WELLS FARGO Wealth & Investment Management

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2026 Year-End Planning Guide

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For simplicity and ease of comprehension, this guide focuses on federal tax law; it does not discuss state or local laws in the 50 states, District of Columbia, or U.S. territories. Nevertheless, the impact of state and municipal laws can be significant. We recommend discussing state and municipal laws with your legal and tax advisors to determine the impact before taking any action. Information in this guide is accurate as of publication date; any future legislative changes may impact its accuracy.

Remaining important tax deadlines for 2026

2026 deadlines are approaching for many strategies to potentially reduce your tax bill. Review the checklist below and discuss these strategies with your advisor and tax advisor.

Now

- [ ] Ask your advisor for a realized and unrealized gain/loss report.
- [ ] Review your portfolio with your advisor to help ensure your asset allocation still aligns with your goals.
- [ ] Meet with your tax advisor to prepare preliminary tax projections and evaluate whether to accelerate or defer income and expenses.
- [ ] Review tax-loss selling strategies with your advisor. Remember, the last day to "double up" a position to help avoid a wash sale is November 30, 2026.
- [ ] Determine if you need to make any adjustments to tax withholding or estimated payments.

Soon

- [ ] Create or add funds to your education savings program.
- [ ] Develop a plan to complete charitable and family member gifts by year-end.
- [ ] Consider funding a flexible spending account (FSA) or health savings account (HSA) during your employer's annual benefits enrollment period.
- [ ] Review planned expenses and purchases to identify liquidity planning strategies, such as financing options that may help avoid selling investments and defer capital gains taxes.

December 31

- [ ] Discuss with your tax advisor whether qualified charitable distributions (QCDs) from your IRA are appropriate for you if you are age 70½ or older.
- [ ] Make maximum contributions to your employer retirement accounts. If contributing to your IRA, the deadline is April 15, 2027.
- [ ] Sell securities by December 31, the last trading day in 2026, to realize a capital gain or loss.
- [ ] Remember to take your Required Minimum Distributions (RMDs) from retirement accounts this year, if applicable.
- [ ] Complete any Roth IRA conversions.
- [ ] Make gifts to individuals. The annual gift tax exclusion amount for 2026 gifts to individuals is $19,000.
- [ ] Make gifts to charities. Gifts must be made by December 31 in order for the donor to qualify for a 2026 tax deduction.
- [ ] If you own company-granted stock options, determine whether now is the time to exercise or disqualify them.

On July 4, 2025, the One Big Beautiful Bill Act (OBBBA) was signed into law making permanent many of the provisions of the 2017 Tax Cuts and Jobs Act (TCJA) that were set to expire at the end of 2025. OBBBA also created new tax incentives and enhanced other provisions, some of which were effective for the 2025 tax year. A few of these items are included within this Guide.

2026 income tax rate schedules

These are the tax tables in effect for 2026 as of publication. Keep in contact with your advisors throughout the year to stay current with any changes.

Married taxpayer filing jointly/surviving spouse rates

Taxable income[1]		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
$0	$24,800	$0	10%	$0
$24,800	$100,800	$2,480	12%	$24,800
$100,800	$211,400	$11,600	22%	$100,800
$211,400	$403,550	$35,932	24%	$211,400
$403,550	$512,450	$82,048	32%	$403,550
$512,450	$768,700	$116,896	35%	$512,450
$768,700+		$206,583.50	37%	$768,700

Single taxpayer rates

Taxable income[1]		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
$0	$12,400	$0	10%	$0
$12,400	$50,400	$1,240	12%	$12,400
$50,400	$105,700	$5,800	22%	$50,400
$105,700	$201,775	$17,966	24%	$105,700
$201,775	$256,225	$41,024	32%	$201,775
$256,225	$640,600	$58,448	35%	$256,225
$640,600+		$192,979.25	37%	$640,600

Head of household rates

Taxable income[1]		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
$0	$17,700	$0	10%	$0
$17,700	$67,450	$1,770	12%	$17,700
$67,450	$105,700	$7,740	22%	$67,450
$105,700	$201,775	$16,155	24%	$105,700
$201,775	$256,200	$39,207	32%	$201,775
$256,200	$640,600	$56,631	35%	$256,200
$640,600+		$191,171	37%	$640,600

1. Taxable income is income after all deductions (including, but not limited to, either itemized or standard deduction).

Information in all tables from irs.gov unless otherwise specified

Married taxpayer filing separately rates

Taxable income[2]		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
$0	$12,400	$0	10%	$0
$12,400	$50,400	$1,240	12%	$12,400
$50,400	$105,700	$5,800	22%	$50,400
$105,700	$201,775	$17,996	24%	$105,700
$201,775	$256,225	$41,024	32%	$201,775
$256,225	$384,350	$58,448	35%	$256,225
$384,350+		$103,291.75	37%	$384,350

2. Taxable income is income after all deductions (including, but not limited to, either itemized or standard deduction).

Standard deductions - Updated to reflect OBBBA

Married/joint	$32,200
Single	$16,100
Head of household	$24,150
Married/separate	$16,100
Dependents	$1,350

For dependents with earned income, the deduction is the greater of $1,350 or earned income +$450 (up to the applicable standard deduction amount of $16,100).

