FleetStar Financial

RESOURCE GUIDE

TAX PLANNING GUIDE

Your Roadmap to Managing Taxes This Year and in the Years Ahead

INTRODUCTION

SMART TAX PLANNING STARTS BEFORE RETIREMENT.

Taxes are often one of the largest ongoing expenses for many individuals and retirees. Changes in income, employment, investment activity, retirement timing, or tax law can all affect how much you owe each year. Even small adjustments to your financial strategy may have meaningful long-term tax implications.

Effective tax planning involves coordinating decisions across income, investments, retirement accounts, and estate planning to help improve overall financial efficiency.

One practical approach is maintaining tax diversification — having assets in accounts that are taxed differently, such as taxable, tax-deferred, and tax-efficient accounts. This flexibility may provide greater control over income and tax exposure in retirement, depending on individual circumstances.

While the tax code can be complex, many effective strategies begin with understanding the fundamentals. The following five planning principles can help you stay organized, manage risk, and make more informed financial decisions throughout the year.

FIVE HELPFUL TAX PLANNING PRINCIPLES

1. Get Organized and Prepare Early
2. Understand Year-to-Year Tax Changes
3. Know What Deductions and Credits May Apply
4. Consider Strategies That May Improve Tax Efficiency
5. Avoid Common Tax Pitfalls in Retirement

SECTION ONE

GET ORGANIZED AND PREPARE EARLY

01

Leading Up to Retirement

Preparing early can make the tax process more efficient and reduce the risk of missed deductions or reporting errors. Gathering documentation such as W-2s, 1099s, receipts, charitable records, and investment statements can help ensure your return is accurate and complete.

Working with a qualified tax professional, such as a CPA or enrolled agent, may help identify opportunities and avoid costly mistakes, particularly when financial circumstances change.

Understand Key Tax Terms

Every family has different priorities. Some want to support education for future generations, others want to maintain family property, support charitable causes, or simply ensure financial security for loved ones. Clarifying these goals helps shape decisions around trusts, gifting strategies, and investment planning.

Understanding basic terminology can help clarify how different strategies affect your tax situation:

- Tax Credit — A dollar-for-dollar reduction in taxes owed
- Tax Deduction — Reduces taxable income, which may lower total tax liability
- Tax Deferral — Delays taxation until a future date
- Tax-Efficient Income — Income not subject to federal income tax under current law

Each of these tools plays a different role in long-term tax planning.

Protect Yourself From Fraud

Tax identity theft and financial scams continue to rise. Taking basic cybersecurity precautions may help reduce risk.

Be cautious if you:

- Receive unexpected notices about income or tax bills
- Are asked to provide personal or financial information by email or phone
- Are pressured to make immediate payments

The IRS generally communicates through written correspondence and does not demand payment or personal information over the phone.

SECTION TWO

UNDERSTAND YEAR-TO-YEAR TAX CHANGES.

02

Federal tax rates remain structured across seven marginal brackets:

Marginal Tax Rate	Single	Married Filing Jointly	Head of Household
10%	$0 – $12,400	$0 – $24,800	$0 – $17,700
12%	$12,401 – $50,400	$24,801 – $100,800	$17,701 – $67,450
22%	$50,401 – $105,700	$100,801 – $211,400	$67,451 – $105,700
24%	$105,701 – $201,775	$211,401 – $403,550	$105,701 – $201,750
32%	$201,776 – $256,225	$403,551 – $512,450	$201,751 – $256,200
35%	$256,226 – $640,600	$512,451 – $768,700	$256,201 – $640,600
37%	Over $640,600	Over $768,700	Over $640,600

While the rates themselves may remain unchanged, income thresholds typically adjust annually for inflation. These adjustments can affect tax planning decisions such as:

- Retirement withdrawals
- Roth conversions
- Capital gains timing
- Social Security taxation

Understanding where your income falls within the tax brackets may help you plan more effectively.

SECTION TWO

UNDERSTAND YEAR-TO-YEAR TAX CHANGES.

02

Standard Deduction Amounts

Filing Status	Standard Deduction
Single	$16,100
Married Filing Jointly	$32,200
Married Filing Separately	$16,100
Head of Household	$24,150

Additional standard deduction

- $1,650 per qualifying individual who is age 65 or older or blind (married)
- $2,050 per qualifying individual who is age 65 or older or blind (single or head of household)

New Temporary Enhanced Deduction for Seniors (2025–2028)
This is separate from the traditional additional standard deduction.

- $6,000 per eligible individual age 65+
- $12,000 for married couples if both qualify
- Subject to income phaseouts above $75,000 (single) or $150,000 (married filing jointly)

This provision is new and may represent an important planning consideration for retirees over the next several years. Because the standard deduction has increased significantly over the past decade, many taxpayers find that itemizing deductions is less common than in the past.

