

2025 Contribution Limits and Tax Reference Guide

The Tax Reference Guide provides basic, high-level summaries of complex tax rules, and exceptions may apply, some of which may not be described in this guide. Be sure to consult with your personal tax advisor as to how these rules apply to you and what changes, if any, have been made to such rules.

Tax-advantaged accounts: retirement plans

Traditional IRA contribution limits

Under age 50 for entire calendar year	\$7,000*
Age 50 and above at any time during calendar year	\$8,000**
Phase-out ranges for traditional IRA contribution deductibility	
Married, filing jointly and qualifying widow(er)	\$126,000 - \$146,000 MAGI***
Married, filing separately	\$0 - \$10,000 MAGI****
Single and head of household	\$79,000 - \$89,000 MAGI
Spousal IRA, filing jointly, IRA of nonparticipant	\$236,000 - \$246,000 MAGI

An IRA owner with sufficient taxable compensation can make a fully deductible contribution, regardless of his/her MAGI, if neither he/she nor his/her spouse (if married) is an "active participant" in an employer plan. If one or both are active plan participants, the above deductibility phase-out ranges apply. Full deduction is permitted below phase-out range. Scaled partial deduction is permitted within range. No deduction is permitted above range. IRA owners not eligible for deductible contributions may make nondeductible contributions up to the annual limit. These annual limits are an aggregate limit, including both Roth and traditional IRA contributions.

* Or 100% of taxable compensation, whichever is less. ** Includes \$1,000 catch-up contribution. *** Modified adjusted gross income. **** If married, filing separately, but live apart for the entire calendar year, then phase-out ranges for single filing status apply.

Roth IRA contribution limits

Under age 50 for entire calendar year	\$7,000*
Age 50 and above at any time during calendar year	\$8,000**
Phase-out ranges for Roth IRA contribution eligibility	
Married, filing jointly and qualifying widow(er)	\$236,000 - \$246,000 MAGI
Married, filing separately	\$0 - \$10,000 MAGI***
Single and head of household	\$150,000 - \$165,000 MAGI

Roth conversion income is not included in MAGI. Full contribution is permitted below phase-out range. Scaled partial contribution is permitted within range. No contribution is permitted above range. These annual limits are an aggregate limit, including both Roth and traditional IRA contributions.

* Or 100% of taxable compensation, whichever is less. ** Includes \$1,000 catch-up contribution. *** If married, filing separately, but live apart for entire calendar year, then phase-out ranges for single filing status apply.

Roth IRA conversions

All filing statuses	No MAGI limit
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Defined benefit plan annual benefit limit

- Generally, lesser of \$280,000 or 100% of the participant's average compensation for his/her three high consecutive years of active plan participation.

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Tax-advantaged accounts: retirement plans (continued)

SEP IRA contribution limits

- Discretionary employer contributions of up to the lesser of (i) \$70,000 or (ii) 25% of employee compensation or 20% of net earnings from self-employment (as determined under the SEP IRA rules).*
- A minimum of \$750 in compensation may be required to participate in SEP.

*A maximum compensation cap of \$350,000 per participant applies.

401(k), 403(b)*, 457(b)**, SARSEP*** contribution limits

Maximum salary deferral	
Under age 50 for entire calendar year	\$23,500****
Age 50 and above at any time during calendar year	\$31,000****
Maximum contributions	
<ul style="list-style-type: none">• Maximum total contributions per employee are limited to the lesser of \$70,000 or 100% of compensation, and compensation taken into account for retirement plan contributions is capped at \$350,000 per employee.• 401(k) salary deferrals and employer contributions to profit-sharing plans are aggregated for purposes of this limit; catch-up contributions do not count against this limit.	

*Employees of certain organizations may be eligible to contribute greater catch-up amounts. Merrill Lynch is no longer accepting additional contributions to 403(b) plans.
** \$7,500 catch-up contribution is not available under non-governmental 457(b) plans. Special additional catch-up contribution amounts may be available under 457(b) plans. Unless a catch-up provision applies, total employee and employer contributions to a 457(b) plan may not exceed \$23,500 in 2025. Merrill Lynch does not offer 457(b) plans.
*** SARSEP employee contributions (other than catch-up contributions) are limited to the lesser of \$23,500 or 25% of compensation. The employer contribution limit for SEP IRAs and total contribution limit described elsewhere on this page also apply for a SARSEP.
**** For Puerto Rico plans (Puerto Rico-only or dual qualified), consult your tax advisor for the applicable 2025 limits on elective deferrals. ***** Includes \$7,500 catch-up contribution. Effective January 1, 2025, catch-up contributions are increased to \$11,250 for employees age 60-63, if plan permits. For Puerto Rico plans (Puerto Rico-only or dual qualified), consult your tax advisor for the applicable 2025 limits on catch-up contributions.