Additional standard deductions

Married, age 65 or older or blind	$1,650[3]
Married, age 65 or older and blind	$3,300[3]
Unmarried, age 65 or older or blind	$2,050
Unmarried, age 65 or older and blind	$4,100

3. Per person

Deductions for 2026 created by OBBBA

Along with making permanent many of the provisions from the 2017 Tax Cuts and Jobs Act, the OBBBA created a few new deductions available for eligible taxpayers beginning this year. These deductions are temporary and are scheduled to expire at the end of 2028. All four deductions are available for eligible taxpayers that either itemize their deductions or take the standard deduction. Following is a brief summary of these deductions.

Additional Deduction for Individuals age 65 or older

Maximum deduction: $6,000 per individual age 65 or older. Deduction is in addition to already existing "additional standard deductions" for individuals age 65 or older.

Modified adjusted gross income (MAGI) phase-out on excess over:	
Married filing jointly	$150,000
Other eligible filers	$75,000

Deduction for Qualified Car Loan Interest

Maximum deduction: $10,000 for interest paid on a qualified vehicle loan originating after December 31, 2024. The vehicle securing the loan must meet certain requirements to qualify.

MAGI phase-out on excess over:	
Married filing jointly	$200,000
Other eligible filers	$100,000

Deduction for Qualified Tip Income

Maximum deduction: $25,000 for eligible taxpayers on qualified tip income received during the year.

MAGI phase-out on excess over:	
Married filing jointly	$300,000
Other eligible filers	$150,000

Deduction for Qualified Overtime Compensation

Maximum deduction: $12,500 ($25,000 married filing jointly) on qualified overtime compensation that is in excess of the eligible taxpayer's regular rate of pay.

MAGI phase-out on excess over:	
Married filing jointly	$300,000
Other eligible filers	$150,000

Other OBBBA enhancements for 2026: Increased State and Local Tax (SALT) cap for taxpayers that itemize their deductions

Maximum deduction: $40,400 ($20,200 – married filing separately)

MAGI phase-out on excess over:	$505,000
	$252,500 – married filing separately

Increased Child Tax Credit

Maximum credit: $2,200 per eligible child under age 17

MAGI phase-out on excess over:	
Married filing jointly	$400,000
Other eligible filers	$200,000

Taxpayers may be eligible for an additional $500 credit for qualifying dependents age 17 or older.

Capital gains, losses, and dividends

Short-term capital gains (gains on the sale of capital assets held one year or less) are taxed at the ordinary income tax rate for individuals and trusts regardless of filing status. Long-term capital gains tax rates are not tied to the tax brackets.

The table below shows long-term capital gains tax rates. Qualified dividends are taxed at long-term capital gains rates, while nonqualified dividends are taxed at ordinary income tax rates. Your financial professional can work with you and your tax advisor to help determine whether realizing portions of your portfolio's gains (and losses) can help manage the tax impact of activity in your investment portfolio.

Long-term capital gain rate (longer than one year)

	0%[4]	15%[4]	20%[4]
Single	$0 – $49,450	$49,451 – $545,500	$545,500+
Married filing jointly and surviving spouse	$0 – $98,900	$98,901 – $613,700	$613,700+
Head of household	$0 – $66,200	$66,201 – $579,600	$579,600+
Married filing separately	$0 – $49,450	$49,451 – $306,850	$306,850+
Trusts and estates	$0 – $3,300	$3,301 – $16,250	$16,250+

4. Net long-term capital gains and/or qualified dividends are stacked on top of other taxable income net of deductions to determine the applicable long-term capital gain rate(s). Multiple tax rates may apply since rates are progressive.

Netting capital gains and losses

1. Net short-term gains and short-term losses.
2. Net long-term gains and long-term losses.
3. Net any excess short-term gains or losses (step 1), with any excess long-term gains or losses (step 2). Also known as 'netting the nets'.
4. Deduct up to $3,000 of excess losses against ordinary income per year.

Carry over any remaining losses to future tax years.

Tax loss harvesting

Capital loss harvesting may be used to reduce taxes on other reportable capital gains. This requires selling securities at a value less than their adjusted cost basis to create a loss, which is generally used to offset other realized capital gains for the year. With the potential for volatility in the market, harvesting capital losses should not be limited to the end of the year. Instead, consider reviewing this strategy with your advisor throughout the year, which may help you take advantage of market swings, avoid wash sale situations (the purchase of a "substantially identical" security within 30 days before or after the sale realizing the loss), understand the impact on dividend distributions and transaction fees, and make sure it works with your overall wealth management strategy.

Remember, when executing transactions intended to affect your tax bill, the trade date — not the settlement date — determines the holding period for most transactions. This will in turn determine whether an asset is held long-term or not. Be sure to work closely with your tax advisor as well regarding how tax loss harvesting may impact your tax situation. And if you still face a large capital gains tax bill, work with your advisor to understand funding options vs. selling assets to pay what you owe.

