

Potential Tax Implications of the Death of a Spouse

SITUATION

Your spouse has died – this may have financial and tax implications, as well as the emotional impacts.

- For the tax year of the death, you may still file as Married Filing Jointly (MFJ).
- The following year, your filing status will change.
- Your income may change, often it will be reduced.
- Taxes are higher for Single filers compared to MFJ for the same income.

TAX IMPLICATIONS IN THE YEAR FOLLOWING DEATH

You must file as Single (assuming you do not remarry), or as Head of Household (HoH) if you have dependents. Qualifying Surviving Spouse has special rules and requires a child as a dependent who lived with you all 12 months.

- The tax rate tables are different -- income may be taxed at a higher rate. In TY2025 the rates will be:

SINGLE

<u>Taxable Income</u>	<u>Tax Rate</u>
\$0-\$11,925	10%
\$11,926-\$48,475	12%
\$48,476-\$103,350	22%
\$103,351-\$197,300	24%
\$197,301-\$250,525	32%

MFJ

<u>Taxable Income</u>	<u>Tax Rate</u>
\$0-\$23,850	10%
\$23,851-\$96,950	12%
\$96,951-\$206,700	22%
\$206,701-\$394,600	24%

- The taxable amount of Social Security income may change.
- Standard Deduction will change and will be reduced:
 - o MFJ: \$30,000 + \$1,600 for each person over 65 years + \$1,600 for each blind person
 - o Single: \$15,000 + \$2,000 if over 65 years + \$2,000 if blind
 - o HoH: \$22,500 + \$2,000 if over 65 years + \$2,000 if blind

RECOMMENDATIONS

- Estimate your income for the tax year. Pay particular attention to Pensions and Social Security.
- Estimate how much withholding your will have taken out.
- Make a rough estimate of what your new tax bill will be and compare it to your forecast withholdings.
- If appropriate, consider changing your withholdings or make estimated tax payments.

BOTTOM LINE

We do not want you to have an unexpected tax bill. We will be happy to discuss the tax implications and provide a rough estimate of suggested changes in withholdings or in estimated tax payments.