

Tax Facts: 2025 Tax Year

If the uncertainty surrounding the current state of the economy has left you looking for answers for the 2025 tax year, you may need some guidance for a course of action for your financial planning. The following tables present various tax facts regarding potential tax exposure you might be subject to. Contact a financial professional for help with your tax planning.

| Income tax 2025* - Single filing | |
|----------------------------------|--------------------|
| \$0 to \$11,925 | 10% |
| \$11,926 to \$48,475 | \$1,192.50 + 12% |
| \$48,476 to \$103,350 | \$5,578.50 + 22% |
| \$103,351 to \$197,300 | \$17,651 + 24% |
| \$197,301 to \$250,525 | \$40,199 + 32% |
| \$250,526 to \$626,350 | \$57,231 + 35% |
| \$626,351+ | \$188,769.75 + 37% |

| Income tax 2025* - Married filing jointly | |
|---|--------------------|
| \$0 to \$23,850 | 10% |
| \$23,851 to \$96,950 | \$2,385 + 12% |
| \$96,951 to \$206,700 | \$11,157 + 22% |
| \$206,701 to \$394,600 | \$35,302 + 24% |
| \$394,601 to \$501,050 | \$80,398 + 32% |
| \$501,051 to \$751,600 | \$114,462 + 35% |
| \$751,601+ | \$202,154.50 + 37% |

| Actual blended tax range by income (Married filing jointly) | | |
|---|--------------------|---|
| Taxable income | Income tax bracket | Actual tax range (Blended) ¹ |
| \$0 to \$23,850 | 10% | 0%–0.0% |
| \$23,851 to \$96,950 | 12% | 0.0%–7.8% |
| \$96,951 to \$206,700 | 22% | 7.8%–13.9% |
| \$206,701 to \$394,600 | 24% | 13.9%–18.6% |
| \$394,601 to \$501,050 | 32% | 18.6%–20.9% |
| \$501,051 to \$751,600 | 35% | 20.9%–25.5% |
| \$751,601+ | 37% | 25.5%–37% |

Source: IRS, Rev. Proc. 2024-40, 2024.

¹ These figures do not account for the standard deduction or any itemized deductions.

¹ Figures for Actual tax range (Blended) column are calculated by Jackson. They are based on taxable dollars and account for the 2025 standard deduction for married filing jointly. They do not account for any other itemized deductions.

¹ Gifts above \$19,000/year reduce an individual's \$13,990,000 lifetime gift exclusion.

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| Capital gains tax - Single filing | | |
|-----------------------------------|-----------------|---------------------|
| Taxable income | 1 year or less | Greater than 1 year |
| \$0 to \$48,350 | Ordinary income | 0% |
| \$48,351 to \$533,400 | Ordinary income | 15% |
| \$533,401+ | Ordinary income | 20% |

| Capital gains tax - Married filing jointly | | |
|--|-----------------|---------------------|
| Taxable income | 1 year or less | Greater than 1 year |
| \$0 to \$96,700 | Ordinary income | 0% |
| \$96,701 to \$600,050 | Ordinary income | 15% |
| \$600,051+ | Ordinary income | 20% |

| Standard deductions | |
|---------------------|----------|
| Married: | \$30,000 |
| Single: | \$15,000 |

| Net investment tax | | |
|--------------------|-----------|----------|
| | Threshold | Tax rate |
| Married: | \$250,000 | 3.8% |
| Single: | \$200,000 | 3.8% |

Sources: IRS, Rev. Proc. 2024-40, 2024 IRS, "Questions and Answers on the Net Investment Income Tax," September 13, 2024; IRS, Topic 409, "Capital gains and losses," January 30, 2024.

| Estate tax exclusion | | |
|-------------------------------|---------------|------------------------------------|
| 2024 | \$13,610,000 | 40% tax rate |
| 2025 | \$13,990,000 | 40% tax rate |
| 2025 gift tax exclusion: | \$19,000/year | \$13,990,000/lifetime [†] |
| 2025 generation skipping tax: | \$13,990,000 | 40% tax rate |

| Estate and trust tax rates | | |
|----------------------------|----------|---------------|
| \$0 | \$3,150 | 10% |
| \$3,151 | \$11,450 | \$315 + 24% |
| \$11,451 | \$15,650 | \$2,307 + 35% |
| \$15,651+ | - | \$3,777 + 37% |

| Social Security tax | | |
|---------------------|----------------------|-----------------------|
| Modified AGI | Up to 50% taxable | Up to 85% taxable |
| Married: | \$32,000 to \$44,000 | \$44,000 ⁺ |
| Single: | \$25,000 to \$34,000 | \$34,000 ⁺ |
| FICA taxable cap: | \$176,100 | |

Sources: IRS, "What's New - Estate and Gift Tax," October 8, 2024; IRS, 2024-40, 2024; Social Security Administration, "Benefits Planner: Income Taxes and Your Social Security Benefit," 2024; Social Security Administration, "Fact Sheet, Social Security, 2025 Social Security Changes," 2024.

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| 401(k) | | | |
|-------------------------------------|---------------------------|--------------|-----------------|
| | Maximum deferral | 50+ catch-up | 60-63 catch-up* |
| 401(k)-403(b)-457: | \$23,500 | \$7,500 | \$11,250 |
| SIMPLE: | \$16,500 [†] | \$3,500 | \$5,250 |
| SEP (salary reduction): | \$70K/25% of compensation | | |
| Total defined contribution plan cap | \$70,000 | \$7,500 | \$11,250 |
| Solo 401(k): | \$70,000 | \$7,500 | \$11,250 |
| Traditional IRA | \$7,000 | \$1,000 | |
| Roth | \$7,000 | \$1,000 | |

* Beginning in 2025, plan participants ages 60 to 63 are entitled to a higher catch-up contribution amount compared to the standard catch-up contribution amount for other participants over the age of 50.

[†] The annual deferral and catch-up contribution limits are 10% higher for employers with 25 or fewer employees, and for employers with 26 to 100 employees where certain contribution criteria are met.

| Defined benefit plans | | | |
|-------------------------|--|---|--|
| Maximum compensation: | \$280,000 | | |
| Traditional IRA | | | |
| Deduction phase-outs | IRA owner (and spouse) not covered by employer retirement plan | IRA owner covered by employer retirement plan | Spouse covered by employer retirement plan but IRA owner not covered |
| Married: | No income limit | \$126,000 - \$146,000 | \$236,000 - \$246,000 |
| Single: | No income limit | \$79,000 - \$89,000 | N/A |
| Roth IRA | | | |
| Contribution phase-outs | Modified adjusted gross income | | |
| Married: | \$236,000 - \$246,000 | | |
| Single: | \$150,000 - \$165,000 | | |
| Conversion limit: | N/A | | |

Sources: IRS, IR-2024-285, "401(k) limit increases to \$23,500 for 2025, IRA limit remains \$7,000," November 1, 2024; IRS, "Retirement Plans: FAQs Regarding SEPs," July 31, 2024; IRS Notice 2024-80, "2025 Limitations Adjusted as Provided in Section 415 (d), etc.," 2024; Gregory Prescott, The CPA Journal, "Examining the Highlights of the Secure Act 2.0," 2024.

Those participating in a solo 401(k) can contribute income as both an employer and an employee. As an employee, the maximum deferral amount one can contribute is \$23,500 and as an employer the maximum amount one can contribute is \$46,500 for a total contribution of \$70,000 for 2025.

Please contact your financial professional or visit jackson.com/taxdeferral for more information.

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