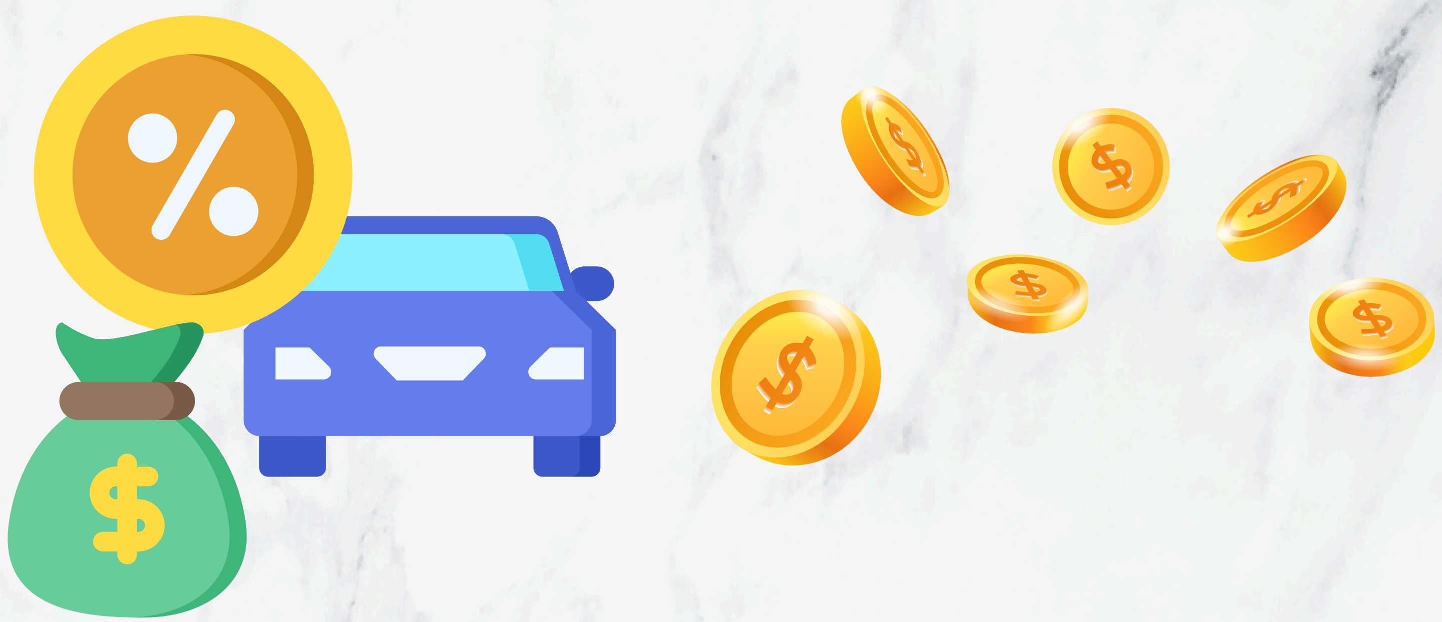


Cash Flow: No Tax On Car Loan Interest

Effective January 1, 2025

Pre-OBBBA

- Personal interest on car loans is not deductible.