Rebalance your investment portfolio

With volatility oftentimes a risk in the market, it is important to review your investment portfolio to determine if rebalancing is necessary to help maintain your desired asset allocation. You may have some or all of your accounts set up to automatically rebalance. However, if you do not have automatic rebalancing, it is important to review your entire portfolio, including both taxable accounts and assets held in tax-advantaged accounts (such as your Individual Retirement Accounts [IRAs] and employer-sponsored qualified retirement plan [QRP], such as a 401(k), 403(b), or governmental 457(b), accounts) to see if any changes may be necessary.

Be aware of capital gain distributions when purchasing new mutual funds

Like other types of securities, you realize capital gains on your mutual fund holdings when you sell them. However, a unique feature of mutual funds is their potential annual distribution of capital gains to shareholders. Companies that manage mutual funds announce the amount of capital gains to be distributed to shareholders near the end of the year.

The announcement includes:

- A record date (the date of record for shareholders to receive a distribution)
- An ex-date (the date the security trades without the distribution)
- An amount typically expressed as a percentage of a shareholder's position
  - For example, a 10% distribution on a $100 investment would equal a $10 distribution

For investors looking to rebalance their portfolios, mutual fund distributions may be a cause for concern in taxable accounts. A rule of thumb is that you typically don't want to buy into capital gains distributions. When reallocating your rebalanced proceeds to a new mutual fund near year-end, pay attention to the date of its annual capital gains distribution to avoid any unexpected tax consequences.

There are risks associated with investing in mutual funds. Investment returns fluctuate and are subject to market volatility, so that an investor's shares, when redeemed or sold, may be worth more or less than their original cost.

Wash sale rules

A wash sale occurs when a security is sold at a loss and the same security, or a substantially identical security, is purchased within 30 days before or after the sale date. When a wash sale occurs, the loss recognized from the transaction is disallowed and is unable to be used to offset other gains. Instead, the amount of the disallowed loss will be added to the cost basis of the repurchased securities. The rule was developed to prevent investors from creating a deductible loss without any market risk. Disallowed losses resulting from transactions involving IRAs cannot be used to offset capital gains or reduce taxable income.

A security within the same sector but that is not substantially identical may be purchased at any time before or after the loss sale and will not trigger the wash sale rules. Another way to avoid a wash sale is to double up the position and then wait until the 31st calendar day after the trade date on which it was doubled up to sell the original shares. The last day to double up in 2026 is November 30.

Retirement accounts

401(k), 403(b), Governmental 457(b) plan contribution limits

Employee maximum deferral contributions	$24,500
Catch-up contribution (ages 50 through 59 and 64+ by 12/31)	$8,000
Catch-up contribution (ages 60 through 63 by 12/31)	$11,250

Combined limit for designated Roth account and pretax 401(k), or 403(b) deferral contributions is $24,500 for those younger than 50, $32, 500 for those 50 through 59 and 64+ by 12/31, and $35,750 for those aged 60 to 63 by 12/31.

Traditional and Roth IRAs

Maximum contribution	The lesser of $7,500 or total compensation for the year
Maximum contribution (per individual if age 50 or older within a particular tax year)	The lesser of $8,600 or total compensation for the year

- Thursday, April 15, 2027, is the last day to establish and/or make contributions for 2026 for Traditional and Roth IRAs, and Coverdell Education Savings Accounts (ESAs) — no extension.
- Employer contributions to SEP and SIMPLE IRAs can be made up to extended deadline.
- There is no maximum age for making IRA contributions, as long as you, or your spouse if filing jointly, have earned income and meet other eligibility requirements.
- Roth contributions are not tax-deductible.
- You can contribute to an IRA whether or not you contribute to a QRP as long as you (or your spouse) have enough earned income to cover the contributions. Refer to Traditional IRA deductibility limits.

Traditional and Roth IRA — what's right for you?

Traditional IRAs offer tax-deferred growth potential. Generally, you do not pay taxes on any investment earnings until you withdraw or "distribute" the money from your account, presumably in retirement.[5] Exceptions may apply. Additionally, if you're not covered by a QRP or if you are and your income is below the modified adjusted gross income (MAGI) limits, your contribution may be tax deductible.

Roth IRAs offer tax-free growth potential. Investment earnings are distributed tax-free, if it is made after the 5-year period beginning with the first tax year for which a contribution was made to a Roth IRA set up for your benefit **and** you are at least age 59½, or as a result of your disability, or using the first-time homebuyer exception or taken by your beneficiaries due to your death.[5] Since contributions to a Roth IRA are not deductible, there is no tax deduction regardless of income. If your income exceeds the MAGI limit, you are not eligible to contribute to a Roth IRA.

When deciding which IRA might be appropriate for your situation, be sure to consider such factors as:

- Your current and future tax rates, as well as your current income
- When you will need these funds and for what purpose
- Potentially tax-free income in retirement or a tax deduction now
- Whether you'd like the flexibility of not taking required minimum distributions (RMDs)
- Your access to other forms of retirement income

5. Traditional IRA distributions are taxed as ordinary income. In case a taxpayer has after-tax contributions in any of their Traditional IRAs, distributions are taxed on a pro-rata basis. Qualified Roth IRA distributions are not subject to state and local taxation in most states. Qualified Roth IRA distributions are also federally tax-free, provided a Roth IRA has been funded for more than five years and the owner has reached age 59½, or disabled, or using the first-time homebuyer exception, or taken by their beneficiaries due to their death. Distributions from traditional and Roth IRAs may be subject to a 10% additional tax if they are taken prior to age 59½.

