



2025 Tax Strategies as the TCJA Expires

The Tax Cuts and Jobs Act (TCJA) went into effect in 2018, reducing income taxes for individuals and corporations and increasing the Child Tax Credit, standard deduction, and estate and gift tax exemptions, among other impacts. Without congressional intervention, the TCJA will sunset after 2025, taking \$3.4 trillion in tax cuts with it as tax law reverts to 2017 values, indexed for inflation.

As the expiration date approaches, it's important to understand how this rollback will affect you. You may want to consider strategies to take advantage of lower tax rates in 2025 and prepare for changes in 2026 and beyond. Three areas to address are:

- **Estate planning.** The current estate and gift tax exemption allows you to remove up to \$13.61 million from your estate, which would be more than the projected estate exemption starting in 2026. Before the TCJA sunsets, consider taking advantage of its higher gift tax exemption to remove assets from your taxable estate, thereby reducing or eliminating estate taxes.
- **Credits and deductions.** Consider the impact of the changes to the Child Tax Credit. Plan ahead for the change in standard deductions and talk with your tax professional or financial advisor about possibly itemizing your deductions for 2026. Itemized deductions may be more valuable after the TCJA expires. When possible, generate alternative minimum tax (AMT) preference items before 2026. AMT changes will impact more individuals compared to present tax policy and could have a larger impact on your owed taxes.
- **Income planning.** Use Roth conversions to take advantage of lower tax brackets and reduce cumulative tax obligations for retirement assets. Consider selling businesses or stock before the end of 2025 to take advantage of reduced tax rates. Utilize currently lower tax brackets by considering adjustments to distributions from—and contributions to—your qualified retirement accounts.

As always, your CAPTRUST financial advisor can help you assess these changes and apply them to your unique financial situation. Keep in mind that the sunset of these provisions is not guaranteed and could be changed due to future legislative action.

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