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2025 CFP® PROFESSIONALS TAXES SURVEY REPORT

INTRODUCTION

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TAX RULES ARE COMPLEX AND EVER-CHANGING. LEVERAGING THEM EFFECTIVELY IS CRITICAL TO ACHIEVING FINANCIAL AND LIFE GOALS.

A financial planner, particularly a CERTIFIED FINANCIAL PLANNER® professional, considers tax implications and seeks tax efficiency as they develop strategies to help clients achieve their financial goals. Tax-advantaged retirement and non-retirement investment accounts, the timing of withdrawals and tax-loss harvesting are just a few of the tactics that CFP® professionals use in their clients' financial plans.

2025 will bring significant tax changes as key provisions of the Tax Cuts and Jobs Act of 2017 (TCJA), signed into law by President Trump in his first term, expire on December 31. These expiring provisions include the following:[1]

- Decreased marginal tax rates
- Increased standard deduction and elimination of the personal exemption
- Doubled child tax credit
- Capped deduction for state and local income, sales and property taxes (SALT)
- Doubled maximum estate value exempt from taxation.

Congress and the White House have indicated a desire to extend or alter many of these provisions, but uncertainty remains about their final form and timing. Recent legislative history suggests it will not be until the end of the year before a final package come together and becomes law. Reviewing the TCJA's provisions provides an opportunity to reconsider tax benefits associated with investment advice, advisory fees and portfolio management costs eliminated with the 2017 law. Reestablishing or expanding these tax benefits could make professional financial advice more accessible to middle-class Americans.

To gain insight into how taxes affect CFP® professionals in serving their clients and the impact of potential TCJA changes, CFP Board's Research team surveyed CFP® professionals in January and February 2025. The 15-question survey examined clients' sentiments and attitudes as well as strategies and tactics recommended by CFP® professionals. Conducted January 16 to February 4, 2025, the survey generated responses from 312 CFP® professionals, resulting in a +/- 5.5% margin of error at the 95% confidence interval. The data collected from the survey serves as the basis of this report.

1. Congressional Research Service, "Reference Table: Expiring Provisions in the 'Tax Cuts and Jobs Act' (TCJA, P.L. 115-97)," November 13, 2024.

KEY FINDINGS
2025 CFP® Professionals Taxes Survey

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Nearly 9 in 10
CFP® professionals say their clients' **financial objectives are at-risk** due to the pending TCJA expiration.

CFP® professionals say the most effective methods to
expand middle-class access to financial planning are:

An above-the-line tax deduction

A tax credit

Tax-related issues of CFP® professionals' clients are:

Retirement account taxation

Current income tax exposure

Impact of potential future changes to tax rates and laws

CFP® professionals' top 2025 tax-related recommendation to clients:

Roth conversions

Increasing contributions to retirement plans

Tax-loss harvesting

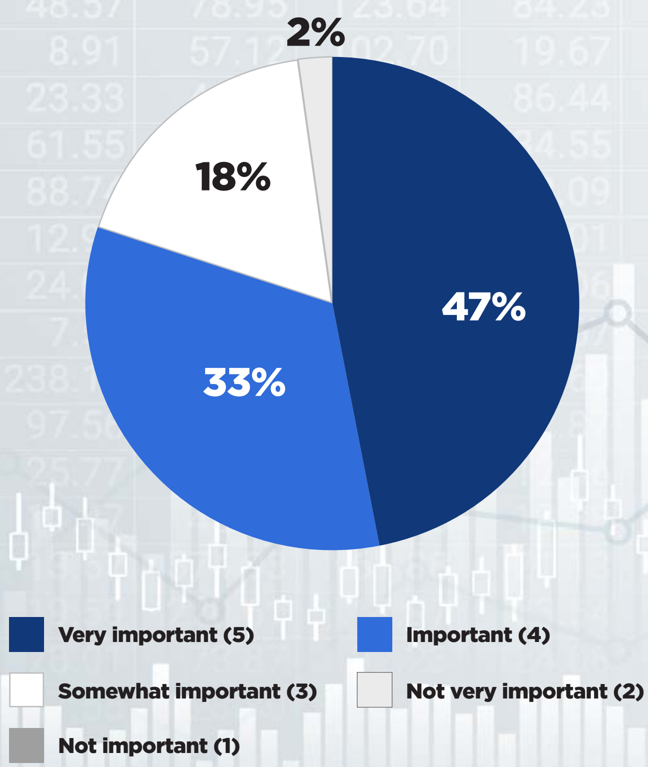
Taxes Are Foremost in the Thoughts of CFP® Professionals and Their Clients

Taxes are at the top of both CFP® professionals' and clients' minds when identifying financial goals and developing financial plans. Nearly all CFP® professionals (95%) consider taxes and tax implications when developing financial plans for clients. This includes 3 in 4 survey respondents indicating that taxes and tax implications are "very important" considerations and another 20% reporting that they are "important."

Similarly, most financial planners' clients also pay close attention to taxes as they outline their financial goals. Four in five CFP® professionals say their clients place great importance on taxes and tax implications when they describe their financial goals. Forty-seven percent of CFP® professionals characterize taxes as "very important" to their clients, with another third saying that taxes are "important" to their clients.

