



CARDINAL ADVISORS

Are You A 401k Millionaire? Planned For The Taxes?

In the video "Are You a 401k Millionaire? Planned for the Taxes?" Hans and Tom walk through IRA strategies using Ed Slott's documents, highlighting the importance of planning ahead for taxes on retirement accounts.

	ARE YOU A 401K MILLIONAIRE? PLANNED FOR THE TAXES?	
S.S. <input type="checkbox"/>	DELAYING SS TILL JULY 2027 7K/MONTH SS STARTS IN 2027 LOWER CHECK STOPS AT 1 ST DEATH ROTH INCOME DOESN'T INCREASE SSTAX	INCOME <input type="checkbox"/>
MED <input type="checkbox"/>	HAS MEDICARE SUPPLEMENT PLAN G ACA IRMAA IRMAA + ACA IN CHARGE OF TAX PLANNING ROTH INCOME DOESN'T CAUSE IRMAA	ESTATE <input type="checkbox"/>
LTC <input type="checkbox"/>	300,000 IRA ROLLOVER-HYBRID LTC	TAXES <input type="checkbox"/>
401K/IRA <input type="checkbox"/>	2,500,000 IRA 68/62 <300,000> PURCHASE LTC 2,200,000 IRA LEFT RMD IN 2030 RMD's (GOVERNMENT DISTRIBUTION PLAN) RMD's ARE SUBSTANTIAL IN 80's + 90's ROTH CONVERSION STRATEGY RMD'S TO BUY LIFE INSURANCE	
	DRAWING 7K/MONTH TO LIVE LIVING BELOW DESIRED LIFESTYLE AFRAID OF RUNNING OUT OF MONEY POOR MARKET PERFORMANCE ANNUITY INCOME GUARANTEED FOR LIFE ROTH INCOME IS TAX FREE	
	BENEFICIARIES ON IRA WIDOW ADULT CHILDREN INHERIT A TAX PROBLEM ROTH IRA INHERITED TAX FREE WIDOW CAN LIVE OFF ROTH TAX FREE	
	PAYING INCOME TAX ON 84K LEAVING ON TABLE 22% 24% RATES WIDOW PAYING TAX AS A SINGLE FILER ROTH CONVERSION UP TO ACCEPTABLE TAX RATE	

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Membership to Ed Slott's Master Elite IRA Advisor Group™ was granted in November of 2012 for Hans Scheil and in October of 2022 for Thomas Griffith. Ed Slott's Master Elite IRA Advisor Group is solely an indication that the financial advisor has attended training provided by Ed Slott and Company, maintained an Elite IRA Advisor Group™ membership for two or more years, passed bi-annual examinations on material covered at conferences and in webinars and met other membership requirements and does not constitute an endorsement of any kind. Ed Slott's Elite IRA Advisor Group™ members pay a fee for the educational programs that allow them to be included in the Ed Slott's Elite IRA Advisor Group™. Membership does not guarantee investment success.

Sep 2025

2025 Tax Planning (including OBBBA)

Taxable Income Brackets for 2025 Ordinary Income Tax Rates

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

* The top rate is effectively 40.8% for those subject to the 3.8% Medicare surtax on net investment income (those with MAGI over the thresholds of \$250,000 joint filers/\$200,000 single filers).

2025 Trust Tax Rates

Ordinary Income Tax	Capital Gain Rates
10% \$0 - \$3,150	0% \$0 - \$3,250
24% \$3,151 - \$11,450	15% \$3,251 - \$15,900
35% \$11,451 - \$15,650	20% Over \$15,900
37% Over \$15,650	

Trust Tax Rates – Distributions from inherited IRAs that exceed **\$15,650** and are made to and retained in discretionary trusts will be subject to the top 37% rate. After the SECURE Act, inherited IRA funds will have to be paid out to most of these trusts under the 10-year rule, accelerating trust taxes. Roth conversions during the IRA owner's life become more valuable if the IRA beneficiary is a trust.

Taxable Income Brackets for 2025 Long Term Capital Gains and Qualified Dividends Tax

Long Term Capital Gains Rate	Married Filing Joint	Single
0%	\$0 - \$96,700	\$0 - \$48,350
15%*	\$96,701 - \$600,050	\$48,351 - \$533,400
20%**	Over \$600,050	Over \$533,400

*The 15% rate is effectively 18.8% for those subject to the 3.8% Medicare surtax on net investment income.

**The top rate is effectively 23.8% for those subject to the 3.8% Medicare surtax on net investment income.

2025 Transfer Taxes

Transfer Tax	Exemption*	Maximum Rate
Estate, Gift, GST Tax	\$13,990,000	40%

*The estate and gift exemptions are portable. The unused amount can be transferred to a surviving spouse. The GST exemption is NOT portable.

Annual Gift Tax Exclusion \$19,000

Qualified Business Income (QBI) Deduction

20% Deduction Phase-Out Ranges

\$394,600 - \$494,600 - Married Joint

\$197,300 - \$247,300 - Single

Standard Deductions

Married-Joint	Single	Head of Household
\$31,500	\$15,750	\$23,625

Extra Standard Deduction for Age 65 or Blind

\$1,600 (married-joint) \$2,000 (single)

\$6,000 Deduction for Seniors

\$6,000 addition to the standard deduction for seniors aged 65 and older for years 2025-2028. This is per person, so a married couple could deduct up to \$12,000 if each spouse is aged 65 or over. This is in addition to the regular standard deduction AND the extra deduction for those aged 65 or blind. Available to seniors who itemize.

The deduction phases out beginning with modified adjusted gross incomes of \$75,000 for individuals and \$150,000 for married filing jointly. It phases out completely at \$175,000 / \$250,000.

