

2025 INDIVIDUAL  
INCOME TAX LAW  
CHANGES, 403B, 457,  
CALSTRS

# STANDARD DEDUCTION, CREDITS

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## 2025

- Standard Single/ MFS deduction: \$15,750
- MFJ Standard deduction: \$31,500
- HOH Standard deduction: \$23,625
- OVER 65+ (2025-28) Additional \$6,000 per qualified individual (phase out limits)

## 2024

- Standard Single/ MFS deduction: \$14,600
- MFJ Standard deduction: \$29,200
- HOH Standard deduction: \$21,900

# ITEMIZED DEDUCTIONS, SALT

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## 2025

- MFJ: \$40,000
- MFS \$20,000
- HOH \$40,000

(INCOME PHASE OUT BASED  
ON MAGI OF > \$500,000)

## 2024

- MFJ: \$10,000
- MFS \$5,000

# HUGE, SALT IMPLICATIONS

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## 2025

- Income before SALT: \$125,000
- SALT DED: \$25,000
- Taxable income: \$100,000
- Income tax: 22% = \$22,000
- **Tax savings = \$3,500**

## 2024

- Income before SALT: \$125,000
- SALT DED: \$10,000
- Taxable income: \$115,000
- Income tax: 22% = \$25,300

# CHARITABLE DEDUCTIONS, EDUCATION CREDIT, 529 & EMPLOYEE EDUCATION

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- **CHARITABLE DED 2025:** Only for itemizers. Cares act above the line deductions in applicable.
  - Up to 60% of AGI for Cash contributions
  - Up to 50% of non-cash items
  - Up to 30% of highly appreciated items like stocks, real estate, gold, diamonds, platinum etc
- **CHARITABLE DED 2026:** Non itemizers cash only, Single \$1,000 MFJ \$2,000
- **EDUCATION DONATION CREDIT:** Non refundable credit up to \$1,700 contributed to a tax-exempt scholarship granting organization. Each state has a list of SGO's
- **529 TAX FREE WITHDRAWALS:** Can be used for home schooling, elementary/secondary education (K-12) and other education related expenses.
- **EMPLOYER PROVIDED EDUCATION:** Tax free up to \$5,250 per employee

# CHARITABLE DEDUCTIONS STRATEGIES 2025

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- 2025:
  - General donation: Use appreciated stocks or assets to donate to a DAF and then use that money to make a contribution
  - Donation to a SGO: Sell the stocks (investments), it triggers Capital Gains tax, however use up to \$1,700 (SINGLE) or 3,400 (MFJ) as a non-refundable tax credit to offset income taxes
  - If Single or MFJ (non itemizer), defer cash contribution till 2026
  - Defer charitable deductions till 2026 to meet **.05% AGI floor applicable to total cash + non-cash contributions**. Bunch your donations. Example: if your AGI is \$200,000 x .05 = first 1000 is non deductible.

## 529 FUNDS QUALIFIED USE

### Higher education expenses

- **Tuition and fees:** For eligible colleges, universities, vocational schools, and trade schools. [🔗](#)
- **Room and board:** Up to the school's cost of attendance for students enrolled at least half-time. [🔗](#)
- **Books and supplies:** Textbooks, course supplies, and other materials required for coursework. [🔗](#)
- **Equipment:** Computers, software, internet access, and other necessary equipment for classes. [🔗](#)
- **Special needs expenses:** Equipment and services for students with special needs. [🔗](#)

### K-12 expenses (starting July 4, 2025)

- **Tuition:** Up to \$10,000 per year, per beneficiary, for public, private, or religious elementary and secondary schools. [🔗](#)
- **Curriculum materials:** Textbooks, workbooks, and digital tools. [🔗](#)
- **Tutoring services:** For students who meet eligibility requirements. [🔗](#)
- **Online education:** Subscriptions to online learning platforms. [🔗](#)
- **Standardized tests:** Fees for tests like the SAT, ACT, and AP exams. [🔗](#)
- **Dual-enrollment fees:** For college courses taken during high school. [🔗](#)

### Other qualified uses

- **Apprenticeships:** Expenses for programs registered with the U.S. Department of Labor. [🔗](#)
- **Student loan payments:** Up to a lifetime limit of \$10,000 per beneficiary for principal and interest on qualified student loans. [🔗](#)

**SINGLE  
FILERS  
TAX  
BRACKET  
S**

## 2025 federal income tax brackets by filing status

### Single filers

- **10%:** Taxable income up to \$11,925
- **12%:** Taxable income over \$11,925 to \$48,475
- **22%:** Taxable income over \$48,475 to \$103,350
- **24%:** Taxable income over \$103,350 to \$197,300
- **32%:** Taxable income over \$197,300 to \$250,525
- **35%:** Taxable income over \$250,525 to \$626,350
- **37%:** Taxable income over \$626,350 