A GUIDING PRINCIPLE

Maintaining assets across taxable, tax-deferred, and tax-efficient accounts may provide greater flexibility and control over income and tax exposure throughout retirement, depending on individual circumstances.

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SECTION THREE

KNOW WHAT DEDUCTIONS AND CREDITS MAY APPLY.

03

Several deductions and credits may apply depending on your income, employment status, and family situation.

Common examples include:

- Retirement plan contributions
- Health Savings Account (HSA) contributions
- Mortgage interest
- Charitable contributions
- Education-related credits
- Medical expenses exceeding certain thresholds

Eligibility and value depend on individual circumstances and current tax law.

SECTION FOUR

CONSIDER STRATEGIES THAT MAY IMPROVE TAX EFFICIENCY.

04

Tax planning is most effective when it is proactive rather than reactive. Coordinating withdrawals, contributions, and investment decisions may help manage taxable income over time.

Maximize Retirement Contributions
Contributing to employer-sponsored retirement plans or IRAs may reduce current taxable income while supporting long-term savings.

However, withdrawals from tax-deferred accounts are generally taxed as ordinary income, and early withdrawals may be subject to additional taxes and penalties.

Qualified Charitable Distributions (QCDs)
Individuals age 70½ or older may be eligible to donate directly from an IRA to a qualified charitable organization.

Benefits may include:

- Reducing taxable income
- Satisfying required minimum distributions
- Supporting charitable causes

Tax-Loss Harvesting
Selling investments at a loss may help offset capital gains or reduce taxable income.

Under current law, up to $3,000 of excess losses may be applied against ordinary income annually, and remaining losses may be carried forward to future tax years.

This strategy should be evaluated carefully to ensure it aligns with long-term investment goals.

SECTION FIVE

AVOID COMMON TAX PITFALLS IN RETIREMENT.

05

Retirement introduces new tax considerations that many individuals do not encounter earlier in life.

Required Minimum Distributions (RMDs)

Under current law, most individuals must begin taking required minimum distributions from certain retirement accounts at age 73.

Failing to take required distributions may result in IRS penalties. Delaying the first withdrawal until April 1 of the following year is allowed, but doing so may result in taking two distributions in the same year, potentially increasing taxable income. Planning withdrawals carefully may help manage tax exposure.

Social Security and Taxes

Social Security benefits may be partially taxable depending on total income and filing status. Under current rules up to 85% of Social Security benefits may be subject to federal income tax depending on income and filing status. Managing income sources and withdrawal timing may help reduce taxation, depending on individual circumstances.

Roth Conversion Strategies

Converting funds from a traditional IRA to a Roth IRA may provide long-term tax planning flexibility.

Potential advantages may include:

- Tax-efficient withdrawals in retirement, subject to IRS rules
- No required minimum distributions for the original account owner
- Greater control over future taxable income

However, conversions typically create a current tax obligation and may not be appropriate for every situation.

SECTION FIVE

AVOID COMMON TAX PITFALLS IN RETIREMENT.

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Estate and Gift Tax Considerations

The federal estate and gift tax exemption is:

- $15 million per individual
- $30 million for married couples with proper planning

As a result, federal estate tax exposure is less common than in prior decades. For many families, planning now focuses more on:

- Income taxes on inherited retirement accounts
- Beneficiary designations
- Trust and legacy planning
- Probate avoidance strategies

State estate taxes may still apply depending on residency and asset levels.

Conclusion

Effective tax planning is an ongoing process, not a one-time event. Coordinating decisions related to income, investments, retirement withdrawals, and charitable giving may help improve tax efficiency over time.

Because tax laws and personal circumstances change, reviewing your financial and tax strategies periodically with qualified professionals can help ensure your plan remains aligned with your goals.

Taxes are a significant expense for many households, particularly in retirement. Taking a proactive and informed approach may help reduce unexpected tax outcomes and support long-term financial stability.

NEXT STEPS

LET'S TALK ABOUT YOUR TAXES.

Luke G. Meekins, MBA
President
FleetStar Financial

Luke has over 25 years of experience working as a financial advisor and he co-founded boutique retirement planning firm FleetStar Financial in 2004.

He is recognized for his success in helping clients reach their individual financial goals in a number of planning areas, with particular expertise in retirement income planning, wealth and tax management, asset protection and estate planning.

Luke received his bachelor's degree from the University of Massachusetts, Amherst and earned his MBA, with a concentration in finance, from Boston University.

Schedule a complimentary review

Individuals interested in reviewing their tax planning strategy may benefit from discussing their situation with qualified financial professional.

OFFICE
One Thompson Square, Suite 204
Boston, MA 02129

CONTACT
617-236-1700
info@FleetStar.com

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