SALT (State and Local Tax) Deductions for Itemizers

The SALT deduction is increased to \$40,000, effective for 2025-2029, with a 1% increase each year. In addition, some pass-through business owners can work around the \$40,000 limitation and get unlimited SALT deductions.

The \$40,000 deduction begins phasing out at \$500,000 (for both single and married), and phases out completely at \$600,000, reverting to a maximum \$10,000 deduction. A taxpayer with an income of over \$600,000 would lose \$30,000 of the SALT deduction.

Qualified Charitable Distributions

Available only to IRA owners and IRA beneficiaries who are 70½ or older. The annual QCD limit for 2025 is \$108,000 per IRA owner, **not** per IRA account. For 2025, the limit for a QCD to a split interest entity is \$54,000.

UNIFORM LIFETIME TABLE

Age of IRA Owner or Plan Participant	Life Expectancy (in years)	% of Account Balance	Age of IRA Owner or Plan Participant	Life Expectancy (in years)	% of Account Balance
72	27.4	3.65%	96	8.4	11.90%
73	26.5	3.77%	97	7.8	12.82%
74	25.5	3.92%	98	7.3	13.70%
75	24.6	4.07%	99	6.8	14.71%
76	23.7	4.22%	100	6.4	15.63%
77	22.9	4.37%	101	6.0	16.67%
78	22.0	4.55%	102	5.6	17.86%
79	21.1	4.74%	103	5.2	19.23%
80	20.2	4.95%	104	4.9	20.41%
81	19.4	5.15%	105	4.6	21.74%
82	18.5	5.41%	106	4.3	23.26%
83	17.7	5.65%	107	4.1	24.39%
84	16.8	5.95%	108	3.9	25.64%
85	16.0	6.25%	109	3.7	27.03%
86	15.2	6.58%	110	3.5	28.57%
87	14.4	6.94%	111	3.4	29.41%
88	13.7	7.30%	112	3.3	30.30%
89	12.9	7.75%	113	3.1	32.26%
90	12.2	8.20%	114	3.0	33.33%
91	11.5	8.70%	115	2.9	34.48%
92	10.8	9.26%	116	2.8	35.71%
93	10.1	9.90%	117	2.7	37.04%
94	9.5	10.53%	118	2.5	40.00%
95	8.9	11.24%	119	2.3	43.48%
			120+	2.0	50.00%

This table is used for lifetime required distributions. Most IRA owners will use this table, but there is one exception. If the spouse is the sole beneficiary for the entire year AND is more than 10 years younger than the IRA owner, do not use this Uniform Lifetime Table. Instead, use the actual ages of both spouses based on the Joint Life Table. This will result in a longer life expectancy and a smaller required distribution.

Single Life Expectancy Table (for Inherited IRAs)

(To be used for calculating post-death required distributions to beneficiaries)

Age of IRA or Plan Beneficiary	Life Expectancy (in years)	Age of IRA or Plan Beneficiary	Life Expectancy (in years)	Age of IRA or Plan Beneficiary	Life Expectancy (in years)	Age of IRA or Plan Beneficiary	Life Expectancy (in years)
0	84.6	31	54.4	61	26.2	91	5.3
1	83.7	32	53.4	62	25.4	92	4.9
2	82.8	33	52.5	63	24.5	93	4.6
3	81.8	34	51.5	64	23.7	94	4.3
4	80.8	35	50.5	65	22.9	95	4.0
5	79.8	36	49.6	66	22.0	96	3.7
6	78.8	37	48.6	67	21.2	97	3.4
7	77.9	38	47.7	68	20.4	98	3.2
8	76.9	39	46.7	69	19.6	99	3.0
9	75.9	40	45.7	70	18.8	100	2.8
10	74.9	41	44.8	71	18.0	101	2.6
11	73.9	42	43.8	72	17.2	102	2.5
12	72.9	43	42.9	73	16.4	103	2.3
13	71.9	44	41.9	74	15.6	104	2.2
14	70.9	45	41.0	75	14.8	105	2.1
15	69.9	46	40.0	76	14.1	106	2.1
16	69.0	47	39.0	77	13.3	107	2.1
17	68.0	48	38.1	78	12.6	108	2.0
18	67.0	49	37.1	79	11.9	109	2.0
19	66.0	50	36.2	80	11.2	110	2.0
20	65.0	51	35.3	81	10.5	111	2.0
21	64.1	52	34.3	82	9.9	112	2.0
22	63.1	53	33.4	83	9.3	113	1.9
23	62.1	54	32.5	84	8.7	114	1.9
24	61.1	55	31.6	85	8.1	115	1.8
25	60.2	56	30.6	86	7.6	116	1.8
26	59.2	57	29.8	87	7.1	117	1.6
27	58.2	58	28.9	88	6.6	118	1.4
28	57.3	59	28.0	89	6.1	119	1.1
29	56.3	60	27.1	90	5.7	120+	1.0
30	55.3						

This table is used to calculate RMDs for:

- Designated Beneficiaries (DBs) who inherited before 2020.
- DBs who inherit in 2020 or later when the account owner dies ON OR AFTER his RBD - for years 1-9 of the 10-year period.
- Eligible Designated Beneficiaries (EDBs).
- Non-Designated Beneficiaries when the account owner dies ON OR AFTER his RBD for "ghost rule" RMDs.

This table is NOT used by:

- DBs who inherit in 2020 or later when the account owner dies BEFORE the RBD.
- IRA owners to calculate lifetime RMDs.
- Roth IRA beneficiaries, who are not EDBs.