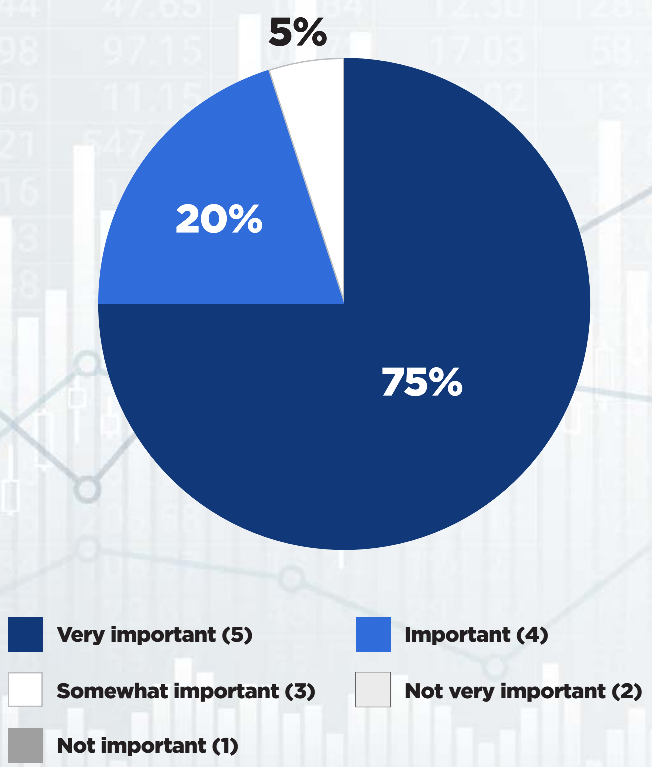
CFP® Professionals' Clients Place Great Importance on Taxes and Tax Implications When Describing Their Financial Goals

(Percentage Distribution of CFP® Professionals)



95% of CFP® Professionals Say Taxes and Tax Implications Are Important Considerations When Developing Financial Plans

(Percentage Distribution)



CFP® professionals and their clients have a trusted relationship that promotes open dialogue on opportunities and challenges that impact one's short-term and long-term financial well-being. This includes discussing tax-related concerns resulting from the current economic, legislative and regulatory environments.

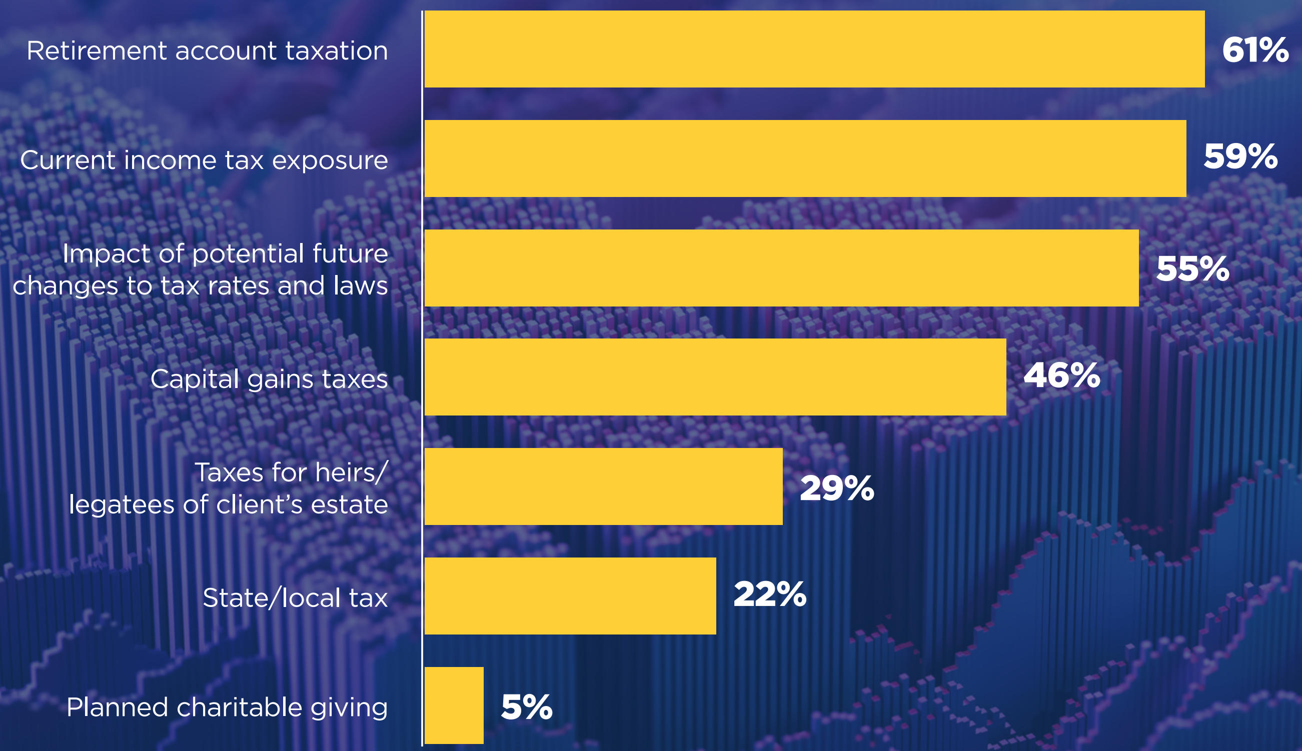
Tax-related issues of CFP® professionals' clients are:

- Retirement account taxation (61%)
- Current income tax exposure (59%)
- Impact of potential changes to tax rates and laws (55%)
- Capital gains taxes (46%)
- State and local taxes (22%)

Further, 3 in 10 CFP® professionals note that their clients are asking about taxes for their heirs or legatees of their estate, and 5% inquire about tax impacts and strategies regarding their planned charitable giving.