Traditional IRA deductibility limits

You may take a full deduction if you and your spouse are not covered by a QRP[6], regardless of income. If you and your spouse are covered by a QRP[6], deductions are phased out based upon MAGI:

Married/joint MAGI	Married/seperate MAGI	Single/HH[7] MAGI	Deduction
Up to $129,000	N/A	Up to $81,000	Full
$129,001 – $148,999	Up to $9,999	$81,001 – $90,999	Phased out
$149,000 or more	$10,000 or more	$91,000 or more	None

If your spouse is covered by a QRP[6] but you are not, your deductions are phased out based upon MAGI:

Married/joint MAGI	Married/separate MAGI[8]	Deduction
Up to $242,000	N/A	Full
$242,001 – $251,999	Up to $9,999	Phased out
$252,000 or more	$10,000 or more	None

Roth IRA contribution phase-out limits

Contributions are subject to the following MAGI limits:

Married/joint MAGI	Married/separate MAGI[8]	Single/HH[7] MAGI	Contribution
Up to $242,000	N/A	Up to $153,000	Full
$242,001 – $251,999	Up to $9,999	$153,001 – $167,999	Phased out
$252,000 or more	$10,000 or more	$168,000 or more	None

SEP, SIMPLE IRAs, and other retirement plan limits[9]

Maximum elective deferral to SIMPLE IRA and SIMPLE 401(k) plans	$17,000
Catch-up contribution for SIMPLE IRA and SIMPLE 401(k) plans (ages 50 through 59 and 64+ by 12/31)	$4,000
Catch-up contribution for SIMPLE IRA and SIMPLE 401(k) plans (ages 60 through 63)	$5,250
Maximum annual defined contribution plan limit (not including catch-up contributions)	$72,000
Maximum compensation for calculating qualified plan contributions	$360,000
Maximum annual defined benefit limit	$290,000
Threshold for highly compensated employee[10]	$160,000
Threshold for key employee in top-heavy plans[11]	$235,000
Maximum SEP contribution is lesser of limit or 25% of eligible compensation	$72,000
Income subject to Social Security wage base	$184,500

6. The "Retirement Plan" box in Box 13 of your W-2 tax form should be checked if you were covered by a workplace retirement plan.

7. HH stands for Head of Household.

8. Your filing status is considered single for IRA contribution purposes if you did not live with your spouse during the tax year.

9. For 401(k), 401(k) SIMPLE, profit-sharing plan, money purchase plan, SEP IRAs, and SIMPLE IRAs distributions are subject to ordinary income tax and may be subject to an IRS 10% additional tax for early or pre-59½ distributions. For SIMPLE IRAs, the additional tax increases to 25% if taken during the first two years of when you first participated in your employer's SIMPLE IRA plan.

10. Highly compensated employee: individual who earns at least $160,000 or 5% or greater owner.

11. Key employee: officer who earns at least $235,000 or 1% owner and earns at least $150,000 (not indexed) or 5% or greater owner.

Consider converting to a Roth IRA

Roth conversions

One way to benefit from tax-advantaged growth potential and possible tax-free distributions may be to convert your Traditional IRA or QRP eligible rollover distribution to a Roth IRA. You must meet the plan rules of a QRP in order to be eligible to make a distribution from your QRP. At the time of conversion, you will pay the appropriate taxes due, but the benefits of tax-free income in retirement may justify the conversion. One benefit is that any earnings would be distributed tax-free, assuming your Roth IRA has been open and funded for at least 5 years **and** you are at least age 59½, or you are disabled, or you are using the first-time homebuyer exception ($10,000 lifetime limit).

Roth conversion considerations

Roth conversions are not for everyone and there are numerous factors that are critical in your decision-making. Consider the following before making a decision to convert:

Features

- Potential tax savings. If you are expecting to be in a higher tax bracket in the future, paying tax now at a lower rate may be wise.
- No RMDs during your lifetime.
- Generally tax-free distributions for beneficiaries, a feature which supports important estate planning options.
- Tax diversification potential. Tax-free distributions may allow for more flexibility to manage taxable income in retirement.

Please keep in mind that rolling over your QRP assets to an IRA is just one option. You generally have four options for your QRP distribution:

- Roll over your assets into an IRA
- Leave assets in your former QRP, if plan allows
- Move assets to your new/existing QRP, if plan allows
- Take a lump-sum distribution and pay the associated taxes

When considering rolling over your assets from a QRP to an IRA, factors that should be considered and compared between QRPs and IRAs include fees and expenses, services offered, investment options, when you no longer owe the 10% additional tax for early distributions, treatment of employer stock, when required minimum distributions begin and protection of assets from creditors and bankruptcy. Each of these options has advantages and disadvantages, and the one that is best depends on your individual circumstances. Investing and maintaining assets in an IRA will generally involve higher costs than those associated with QRPs. You should consult with the plan administrator and a professional tax advisor before making any decisions regarding your retirement assets.