SIMPLE IRA salary deferral contributions*

Under age 50 for entire calendar year	\$16,500
Age 50 and above at any time during calendar year	\$20,000**

*Employees can contribute an additional 10% on top of the existing limits, provided that their employer has less than 25 employees or has 26 to 100 employees and agrees to a 4% employer match or 3% nonelective contribution.
**Includes \$3,500 catch-up contribution. Effective January 1, 2025, catch-up contributions are increased to \$5,250 for employees age 60-63, if plan permits.

Highly compensated employee

- A highly compensated employee for 2025 is a person who (1) was a 5% owner at any time during 2024 or 2025 or (2) for 2024 received more than \$155,000 in compensation from the employer and, if the employer elects, also was in the “top-paid group” (top 20%) of employees for 2024.**
 - Key employee – officer for top heavy testing: \$230,000.
- * For Puerto Rico, consult your tax advisor for the applicable 2025 highly compensated employee thresholds and whether or not a “top-paid” election is available.
** For purposes of identifying a highly compensated employee for 2026, the compensation threshold is based on receiving more than \$160,000 in 2025.

Saver’s tax credit*

Single taxpayers, qualifying widow(ers) and married individuals filing separately with AGI at or below \$39,500, heads of household with AGI at or below \$59,250 and joint filers with AGI at or below \$79,000 may be eligible for a tax credit for their contributions to certain retirement and savings arrangements including a traditional or Roth IRA, SIMPLE IRA or SARSEP, ABLE account**, elective deferrals under a 401(k), 403(b) or governmental 457(b) plan and voluntary after-tax contributions to certain qualified retirement plans, in addition to any deduction or exclusion that would otherwise apply.

* The saver’s tax credit is only available to taxpayers who are age 18 or older and are neither full time students nor claimed as a dependent on another person’s return.
** Individual must be designated beneficiary of ABLE account.

Tax-advantaged accounts: education plans

Section 529 Education Savings Account

No age or income restrictions for contributors or beneficiaries. Limitation on amount of contributions not subject to federal gift tax.		
	Annual contribution*	Five-year contribution made in a single year**
Single	\$19,000 per beneficiary	\$95,000 per beneficiary
Married couple electing to split gifts	\$38,000	\$190,000

* Contributions are completed gifts subject to the annual federal gift tax exclusion and are removed from the contributor’s federal estate. ** Contributions between \$19,000 and \$95,000 (\$38,000 and \$190,000 for married couples electing to split gifts) made in one year can be prorated over a five-year period without subjecting you to federal gift tax or reducing your federal unified estate and gift tax credit. If you contribute less than the \$95,000 (\$190,000 for married couples electing to split gifts) maximum, additional contributions can be made without you being subject to federal gift tax, up to a prorated level of \$19,000 (\$38,000 for married couples electing to split gifts) per year. Federal gift taxation may result if a contribution exceeds the available annual gift tax exclusion amount remaining for a given beneficiary in the year of contribution. For contributions between \$19,000 and \$95,000 (\$38,000 and \$190,000 for married couples electing to split gifts) made in one year, if the account owner dies before the end of the five-year period, a prorated portion of the contribution may be included in his or her gross estate for federal estate tax purposes. Also, any appreciation allocable to the remaining years in the five-year period on the entire original gift is not considered part of the estate.

Section 529 plan tax treatment

Section 529 plan earnings grow federal and, in most cases, state income tax free. Withdrawals, including any earnings, are also federal and, in most cases, state income tax free as long as the withdrawals are used for qualified

education expenses. The earnings portion of withdrawals for nonqualified expenses will be subject to federal income tax and potentially a 10% additional federal tax, and may also be subject to state income or other taxes.

Distributions for tuition in connection with enrollment or attendance at an eligible elementary or secondary public, private or religious school are federal income tax free up to a maximum of \$10,000 of such distributions for such tuition expenses per taxable year per designated beneficiary from all Section 529 accounts.

Expenses treated as qualified education expenses under Section 529 include the following:

- expenses for fees, books, supplies and equipment required for the participation of a designated beneficiary in an apprenticeship program registered and certified with the Secretary of Labor under the National Apprenticeship Act and
- amounts paid as principal or interest on any qualified education loans of either the designated beneficiary or sibling of the designated beneficiary up to a lifetime maximum of \$10,000 per individual. Distributions with respect to the loans of a sibling of the designated beneficiary will count towards the lifetime limit of the sibling, not the designated beneficiary. Such repayments may impact student loan interest deductibility.