Retirement Account and Current Income Taxation and Potential Law Changes Are the Top Tax-Related Concerns of CFP® Professionals' Clients

(Percent of Respondents Rating as a Top 3 Discussed Tax-Related Concern)



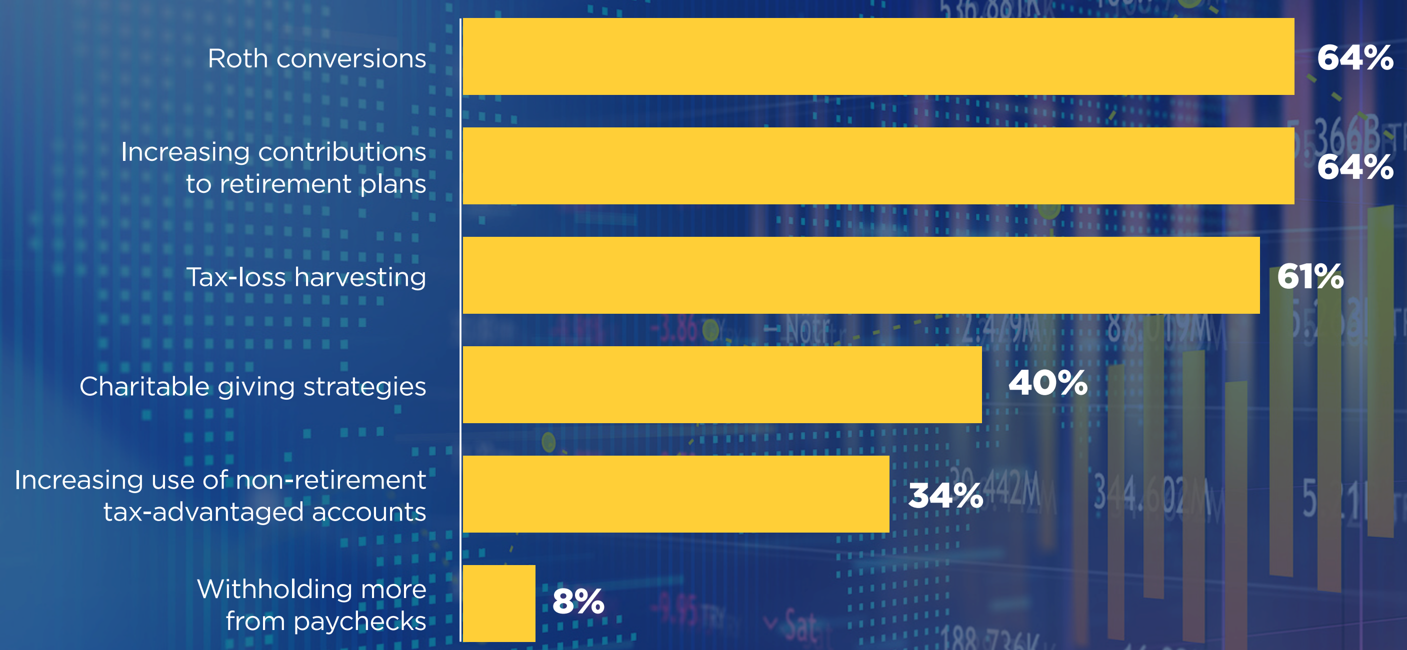
People can use various tax strategies to help them achieve their financial ambitions, but identifying the best options for their unique situation can be challenging. CFP® professionals take the time to understand their client's financial situations and goals and customize tax-related recommendations to help achieve those objectives.

More than three in five CFP® professionals recommend that their clients prioritize Roth conversions (64%), increase contributions to retirement plans (64%) and use tax-loss harvesting (61%) in 2025. In addition, CFP® professionals are recommending that their clients:

- Develop charitable giving strategies (40%)
- Increase use of non-retirement tax-advantaged accounts (34%)

CFP® Professionals Are Most Likely to Recommend Roth Conversions, Increasing Retirement Plan Contributions and Tax-Loss Harvesting to Their Clients in 2025

(Percent of Respondents Rating as a Top 3 Tax Priority)



Taxes are not the sole consideration when developing an investment strategy. Investors can reduce, defer or manage tax liability through various vehicles and tactics. CFP® professionals can promote greater tax efficiency with investment strategies to meet their client's unique needs and goals.