Conversion is not an all-or-nothing proposition, as you can convert all or a portion of your eligible retirement accounts. Note that a Roth IRA conversion will trigger ordinary income in the year of conversion and potentially the Medicare surtax on other net investment income, as the conversion counts toward the calculation of MAGI and may bump you into a higher tax bracket.

Questions to consider

- What is your tax situation and ability to pay for the conversion? Because, once you convert, you cannot longer undo the conversion.
- Will a conversion push you into a higher tax bracket for the year?
- Do you expect to be in a lower tax bracket in retirement?
- Are you planning to retire in a state without income tax but currently live in a state with income tax? If so, converting now may cost you more.
- Do you need the converted Roth funds within the next five years?
- Do you have funds outside of the IRA to pay the taxes on the conversion? Because taking a distribution from your IRA to pay the taxes due on the Roth conversion will result in additional income taxes, loss of tax deferral, and if you are under 59½, the 10% additional tax.

If you are thinking about a Roth conversion, we suggest you speak with your tax advisor as well as your financial advisor. They will be able to review your specific situation and discuss a Roth conversion in more detail.

Qualified charitable distributions (QCDs)

QCDs are a unique tax strategy that allows individuals who are at least age 70½ and have Traditional and/or Inherited IRAs to distribute up to $111,000, directly from their IRA to a qualified charity (excluding Donor Advised Funds) with no federal income tax consequences. As part of your QCD, you may distribute a one-time $55,000, QCD paid directly from your IRA to certain split-interest entities that qualify. The $55,000 is part of the QCD annual limit. Making a QCD will reduce the value of your IRA, thereby potentially reducing your RMDs. If you file a joint return, the $111,000 limit applies to each spouse.

Deductible Traditional IRA contributions made beginning at age 70½ may reduce your QCD amount.

Trump Accounts (Effective July 4, 2026)

The One Big Beautiful Bill Act created a new government supported account, known as a Trump Account, designed to promote early, long term saving for children. Trump Accounts became available beginning July 4, 2026 and are structured as a custodial style Traditional IRA for minors.

Overview

A Trump Account is established for a child under age 18, with the child treated as the account owner. An authorized individual manages the account while the child is a minor. In the year the account owner turns age 18, the account generally transitions to Traditional IRA rules, and future withdrawals are subject to standard Traditional IRA taxation. Additional guidance is expected regarding this transition.

Eligibility

A Trump Account may be opened for a child who is:

- Under age 18 at the end of the year of election, and
- A U.S. citizen with a valid Social Security number.

There are no income limitations or earned income requirements, unlike Traditional IRAs. Each child may have only one funded Trump Account.

Account establishment and custody

A parent, grandparent, legal guardian, or adult sibling may elect a Trump Account on behalf of an eligible child by filing IRS Form 4547 (Trump Account Election) or through the government's designated website.

All Trump Accounts are initially opened and administered by the U.S. Treasury Department through its primary trustee. At a later date, the responsible party may be permitted to roll over the account to a Trump Account at a participating financial institution serving as a secondary trustee. Because only one funded account is permitted, all assets must be transferred together if custody changes.

Contributions

Contributions may come from multiple sources, including individuals, employers, governments, and charitable organizations. Each source is subject to its own rules and tax treatment.

Total contributions are generally limited to $5,000 per child per year. However, government seed contributions and qualified general contributions do not count toward this annual limit.

- Government seed contribution (Pilot Program): Upon election by an eligible individual, the Treasury Department will make a one time $1,000 contribution for eligible children born between January 1, 2025, and December 31, 2028.
- Individual contributions: Any adult may contribute up to $5,000 per child per year (indexed for inflation) using after tax funds in years before the child turns age 18.
- Employer contributions: A parent's employer may contribute up to $2,500 per employee per year (indexed for inflation) on a pre tax basis. This amount counts toward the $5,000 total annual limit.
- Charitable contributions: States, local governments, and qualifying 501(c)(3) organizations may contribute under the category of qualified general contributions. While these contributions are not subject to a specific dollar limit, donors must file an application with the government outlining the contribution amount and eligible recipient criteria.

Distributions

In the year the account owner turns age 18, the Trump Account reaches the end of its initial lifecycle:

- The account generally transitions to Traditional IRA rules.
- The account continues to belong to the now adult beneficiary.
- Future withdrawals follow standard Traditional IRA tax rules.

Important: Additional regulatory guidance is needed to determine how Trump Accounts will transition to Traditional IRAs. Action may be required, including a rollover or conversion, depending on future guidance.

Planning considerations

Trump Accounts introduce a new tax deferred savings vehicle that may be relevant in long term, retirement oriented planning for families. As implementation guidance continues to be released, individuals should consult with a tax or financial advisor to determine how a Trump Account may apply to their specific situation.

For more information, visit **TrumpAccounts.gov**.

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Estate and gift taxes

Applicable exclusion: $15 million

Taxes are imposed on transfers, by gift or at death, above an applicable exclusion amount, which is indexed to inflation (currently $15 million for an individual). With proper planning, it is possible for a married couple to use two exclusion amounts. For example, an executor can make a "portability" election[12] to transfer any unused exclusion from a deceased spouse to a surviving spouse.