## Married couples filing jointly

- **10%:** Taxable income up to \$23,850
- **12%:** Taxable income over \$23,850 to \$96,950
- **22%:** Taxable income over \$96,950 to \$206,700
- **24%:** Taxable income over \$206,700 to \$394,600
- **32%:** Taxable income over \$394,600 to \$501,050
- **35%:** Taxable income over \$501,050 to \$751,600
- **37%:** Taxable income over \$751,600 

## Heads of household

- **10%:** Taxable income up to \$17,000
- **12%:** Taxable income over \$17,000 to \$64,850
- **22%:** Taxable income over \$64,850 to \$103,350
- **24%:** Taxable income over \$103,350 to \$197,300
- **32%:** Taxable income over \$197,300 to \$250,500
- **35%:** Taxable income over \$250,500 to \$626,350
- **37%:** Taxable income over \$626,350 

## Married couples filing separately

- **10%:** Taxable income up to \$11,925
- **12%:** Taxable income over \$11,925 to \$48,475
- **22%:** Taxable income over \$48,475 to \$103,350
- **24%:** Taxable income over \$103,350 to \$197,300
- **32%:** Taxable income over \$197,300 to \$250,525
- **35%:** Taxable income over \$250,525 to \$375,800
- **37%:** Taxable income over \$375,800 

# OTHER CREDITS

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- **CHILD TAX CREDIT (CTC):** \$2,200 per qualifying child, 16 yrs or younger. Partially refundable (up to \$1,700)
- **OTHER DEPENDENT CREDIT (ODC):** Non refundable \$500 per dependent, relationship test and income test
- **ADOPTION CREDIT:** Up to \$5,000, max \$17,280
- **CHILD DEPENDENT CARE CREDIT (CDCTC):** Non refundable, \$3,000 per qualifying child, \$6,000 for two or more children
  - Expenses credit from 20% - 35% of income based on AGI
  - FSA will reduce amount of credit
  - 2026: Additional exclusion for employer provided or cafeteria plan \$7,500 MFJ

# 401k, 403B (CALSTRS PENSION II), 457 limits

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- \$23,500 Annually in addition to pension contributions
- Catch up aged 50 & above \$7,500, total \$31,000
- Special catch up, Age 60-63 \$11,250
- Traditional IRA, \$7,000 (Income limitations apply)
- ROTH IRA, 403 B, 457 (OPTIONAL)
- ENVOY PLAN CLPCCD FOR 403B & 457
- ENVOY PAGE LINK: <https://districtazure.clpccd.org/business/guide/payroll.php>
  - **CLIENT RESOURCE: CENTER, CA, ALAMEDA COUNTY, CLPCCD**
- SALARY REDUCTION FORM: <https://districtazure.clpccd.org/business/guide/payroll.php>

# ENVOY 403B, 457 CLPCCD

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- SEARCH CLPCCD
- PAYROLL
- (SCROLL DOWN TO) 403B AND 457 PLANS
- **SELECT ENVOY PLAN SERVICES**
- **403 B MANAGED BY CALSTRS OR USE A DIFFERENT PROVIDER**
- **457 MANGED BY CALPERS OR USE A DIFFERENT PROVIDER**

# WHY SHOULD YOU CONSIDER CONTRIBUTING TO 403B AND OR 457?

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- IMMEDIATE TAX RELIEF AND EXCELLENT RATE OF RETURN THE FIRST YEAR
- EXAMPLE:
  - CONTRIBUTION AMOUNT \$10,000
  - TAX BRACKET = 25%
  - TAX BENEFIT = \$2,500, YOU EARNED 25% GROWTH IN THE FIRST YEAR
- SCENARIO 1 (AGE 40):
  - TIME 25 YRS, 6% COMPOUNDED ANNUALLY

**FV OF \$500/ MO**

**\$347,299.00**

**Tax benefit =1500/yr**

**FV OF \$750/ MO**

**\$520,948.00**

**Tax benefit = 2750/yr**

**FV OF \$1000/ MO**

**\$694,598.00**

**Tax benefit =3000/yr**

**FV OF \$1500/ MO**

**\$1041,898.00**

**Tax benefit =4500/yr**

# CALSTRS RETIREMENT FORMULA (ESTIMATE)

**#YRS x AGE FACTOR x 3 YR AV SALARY**

**#20 x .0240 x 15,000 = \$7,200 per month**

**USING CALSTRS WEBSITE**

Retirement age	CalSTRS 2% at 60	CalSTRS 2% at 62
55	1.40%	1.16%
56	1.52%	1.28%
57	1.64%	1.40%
58	1.76%	1.52%
59	1.88%	1.64%
60	2.00%	1.76%
61	2.13%	1.88%
62	2.27%	2.00%
63	2.40%	2.13%
64	2.40%	2.27%
65	2.40%	2.40%
66	2.40%	2.40%
67	2.40%	2.40%

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