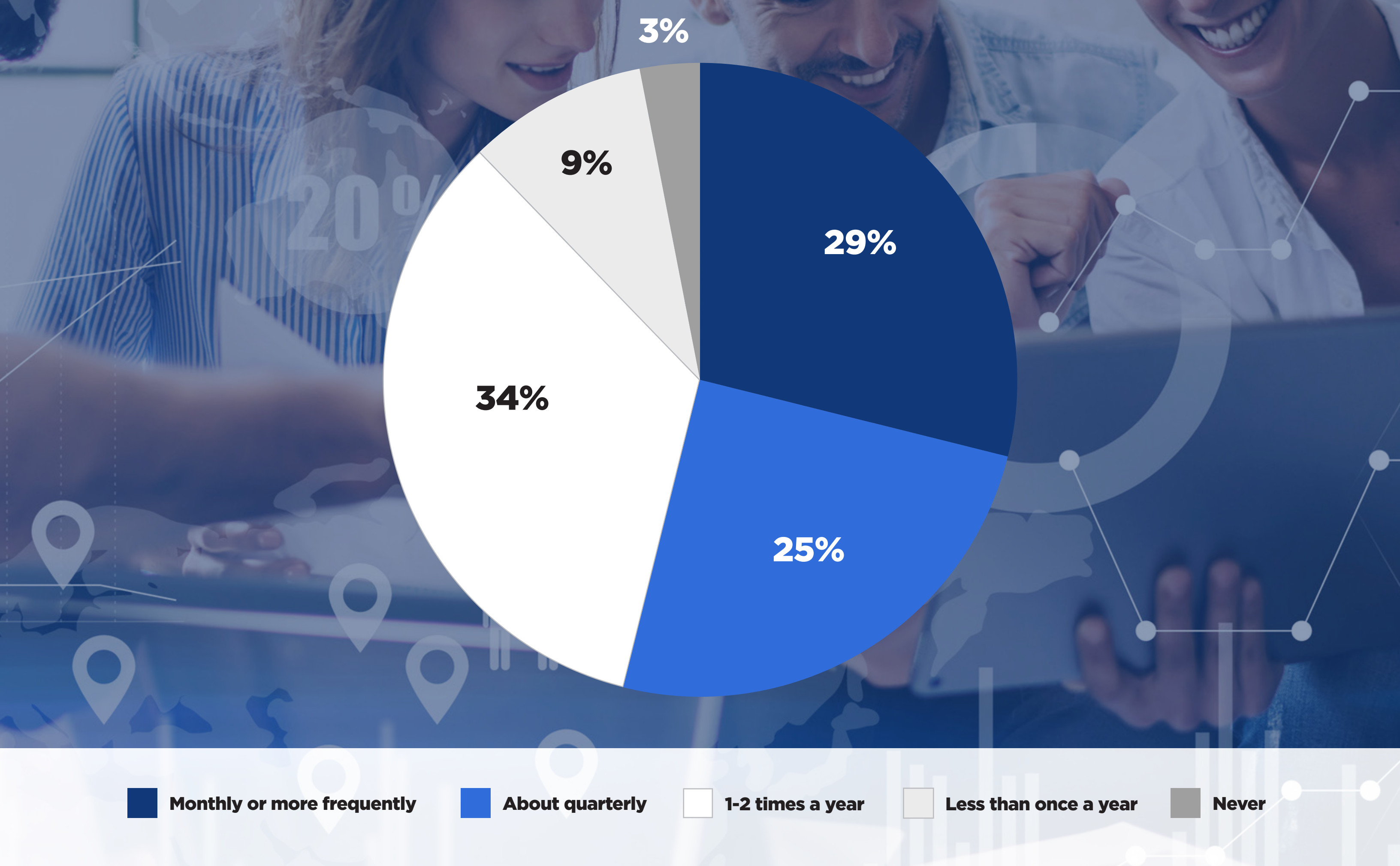
More than three-quarters of CFP® professionals help their clients achieve greater tax efficiency with their investments through strategic timing of realizing capital gains (78%), deploying tax-efficient retirement income strategies (75%) and maximizing tax-deferred accounts (71%). Additional methods include:

- Tax-efficient funds (58%)
- Asset allocation strategies (53%)

By working with tax professionals, CFP® professionals can provide their clients with the most complete financial advice tailored to their needs and goals. Nearly 9 in 10 CFP® professionals collaborate with tax professionals at least once a year to provide comprehensive advice to their clients. This includes 3 in 10 survey respondents who report collaborating with tax professionals on at least a monthly basis.

Majority of CFP® Professionals Collaborate With Tax Professionals at Least Quarterly to Provide Comprehensive Advice to Their Clients

(Percentage Distribution)



At Risk: TCJA Expiration and Personal Financial Planning Goals

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Signed into law on December 22, 2017, and effective on January 1, 2018, the Tax Cuts and Jobs Act of 2017 (TCJA) represented a significant change in personal and business taxes. Among the personal tax changes were:

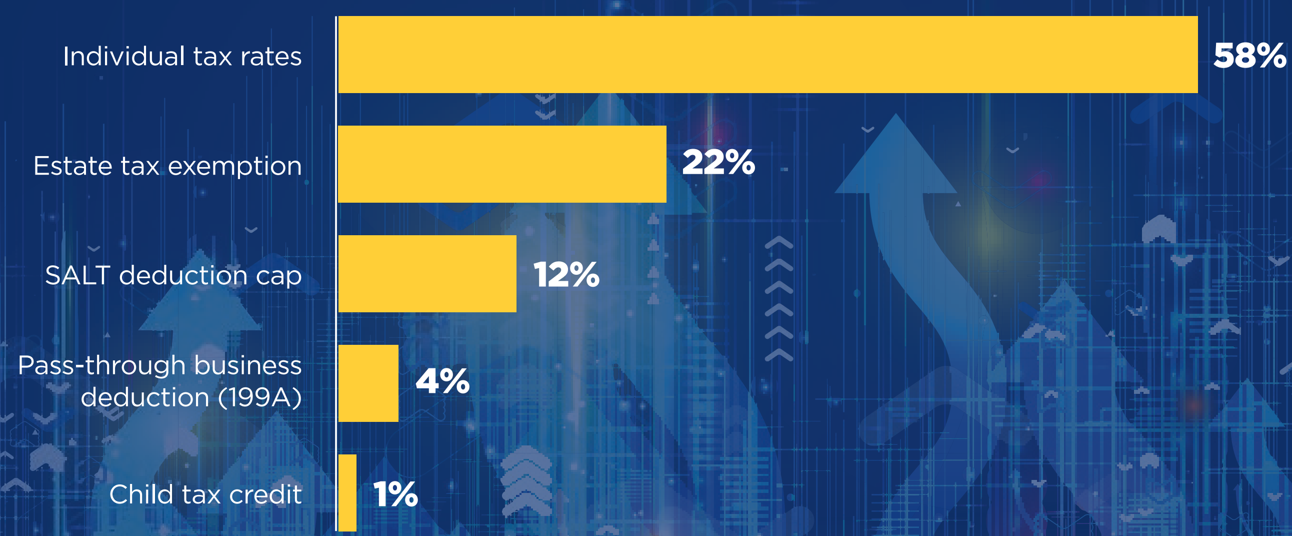
- Decreased marginal tax rates
- Increased standard deduction and elimination of the personal exemption
- Doubled child tax credit
- Capped deduction for state and local income taxes (SALT), sales tax and property taxes
- Doubled maximum estate value exempt from taxation

Most of the individual tax provisions currently covered in TCJA expire at the end of 2025, potentially impacting many Americans' immediate and long-term financial strategies. Three in five CFP® professionals report that their clients are most concerned about a potential expiration or altering of TCJA's individual tax rate provision. Fewer clients of CFP® professionals are worried about possible changes to the:

- Estate tax exemption (22%)
- SALT deduction cap (12%)
- Pass-through business deduction (Section 199A) (4%)
- Child tax credit (1%)

Higher Individual Tax Rates Are the Top Concern Among CFP® Professionals' Clients of a Potential TCJA Expiration or Alteration

(Percentage Distribution)



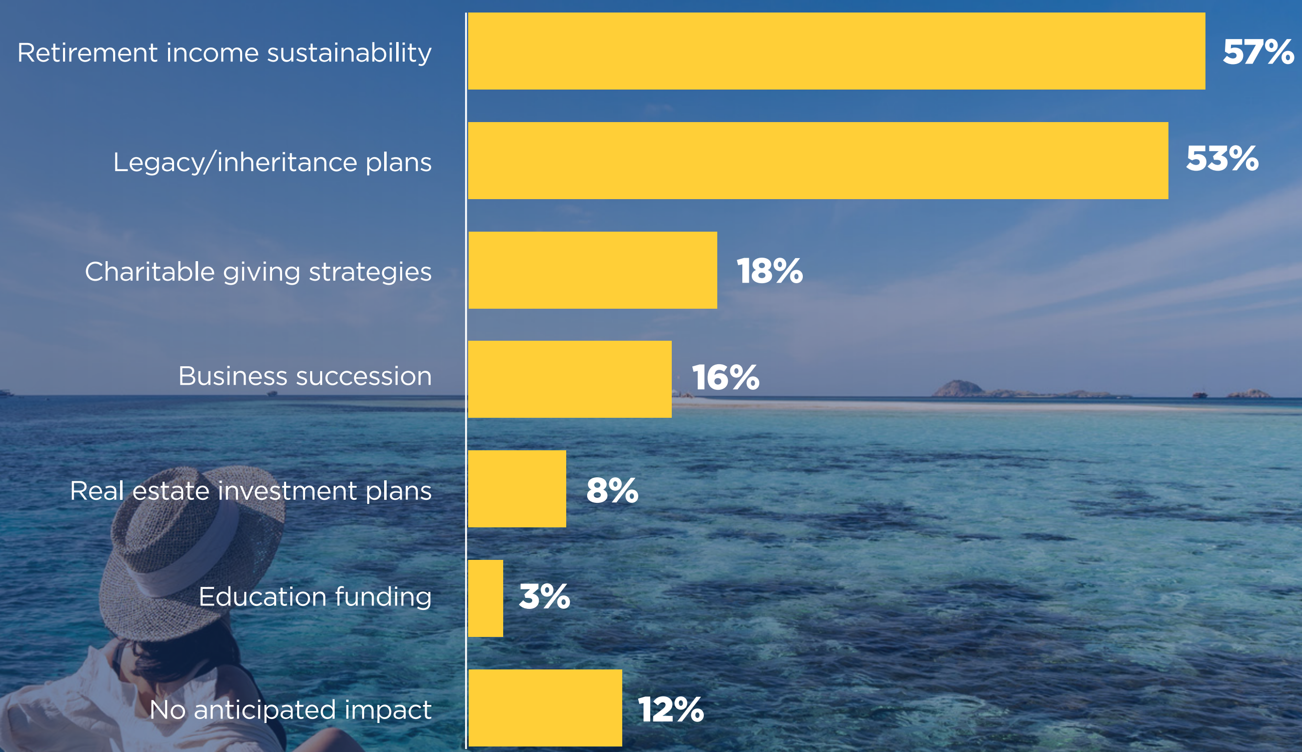
The impacts go beyond immediate tax concerns; CFP® professionals also closely monitor the potential impact that an expiration or alteration of TCJA may have on their clients' ability to achieve their financial planning goals. Nearly 9 in 10 CFP® professionals view some of their clients' financial goals as being at risk due to a potential expiration of or change to TCJA provisions.

