

# Overview & Tax Update



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# About me...

- I am a CPA, CFP® wealth advisor
- Over 18 years experience in tax, estate, and financial planning
- Began my career in public accounting at Deloitte, working with ultra high net worth individuals
- Switched over to wealth management 10 years ago; Worked only at fee-only RIA firms
- Current practice serves families with investment portfolios of \$2 million - \$10 million
- Born & raised in OC. I enjoy hiking, traveling and spending time outdoors



# Why Financial Planning Matters

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- **Achieve your financial goals**  
whether that's travel, a new hobby, or helping family
- **Understand your risk**  
And how to protect your assets  
(insurance, estate planning, etc.)
- **Prepare for unexpected expenses**  
like healthcare or long-term care



# Collecting Information for your Financial Plan

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## 1. **Goals** – What are your short-term and long-term goals?

### Examples

- Short-term: Maintaining your current lifestyle
- Long-term: Saving for healthcare or leaving a legacy

## 2. **Objectives** – Specific steps to achieve your goals

- Follow the SMART approach

Specific

Measurable

Attainable

Relevant

Time frame

# Fee-Only Financial Advisor

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## “Fee-Only”

- Collects fees only from you
  - Percentage of your assets under management (AUM)
  - Hourly/monthly rate
  - Flat Fee
- No commissions, referral fees, kickbacks or any other hidden compensation forms
- Unbiased & objective advice
- National Association of Personal Financial Advisors (NAPFA)
  - [www.napfa.org](http://www.napfa.org)
  - 888-FEE-ONLY (888-333-6659)



## “Fee-Based”

- Collects fees + commission
- May be biased

# Importance of Titling and Cost Basis

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## Titling

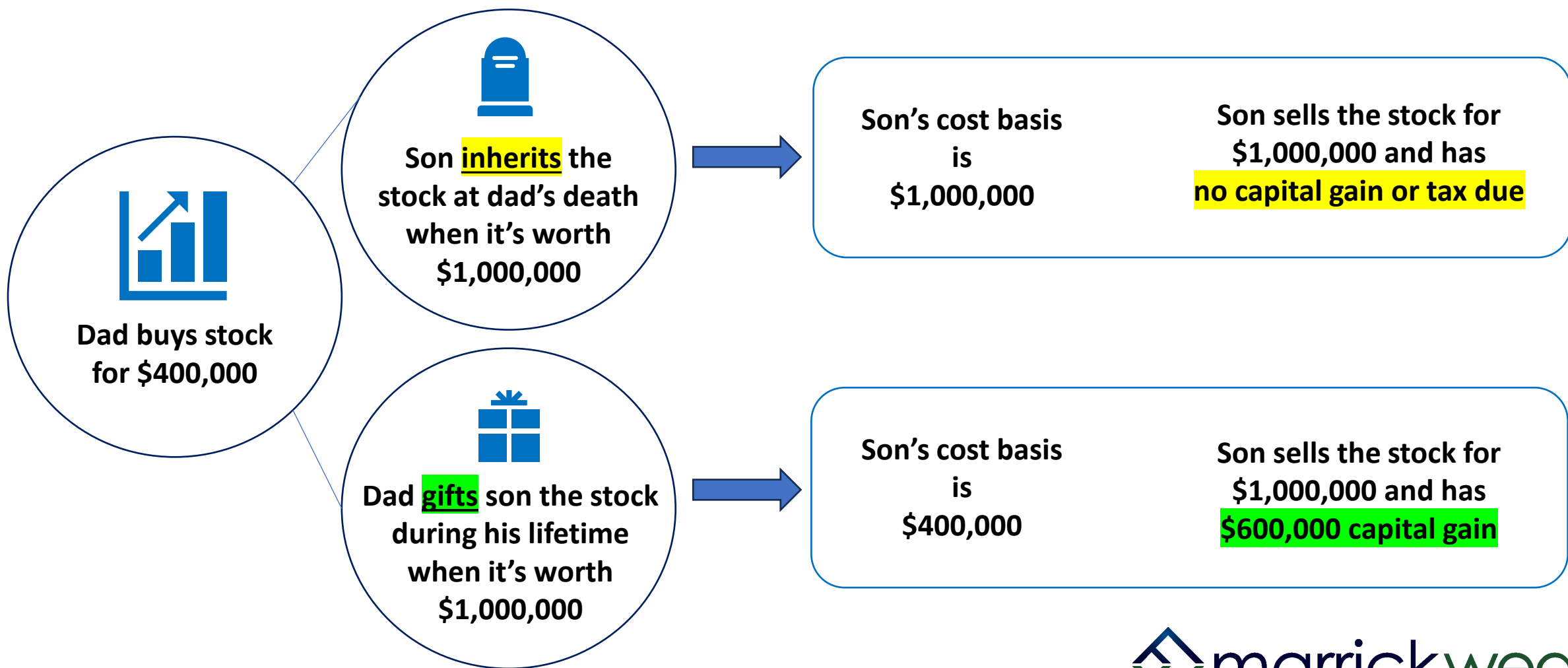
How your assets are titled determines who will inherit them and how they are managed if you become incapacitated

## Cost Basis

This is the amount you paid for an asset.