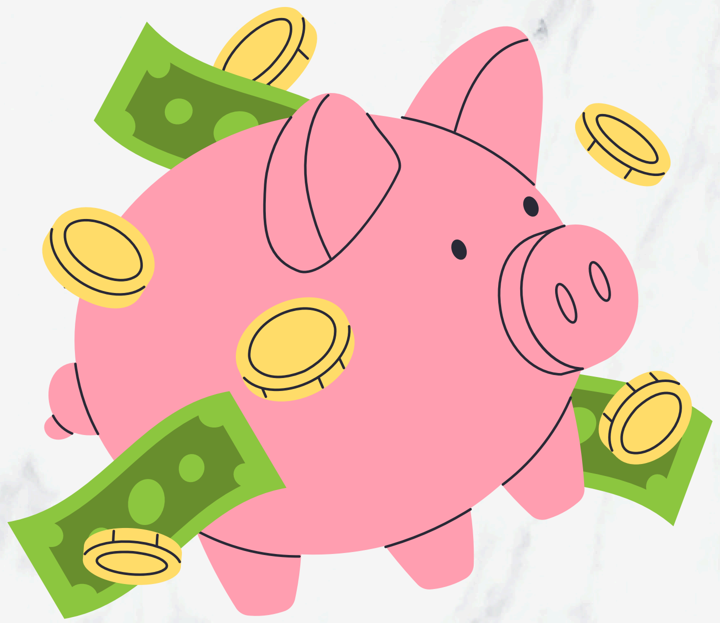


Enacted OBBBA

- Deduction for up to $10,000 of interest on NEW car loans (2025–2028).
- Must be US-assembled passenger vehicle.
- Vehicle must serve as security for the loan.
- Phase out ranges:
    - $100K-$150K (single) / $200K - $250K (MFJ)

**As an above-the-line deduction, it can play into decisions on reducing AGI.*

Trump Accounts



Effective 2026

Pre-OBBBA

- Did not exist.

Enacted OBBBA

- “Trump Accounts” treated as IRAs (not Roth IRAs) for individuals under 18
- $1,000 government deposit for children born 2025–2028
- Up to $5,000 annual after-tax contributions allowed until age 18 (starting 12 months after enactment)
- Tax-deferred growth; distributions allowed starting at age 18
- Accounts must be designated when opened; Treasury can create accounts for eligible individuals