Estate tax rate: 40%

The maximum estate tax rate is 40% for any amount exceeding $15 million (or exceeding $30 million for married U.S. residents or citizens).

Generation-skipping transfer (GST) tax exemption: $15 million

Gift tax annual exclusion: $19,000

Each individual may transfer up to $19,000 per person per year to any number of beneficiaries (family or nonfamily) without paying gift tax or using any available applicable exclusion during one's lifetime.

Explore wealth transfer opportunities

There are actions you can take to potentially reduce your future estate tax liability and maximize your lifetime gifting. However, make these decisions in conjunction with other wealth planning decisions to make sure assets pass effectively and efficiently and fulfill your wishes and the needs of your beneficiaries.

- One action that may transfer assets effectively and efficiently is paying tuition and medical expenses of your beneficiaries. Tuition and medical expenses paid on behalf of anyone directly to the institution are excluded from taxable gifts.
- Another possible action is an outright gift in excess of $19,000. While such outright gifts are simple to execute and can reduce taxable estates, clients are sometimes reluctant to use them due to a lack of control and concerns about access once gifts are made.
- Evaluate liquidity planning options, such as security-based credit lines to support loved ones with major expenses like education, real estate financing or business financing.

The One Big Beautiful Bill Act made permanent the 2017 TCJA increased estate, gift, and GST tax exemptions that had been scheduled to expire at the end of 2025. The bill also increased the exemptions to $15 million per individual beginning in 2026. The exemptions will be indexed annually for inflation beginning in 2027.

12. An election is made by filing an estate tax return, IRS Form 706. The filing deadline is 9 months after death for taxable estates, or 5 years after death if a return is filed solely to elect portability.

Typically, families with significant taxable estates are strategic about how best to use the annual exclusion and their lifetime exclusion gifting by utilizing advanced strategies such as irrevocable trusts (for example, irrevocable life insurance trusts, spousal lifetime access trusts, intentionally defective grantor trusts, grantor retained annuity trusts, and charitable split interest trusts), transfers of interests in entities (such as family limited partnerships and limited liability companies), and other planning techniques.

Modern planning techniques are, in general, increasingly flexible, and some may provide mechanisms to help protect your beneficiaries while also allowing you options for maintaining your own desired lifestyle.

A modern wealth planning approach goes beyond minimizing transfer taxes and should incorporate income tax planning, asset protection, business succession planning, and family dynamics considerations such as education of heirs and beneficiaries to be financially fluent and knowledgeable about wealth stewardship expectations and/or opportunities.

Many taxpayers reside in states that have their own estate or inheritance taxes. This topic should also be reviewed with your attorney to see if additional planning can minimize or eliminate state estate taxes or if any adjustments need to be made to existing planning as a result of the discrepancy between state and federal estate taxes.

Federal trust and estate income tax rates

Tax rates[13]

Taxable income		Tax		
Over	But not over	Pay	+ % on excess	Of the amount over
$0	$3,300	$0	10%	$0
$3,300	$11,700	$330	24%	$3,300
$11,700	$16,000	$2,346	35%	$11,700
$16,000+		$3,851	37%	$16,000

13. See page 7 for corresponding capital gain and qualified dividend rates.

Social Security

Social Security and Medicare taxes

In 2026, individuals will be taxed 6.2% in Social Security taxes, up to $184,500 of earnings, at which point there are no additional taxes. Medicare taxes are applied to 1.45% of earnings and there is no maximum wage cap. An extra 0.9% may be applied on the earnings over $200,000 for single filers and for joint filers earning over $250,000.

Earnings test

The earnings test indicates the level of earned income permissible for individuals collecting Social Security benefits without incurring a reduction in benefits. These limits are indexed to increases in national earnings.

Worker younger than full retirement age	$24,480
Year worker reaches full retirement age (applies only to earnings for months prior to attaining full retirement age)	$65,160
Worker at full retirement age	No limit

Maximum monthly benefit: $4,152

This benefit is for an individual who reaches full retirement age in 2026 and earns at least the maximum wage base for 35 years.

Information provided by the Social Security Administration.

Taxation thresholds

Up to a certain percentage of an individual's Social Security benefits may be subject to taxation when his or her provisional income[14] exceeds certain threshold amounts:

	Up to 50% taxed	Up to 85% taxed
Married filing jointly	$32,001 – $44,000	More than $44,000
Single/Head of Household/Qualifying Widower	$25,001 – $34,000	More than $34,000
Married filing separately	Up to 85% taxable[15]	

14. Provisional income generally includes MAGI plus nontaxable interest and one-half of Social Security benefits.

15. There is an exception to this rule if you lived apart from your spouse for the entire year. Consult your tax advisor for more information.

