

Small Strategies That Add Up: Tips, Overtime, and Other Planning Opportunities

By Jacob Linn



Not every tax-saving opportunity makes headlines, but the smaller strategies can add up to meaningful savings at filing time. In addition to the bigger changes from the One Big Beautiful Bill, here are several planning opportunities worth considering in 2025.

Tax-Free Tips and Overtime

A new provision exempts certain tips and overtime pay from federal income tax, putting more money directly in the pockets of service workers and hourly employees. If you or your family members earn additional income from these sources, make sure payroll reporting reflects the exemption so the savings show up on your return.

Health Savings Accounts (HSAs)

For those with high-deductible health plans, HSAs remain one of the most powerful tax shelters available. Contributions are deductible, the funds grow tax-free, and withdrawals for qualified medical expenses are also tax-free. Maxing out HSA contributions each year can create a significant long-term

healthcare nest egg.

Roth Conversions

With today's tax rates still relatively low, 2025 may be an excellent time to convert traditional IRA balances into Roth IRAs. While you will pay tax on the conversion amount now, all future growth and withdrawals (once rules are met) are tax-free. This strategy can lock in current rates and create flexibility for retirement.

Charitable Giving

Donor-advised funds (DAFs) and qualified charitable distributions (QCDs) from IRAs continue to provide valuable tax benefits. DAFs allow you to “bunch” several years of contributions into one tax year to maximize

itemization, while QCDs let those over 70½ make direct, tax-free gifts from an IRA to charity.

Education Planning with 529s

529 plans remain one of the most effective ways to save for education expenses, offering tax-free growth and withdrawals for qualified costs. Many states also provide additional deductions or credits for contributions, making them a valuable part of year-end planning.

The Bottom Line

Individually, these strategies may seem small, but together they can significantly reduce your taxable income and boost your after-tax wealth. By layering these opportunities with larger strategies like the expanded SALT deduction and new Trump Accounts, you can create a more comprehensive plan that makes the most of every available benefit.

At Strategic Tax Planning, our team works with clients to identify which opportunities apply to their unique situation and how to coordinate them effectively.

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Be sure to join our Individual Tax Planning Webinar on Tuesday, September 16, 2025, where we will cover these strategies in more detail alongside other timely planning updates.