CFP® professionals express the most concern about potential changes that could impact their clients' long-term financial goals for retirement income sustainability (57%) and legacy/inheritance plans (53%). Other financial planning goals that CFP® professionals see as being at risk include:

- Charitable giving strategies (18%)
- Business succession (16%)
- Real estate investment plans (8%)
- Education funding (3%)

Nearly 9 in 10 CFP® Professionals Say Their Clients' Financial Objectives Are At-Risk Due to the Pending TCJA Expiration

(Percent of Respondents Rating as a Top 3 Financial Planning Goal at Risk)



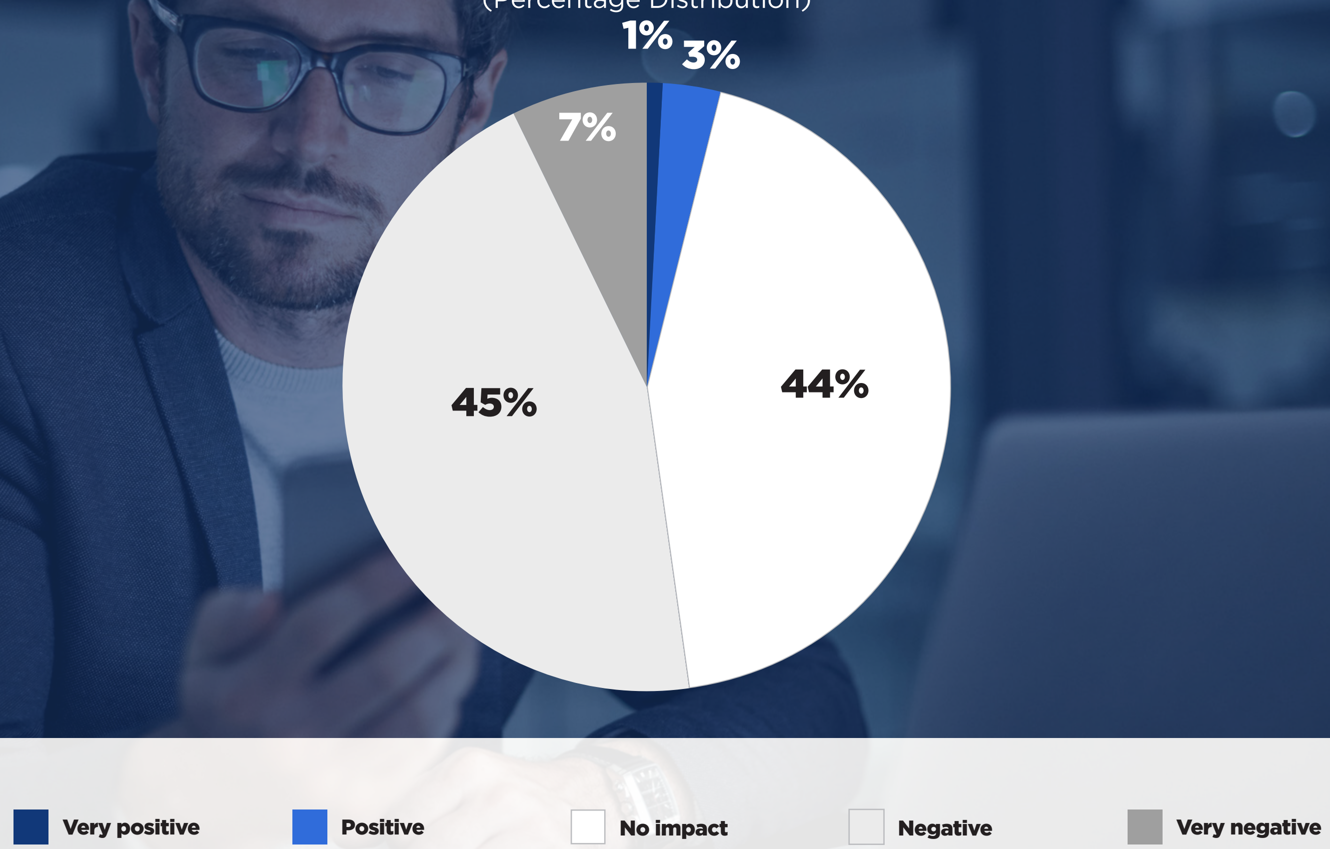
CFP® Professionals Support a Tax Incentive for Financial Advice to Increase Consumer Access

Before TCJA's enactment, taxpayers who itemize could deduct certain unreimbursed expenses under the "miscellaneous deductions" category as long as those expenses exceeded 2% of a taxpayer's adjusted gross income (AGI). This included expenses for investment advice, advisory fees and portfolio management costs. The deduction lowered financial barriers for Americans seeking professional financial advice. TCJA paused or suspended all miscellaneous itemized deductions subject to the 2% AGI floor.

Eliminating the tax deduction for financial advice expenses effectively increased the cost of those services. As a result of the higher costs, many American households are without access to competent and ethical financial advice. Over half of CFP® professionals believe this change has harmed consumers.