Knowing the cost basis helps determine how much capital gains tax you may owe when you sell a stock and or/real estate

# “Step-Up” in Cost Basis



# Why Is Tax Planning Important?

- A big part of financial planning is tax planning
- The *less* money 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



# What Is Your Tax Bracket?

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2025 Deductions - **Greater** of:

**Gross Income**

< Adjustments >

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**Adjusted Gross Income**

< **Deductions** >

< QBI >

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**Taxable Income**



## Standard Deduction

- Single \$15,000 + \$2,000 over age 65
- MFJ \$30,000 + \$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/State Taxes You Paid (\$10,000 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

## Gift & Estate Taxes

# 2025

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Annual Gift Tax Exclusion	\$ 19,000
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Estate Exemption	\$ 13.99M
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Estate Tax Rate (Highest)	40%
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# Required Minimum Distributions (RMD)

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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

# Unused 529 College Savings Funds

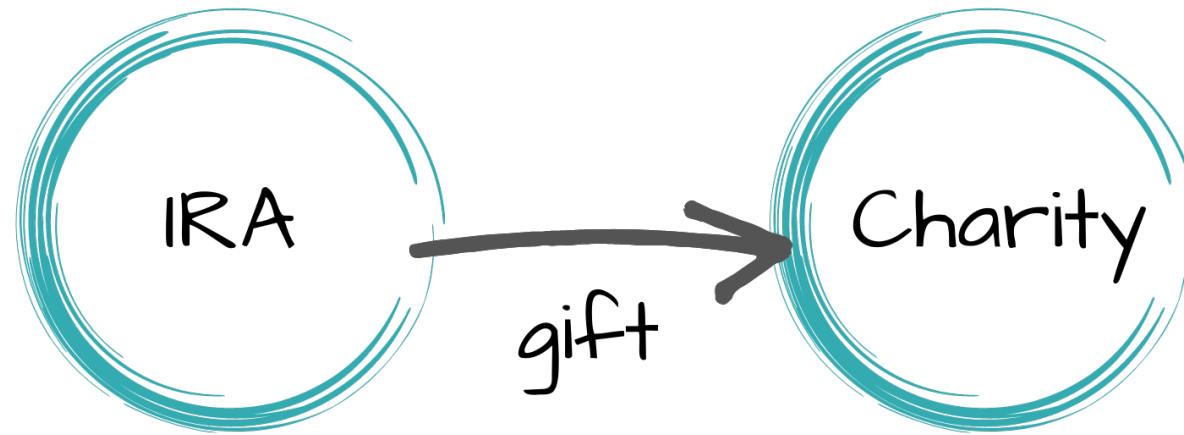
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- Starting in 2024, families can roll unused 529 college savings plan funds, without a tax penalty
- **Holding Periods:** Must have owned the 529 for at least 15 years
- **Annual Limits:** Subject to annual Roth IRA contribution limits
  - \$7,000 for 2025 (\$8,000 for 50 or older)
  - Must have earned income at least equal to amount of the rollover
  - Lifetime maximum: \$35,000 per beneficiary
- **Ownership:** Beneficiary of 529 plan must also be owner of the Roth

# Qualified Charitable Distribution (QCD)

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



Donate up to **\$108,000** directly from your IRA instead of taking your Required Minimum Distribution (RMD)

# 2025 Medicare

## Income Related Monthly Adjustment Amounts (IRMAA)

Single	Married Filing Jointly	Part B Premium	Part D IRMAA
\$106,000 or less	\$212,000 or less	\$185	\$0 + your plan premium
\$106,000 to \$133,000	\$212,000 to \$266,000	\$259	\$74 + your plan premium
\$133,000 to \$167,000	\$266,000 to \$334,000	\$370	\$185 + your plan premium
\$167,000 to \$200,000	\$334,000 to \$400,000	\$480.90	\$295.90 + your plan premium
\$200,000 and under \$500,000	\$400,000 and under \$750,000	\$591.90	\$406.90 + your plan premium
\$500,000 or above	\$750,000 and above	\$628.90	\$443.90 + your plan premium

# Thank you!

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