State tax treatment may vary.

Additionally, 529 assets can now be rolled over into an Achieving a Better Life (ABLE) account of the designated beneficiary or certain members of the designated beneficiary’s family federal tax free. Rollover amounts cannot exceed the ABLE account contribution limit.

Individuals may make a federal tax-free rollover of no more than \$35,000 (lifetime limit) from a 529 plan into a Roth IRA. The 529 plan must have been open for at least 15 years, and other restrictions and requirements apply.

Tax-advantaged accounts: education plans (continued)

Coverdell Education Savings Account

Beneficiaries under age 18 and special needs beneficiaries of any age (maximum contribution)	\$2,000
Phase-out ranges for Coverdell ESA contribution eligibility	
Single, head of household, and married, filing separately	\$95,000 - \$110,000 MAGI
Married, filing jointly	\$190,000 - \$220,000 MAGI

Student loans

Maximum student loan interest deduction	\$2,500
Phase-out ranges for student loan interest deduction eligibility	
Single and head of household	\$85,000 - \$100,000 MAGI
Married, filing jointly	\$170,000 - \$200,000 MAGI*

*Deduction not available if married, filing separately.

Lifetime Learning Credits

20% of first \$10,000 of qualified tuition and related expenses (max \$2,000) per tax return	
Phase-out ranges for credit eligibility	
Single and head of household	\$80,000 - \$90,000 MAGI
Married, filing jointly	\$160,000 - \$180,000 MAGI*

*Credit not available if married, filing separately.

American Opportunity Tax Credit

100% of first \$2,000 of qualified tuition and related expenses; plus 25% of such expenses above \$2,000 and up to \$4,000 (maximum credit is \$2,500) per eligible student	
Phase-out ranges for credit eligibility	
Single and head of household	\$80,000 - \$90,000 MAGI
Married, filing jointly	\$160,000 - \$180,000 MAGI*

*Credit not available if married, filing separately.

Phase-out of exclusion of U.S. savings bond income

By payor of qualified higher education expenses	
Phase-out ranges for exclusion eligibility	
Married, filing jointly	\$149,250 - \$179,250 MAGI*
All others	\$99,500 - \$114,500 MAGI

*Exclusion not available if married, filing separately.

HSA contribution and plan limits

HSA limits

The following table shows the minimum annual deductible and maximum annual deductible and other out-of-pocket expenses for high deductible health plans (HDHPs) for 2025, as well as the maximum annual HSA contribution.				
	Minimum deductible	Maximum out-of-pocket*	Contribution limit	55+ contribution**
Single	\$1,650	\$8,300	\$4,300	\$1,000
Family	\$3,300	\$16,600	\$8,550	\$1,000

*These limits do not apply to deductibles and expenses for out-of-network services if the plan uses a network of providers. Instead, only deductibles and out-of-pocket expenses for services within the network should be used to figure whether the limits apply. ** Turns age 55 or above at any time during the calendar year.

To be an eligible individual and qualify for an HSA, you must:

- be covered under an HDHP on the first day of the month
- have no other health coverage*

- not be enrolled in Medicare benefits
- not be claimed as a dependent on someone else's tax return

If you qualify for an HSA for only part of the calendar year, special rules apply to calculate your contribution limit. For more detailed information on HSAs and taxes, visit the Internal Revenue Service website at [irs.gov](https://www.irs.gov) or talk with your tax advisor.

*Coverage is permissible under certain limited arrangements, such as hospital indemnity and similar limited insurance arrangements and a limited-purpose health care flexible spending arrangement or health reimbursement arrangement.

Please consult with your own attorney or tax advisor to understand the tax and legal consequences of your HSA program offerings to your employees and your particular situation in your capacity as employer and/or plan administrator.