More Than Half of CFP® Professionals Say Eliminating the Tax Incentive for Financial Advice Has Negatively Impacted Consumers

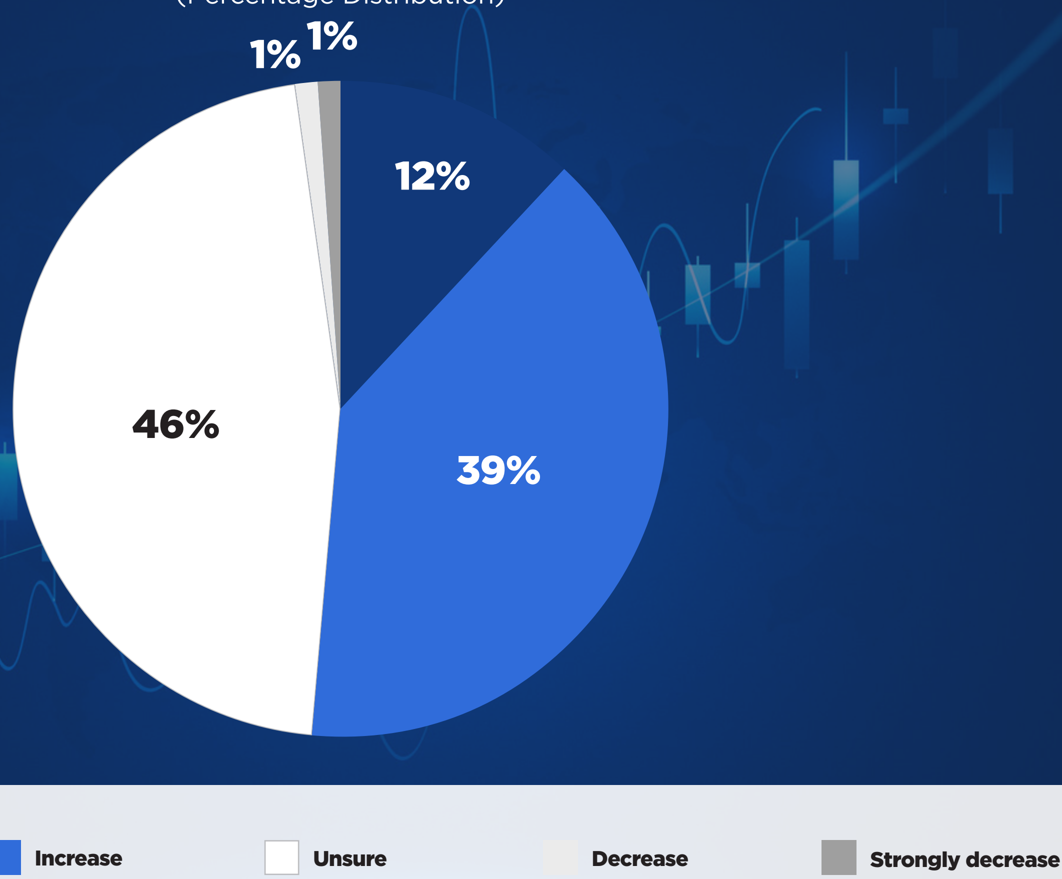
(Percentage Distribution)



Congress and the White House will likely address the TJCA's expiration through legislation extending many of the act's provisions while modifying others. One potential change could be restoring or expanding the tax incentives for financial advice, including financial planning. More than half of CFP® professionals believe reinstating, or even expanding, the tax deduction for fees paid for financial advice would increase access to individuals seeking financial advice who otherwise may not be able to afford such services.

Half of CFP® Professionals Believe Restoring or Expanding the Tax Incentive for Financial Advice Would Lead to Greater Consumer Access