Medicare

Medicare surtax

The Medicare 3.8% surtax is imposed on certain types of unearned income of individuals, trusts, and estates with income above specific thresholds. For individuals, the surtax is imposed on the lesser of the following:

- Net investment income for the tax year
- The amount by which MAGI exceeds the threshold amount in that year

The threshold amounts

Single/Head of Household	Married Filing Joint/Surviving Spouse	Married filing separately
$200,000	$250,000	$125,000

For trusts and estates, the surtax is imposed on the lesser of the following:

- The undistributed net investment income for the tax year
- The excess (if any) of the trust's or estate's adjusted gross income over the dollar amount at which the highest tax bracket begins ($16,000) in 2026

Net investment income defined

1. Gross income from taxable interest, dividends, annuities, royalties, and rents
2. Gross income from a passive activity or a trade or business in which you do not materially participate
3. Net gain to the extent taken into account in computing taxable income (such as capital gains) less the allowable deductions that are properly allocable to that gross income or net gain

Note: The surtax does not apply to nonresident aliens.

Income Related Monthly Adjustment Amount

The Medicare income-related monthly adjustment amount (IRMAA) is a surcharge on Medicare premiums for Medicare Part B (medical insurance) and Part D prescription drug plans. For 2026, Medicare beneficiaries whose 2024 income exceeded $109,000 (individual return) or $218,000 (joint return) will pay a premium amount ranging from $284.10 to $689.90, depending on income. If your earnings are below this threshold, IRMAA doesn't apply to you.

Single filers 2024 MAGI*	Married Filing Jointly 2024 MAGI*	Part B Monthly Premium Person	Part D Monthly Premium per Person
Less than or equal to $109,000	Less than or equal to $218,000	$202.90	Plan Premium
Greater than $109,000 and less than or equal to 137,000	Greater than $218,000 and less than or equal to $274,000	$284.10	$14.50 + Plan Premium
Greater than $137,000 and less than or equal to $171,000	Greater than $274,000 and less than or equal to $342,000	$405.80	$37.50 + Plan Premium
Greater than $171,000 & less than or equal to $205,000	Greater than $342,000 and less than or equal to $410,000	$527.50	$60.40 + Plan Premium
Greater than $205.000 & less than $500,000	Greater than $410,000 and less than $750,000	$649.20	$83.30 + Plan Premium
Greater than or equal to $500,000	Greater than or equal to $750,000	$689.90	$91.00 + Plan Premium
Married Filing Separately			
Less than or equal to $109,000		$202.90	Plan Premium
Greater than $109,000 and less than $390,999		$649.20	$83.30 + Plan Premium
Greater than or equal to $391,000		$689.90	$91.00 + Plan Premium

* The definition of modified adjusted gross income (MAGI) used for this law includes adjusted gross income (line 11 of page 1 of Form 1040) plus tax-exempt interest income.

Charitable contributions

OBBBA contains significant provisions centered on charitable contribution deductions which take effect in 2026. For individuals that are charitably inclined, these changes could have an impact on their charitable giving strategies.

Taxpayers looking to make charitable contributions before the end of the year may want to review these changes with their tax advisor to assist with determining the timing, amount and structure of any charitable gifts.

Charitable giving is an important part of many people's lives. Giving to one or more charitable causes not only provides vital resources for the organizations you wish to support, it can also help to reduce income taxes. There are certain rules to be aware of so you can be most efficient in your charitable gifts.

When deciding to make a direct gift of stock, cash, or other types of property, remember that your deduction may be limited by your income as shown in the following chart. The limitation is based on the type of organization and the type of gift.

AGI limitations on deductions for charitable gifts

Type of organization	Cash gifts	Long-term capital gain property[16]
Public charity (including donor advised funds)	60%*	30% using fair market value of the asset contributed
Private foundation	30%	20% using fair market value if the asset contributed is publicly traded stock

Charitable contributions that are not deductible in the current year due to AGI limitations can be carried forward for up to five years.

*Permanent extension of 60% AGI limit for cash gifts

Although the AGI limitation for cash contributions was increased with the Tax Cuts and Jobs Act of 2017, it is important to consider donating appreciated property. Generally, if you donate appreciated property that has been held for over one year, you are eligible to deduct the fair market value without paying income tax on the unrealized gain. However, you can only deduct up to 30% of your AGI when making these gifts of long-term capital gains property (to a public charity). Being able to avoid the payment of taxes on the unrealized gain combined with the charitable contribution deduction may produce a better tax result than donating cash. A common example would be donating stock held long term that has increased in value since its purchase.

16. Long-term property is property held more than one year. Short-term property, held one year or less, is subject to different limits.

Source: irs.gov, unless otherwise specified

Additionally, OBBBA introduced a new, above-the-line charitable deduction for taxpayers who do not itemize. This deduction is $1,000 for single taxpayers and $2,000 for taxpayers who are married filing jointly. It does not apply to contributions to a donor advised fund.

Beginning in 2026, itemized charitable deductions are allowed only to the extent total contributions exceed 0.5% of adjusted gross income (AGI). This effectively creates a minimum threshold before deductions provide a tax benefit.

Charitable giving rules can be complex and you should discuss them with your tax advisor.

When considering charitable gifting and capturing potential tax deductions, review your tax situation and carefully determine which assets to give. Gifts made to qualified, tax-exempt organizations are generally deductible, but as noted in the table on the previous page, are subject to limitations based on the type of organization (public or private), the asset being gifted, and your AGI. Charitable contributions that are not deductible in the current year due to AGI limitations can be carried forward for up to five years.