529 Plan Qualified Expenses

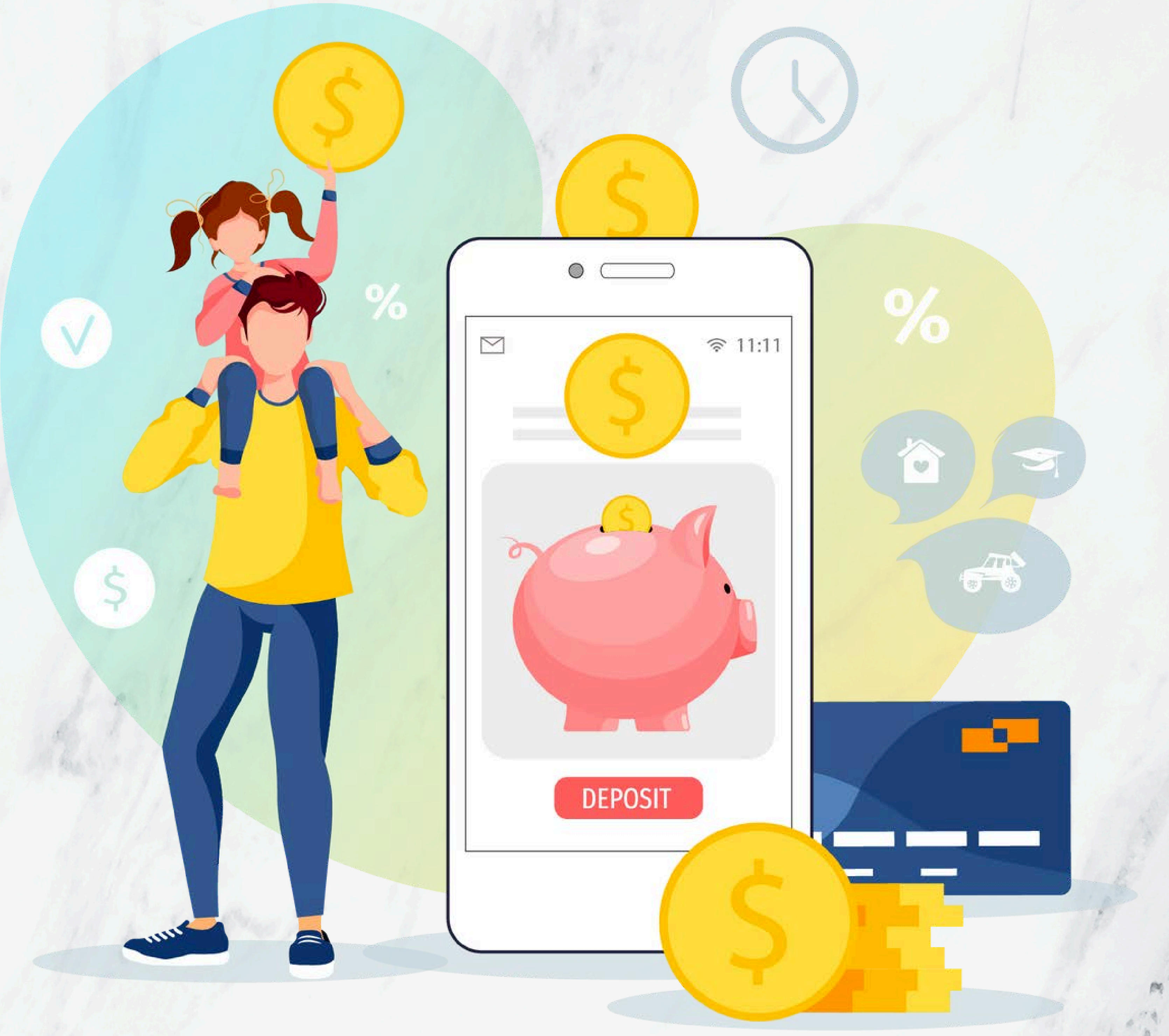
Effective January 1, 2026

Pre-OBBBA

- Limited to higher education and $10,000 K-12 tuition

Enacted OBBBA

- Expands to include more K-12 and homeschool expenses, and postsecondary credentialing expenses.

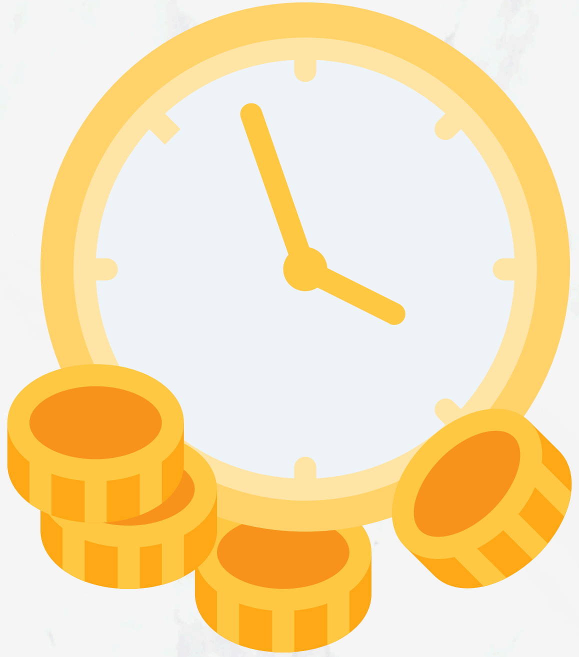


Income: Tips & Overtime

Effective January 1, 2025

Pre-OBBBA

Tips & Overtime Pay are taxable income.



Enacted OBBBA

- **Tips:**
  - Allows up to $25,000 deduction for qualified tips received in certain occupations (as defined by Treasury).
- **Overtime Pay:**
  - Allows up to $12,500 (25,000 for MFJ) for qualified overtime compensation.

marrickwealth

MARTY MCNAMARA, CPA/PFS, CFP®

Co-Founder & Wealth Advisor

Thank You!

marty@marrickwealth.com

949.258.9700

www.marrickwealth.com

2211 Michelson Dr, Suite 545
Irvine, CA 92612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