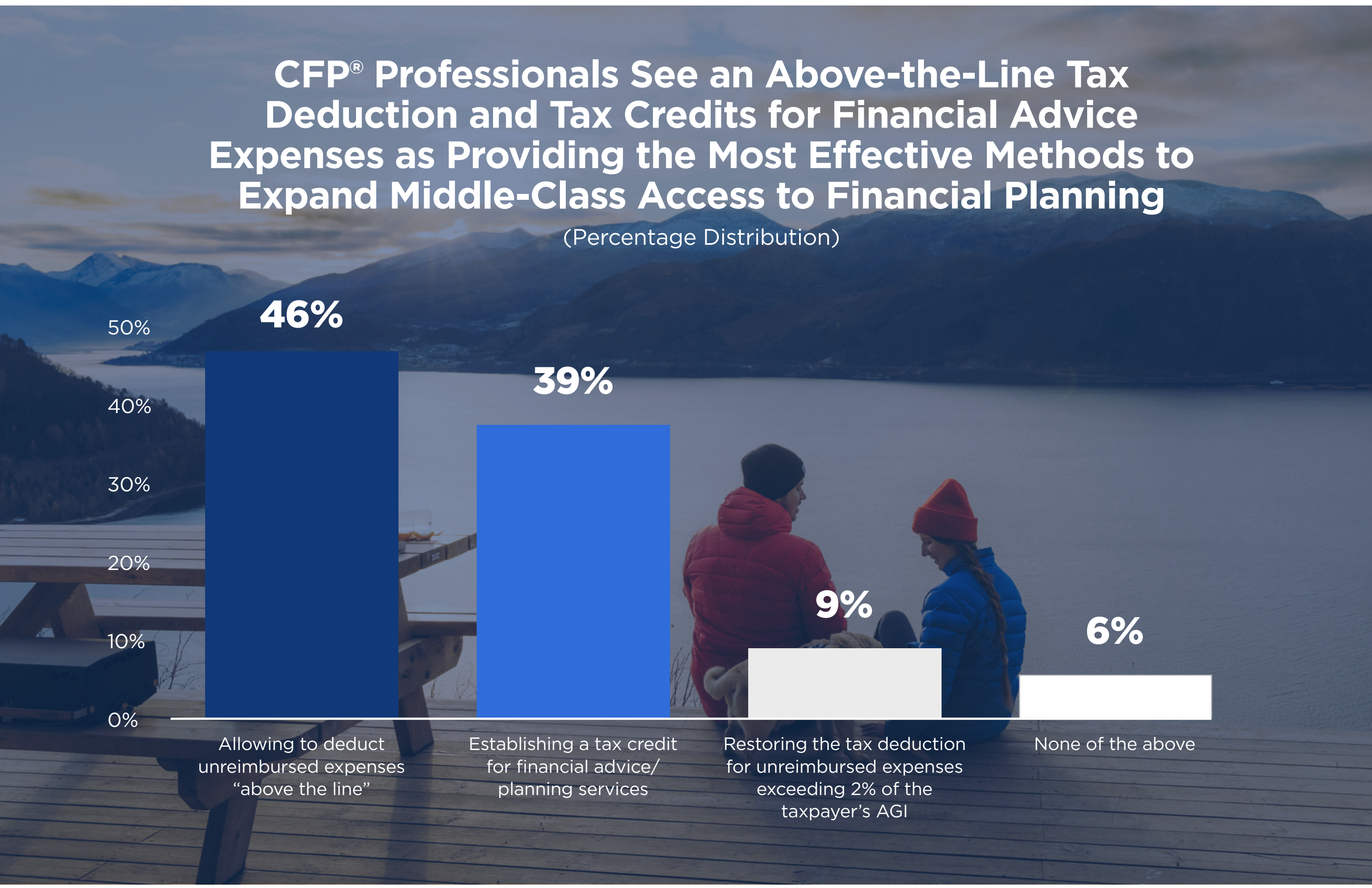
(Percentage Distribution)



Detail adds to less than 100% due to rounding.

As they consider paths for TCJA, Congress and the White House have different options to make financial advice more accessible and affordable for all. One option is to restore the pre-TCJA tax deduction for investment advice and expand it to include financial planning expenses (such as retirement, education funding and debt reduction). Washington also could choose to eliminate the pre-TCJA 2% AGI floor and/or move a deduction for financial advice or planning "above the line," where taxpayers do not have to itemize their taxes to take advantage of the deduction. Finally, Congress and the White House could choose to convert the prior tax deduction into a tax credit target, inclusive of financial planning. Each of these options can make the tax benefit and, therefore, financial advice and financial services accessible to more middle-class Americans.

Nearly half of CFP® professionals view an above-the-line tax deduction for financial advice as the most effective way to expand middle-class access to financial planning. Thirty-nine percent of CFP® professionals favor a tax credit, while 9% support restoring the tax deduction for unreimbursed expenses exceeding 2% of AGI.



Conclusions

Three-quarters of CFP® professionals report that taxes and tax implications are top-of-mind when clients describe their financial goals. Americans rely on the expertise of CFP® professionals to help them navigate tax strategies that significantly impact both current and future finances. Because financial plans are unique, CFP® professionals collaborate with their clients to understand their financial and life goals so they can develop a financial plan, including tax considerations, that best supports achieving those outcomes.

The pending expiration of the Tax Cuts and Jobs Act of 2017 (TCJA) adds uncertainty to the current environment. The possible expiration or significant alteration of individual tax provisions could dramatically impact some Americans' financial plans. At the same time, policymakers in Washington have the opportunity to restore the tax benefits or even expand the pre-TCJA tax benefits that can help many American households access competent and ethical financial advice.

As trusted advisors, CFP® professionals stay up to date on tax law changes to assess their impact on clients. CFP® professionals develop personalized strategies aligned with each client's financial goals, which ultimately provides clients with a greater sense of financial security.

Methodology

On January 16, 2025, CFP Board's Research team sent a 15-question survey to randomly selected CFP® professionals nationwide. The survey generated responses from 312 CFP® professionals by the time it closed on February 4, 2025. The survey data collected, which serves as the basis of this report, is subject to a sampling error of +/- 5.5% at the 95% confidence interval.

About CFP Board

CFP Board is the professional body for personal financial planners in the U.S. CFP Board consists of two affiliated organizations focused on advancing the financial planning profession for the public's benefit. **CFP Board of Standards** sets and upholds standards for financial planning and administers the prestigious CERTIFIED FINANCIAL PLANNER® certification — widely recognized by the public, advisors and firms as *the standard* for financial planners — so that the public has access to the benefits of competent and ethical financial planning. More than 100,000 people in the U.S. hold CFP® certification. **CFP Board Center for Financial Planning** addresses diversity and workforce development challenges and conducts and publishes research that adds to the financial planning profession's body of knowledge.