Federal tax brackets

Single

Taxable income over	But not over	Tax
\$0	\$11,925	10%
\$11,925	\$48,475	\$1,192.50 plus 12%*
\$48,475	\$103,350	\$5,578.50 plus 22%*
\$103,350	\$197,300	\$17,651 plus 24%*
\$197,300	\$250,525	\$40,199 plus 32%*
\$250,525	\$626,350	\$57,231 plus 35%*
\$626,350		\$188,769.75 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Married, filing jointly and qualifying widow(er)

Taxable income over	But not over	Tax
\$0	\$23,850	10%
\$23,850	\$96,950	\$2,385 plus 12%*
\$96,950	\$206,700	\$11,157 plus 22%*
\$206,700	\$394,600	\$35,302 plus 24%*
\$394,600	\$501,050	\$80,398 plus 32%*
\$501,050	\$751,600	\$114,462 plus 35%*
\$751,600		\$202,154.50 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Estates and trusts

Taxable income over	But not over	Tax
\$0	\$3,150	10%
\$3,150	\$11,450	\$315 plus 24%*
\$11,450	\$15,650	\$2,307 plus 35%*
\$15,650		\$3,777 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Head of household

Taxable income over	But not over	Tax
\$0	\$17,000	10%
\$17,000	\$64,850	\$1,700 plus 12%*
\$64,850	\$103,350	\$7,442 plus 22%*
\$103,350	\$197,300	\$15,912 plus 24%*
\$197,300	\$250,500	\$38,460 plus 32%*
\$250,500	\$626,350	\$55,484 plus 35%*
\$626,350		\$187,031.50 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Married, filing separately

Taxable income over	But not over	Tax
\$0	\$11,925	10%
\$11,925	\$48,475	\$1,192.50 plus 12%*
\$48,475	\$103,350	\$5,578.50 plus 22%*
\$103,350	\$197,300	\$17,651 plus 24%*
\$197,300	\$250,525	\$40,199 plus 32%*
\$250,525	\$375,800	\$57,231 plus 35%*
\$375,800		\$101,077.25 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Long-term capital gains and qualified dividend rates

Single

Taxable income over	But not over	Tax rate is
\$0	\$48,350	0%
\$48,350	\$533,400	15%
\$533,400		20%

Married, filing jointly and qualifying widow(er)

Taxable income over	But not over	Tax rate is
\$0	\$96,700	0%
\$96,700	\$600,050	15%
\$600,050		20%

Estates and trusts

Taxable income over	But not over	Tax rate is
\$0	\$3,250	0%
\$3,250	\$15,900	15%
\$15,900		20%

Head of household

Taxable income over	But not over	Tax rate is
\$0	\$64,750	0%
\$64,750	\$566,700	15%
\$566,700		20%

Married, filing separately

Taxable income over	But not over	Tax rate is
\$0	\$48,350	0%
\$48,350	\$300,000	15%
\$300,000		20%

Federal tax brackets (continued)

Net investment income and certain other income

Married individuals filing jointly and qualifying widow(ers) with MAGI above \$250,000, married individuals filing separately with MAGI above \$125,000 and all other filers with MAGI above \$200,000 (the “threshold amounts”) are subject to an additional 3.8% Net Investment Income Tax imposed on the lesser of (i) “net investment income” and (ii) the excess of MAGI over the applicable threshold amount.	
Gains on collectibles	maximum 28%
Unrecaptured 1250 depreciation	maximum 25%

Kiddie Tax

Generally, the unearned income of a child is taxed according to the parents’ marginal tax rate.

Deductions

Standard deductions

Married, filing jointly and qualifying widow(er)	\$30,000
Single	\$15,000
Married, filing separately (assuming spouse does not itemize, otherwise \$0)	\$15,000
Head of household	\$22,500

Social Security

Maximum earnings subject to FICA	\$176,100
The Social Security portion of the employee FICA tax rate is 6.2%.	

Post-retirement

The amount of Social Security benefit payments (if any) subject to tax depends on the amount of the taxpayer’s combined income (MAGI* plus one-half of the Social Security benefits).

If you:

- **File a federal tax return as single or head of household** and your **combined income** is
 - between \$25,000 and \$34,000, you may have to pay income tax on up to 50 percent of your benefits.
 - more than \$34,000, up to 85 percent of your benefits may be taxable.
- **File as married, filing jointly**, and you and your spouse have a **combined income** that is
 - between \$32,000 and \$44,000, you may have to pay income tax on up to 50 percent of your benefits.
 - more than \$44,000, up to 85 percent of your benefits may be taxable.
- **File as married, filing separately**, you probably will pay taxes on your benefits.

*MAGI is calculated as AGI plus tax-exempt income plus certain other adjustments.

Gift and estate taxes	
Gift tax annual exclusion	\$19,000
Unified estate, gift, and generation-skipping transfer tax exemption	\$13,990,000
Annual exclusion for gifts to noncitizen spouse	\$190,000
Top gift-tax rate	40%
Top estate-tax rate	40%
Single generation-skipping transfer tax rate	40%

Certain provisions of the Internal Revenue Code and/or IRS guidance do not specifically address the “qualifying widower” filing status and, consequently, the application of such provisions to that status is not addressed herein.

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