- Gifts made via check or credit cards are considered deductible in the current year if the check is written and mailed or the charge to the credit card posts on or before December 31. **Important note:** Checks sent by USPS must be **postmarked** by December 31. Due to changes at USPS, if you wait to mail your contribution, you may want to talk with a USPS employee to ensure it's postmarked no later than December 31. Checks sent by FedEx, UPS, or another carrier must **arrive** by December 31.
- Gifts of stock are generally considered complete on the date the shares are credited to the charity's account (or the date the taxpayer can substantiate permanent relinquishment of dominion and control over the stock). Gifts of mutual funds may take up to 6 weeks due to re-registration requirements. Be sure to plan these types of transfers well before December 31.
- Obtain and keep receipts and be aware of any value received for goods or services that may reduce the value of any tax deduction.

Charitable planning strategies

Naming a qualified charity as the beneficiary of your QRP or Traditional IRA upon your death can keep your estate and your heirs from having to pay income taxes on the distributions from those retirement assets. The full amount of your retirement assets will benefit the named charity because charities generally do not pay income taxes. The retirement assets will remain as part of your estate, but your estate will receive a charitable tax deduction. Alternatively, you can divide your retirement assets between your loved ones and charity, naming both as beneficiaries.

Depending on your circumstances, here are some additional planning options to consider:

- As noted earlier in this guide, QCDs allow individuals who are at least age 70½ to distribute up to $111,000 per year directly from their Traditional or Traditional Inherited IRA to a qualified charity with no federal income tax consequences. See details discussed earlier in the IRA section.
- If you are approaching retirement and anticipate lower ordinary income during retirement, you may find it beneficial to explore making a large gift to a donor-advised fund while working instead of smaller gifts during retirement.

Donor Advised Fund (DAF)[17]

A Donor Advised Fund (DAF) is a popular charitable giving vehicle which may assist with charitable planning in multiple ways. Most commonly, donors contribute assets and may receive a charitable deduction when most appropriate for their planning needs. Additionally, the "donor-advisors" are allowed to advise on the ultimate timing of the distributions and what charities will receive grants from the fund. It can also be a tool for "bunching" charitable contributions into a given year.

Take advantage of charitable deductions

The higher standard deduction combined with limits on other deductions means fewer people will be able to deduct their charitable contributions. An option to get a deduction is to bunch your donations together into one year and take the standard deduction in an alternate year if eligible.

17. Donations are irrevocable charitable gifts. The sponsoring organizations maintaining the fund have ultimate control over how the assets in the fund accounts are invested and distributed. Donor Advised Fund donors do not receive investment returns. The amount ultimately available to the Donor to make grant recommendations may be more or less than the Donor contributions to the Donor Advised Fund. While annual giving is encouraged, the Donor Advised Fund should be viewed as a long-term philanthropic program. Tax benefits depend upon your individual circumstances. You should consult your Tax Advisor. While the operations of the Donor Advised Fund and Pooled Income Funds are regulated by the Internal Revenue Service, they are not guaranteed or insured by the United States or any of its agencies or instrumentalities. Contributions are not insured by the FDIC and are not deposits or other obligations of, or guaranteed by, any depository institution. Donor Advised Funds are not registered under federal securities laws, pursuant to exemptions for charitable organizations.

Kiddie tax

Children with investment and other unearned income, such as dividends and capital gains, exceeding $2,700 may be subject to the kiddie tax rules. These rules apply to children that are:

- Age 17 and under
- Age 18 with earned income not exceeding half of their support
- Over age 18 and under age 24 if also full-time students with earned income not exceeding half of their support

If certain conditions are met, parents may elect to report a child's unearned income on their own return using IRS Form 8814 for amounts less than $13,500. While doing so may be simpler, it may not necessarily be more tax-efficient. For example, the kiddie tax applicable to a child's unearned income of $10,000 may be less than when claimed by a parent already subject to top tax rates.

Unearned income of children is taxed at the higher of the parents' top marginal tax rate or the child's tax rate.

Unearned income	Tax treatment
Less than $1,350	No tax
$1,351 – $2,700	Taxed at child's rate
More than $2,700	Taxed at the higher of the parents' top marginal rate or the child's tax rate

Education planning

Tax-advantaged saving options

529 savings plans

- Earnings, if any, accumulate tax-deferred; qualified withdrawals (such as tuition, fees, supplies, books, and required equipment) may be free of federal and state income taxes. See IRS publication 970 for more details on qualified expenses.
- There are no federal income, state-residency, or age restrictions.
- Potential state-tax incentives are available in some states.
- Plans may be funded up to the annual exclusion amount, $19,000 (single) or $38,000 (married) per year per donee. Donors can also elect to make five years' worth of annual exclusion amounts in a single year's contribution, up to $95,000 (single) and $190,000 (married). For example, a couple with twins could fund $190,000 for each child after birth and let those funds potentially grow tax-free until needed. Contributions in excess of annual exclusions should be filed on a gift tax return (Form 709) to report use of the donor's available lifetime exclusion or the election to superfund five years' worth of annual contributions. Most plans allow for contributions by people other than the original donors, such as aunts/uncles, grandparents, friends, etc. You should consult with your tax advisor about filing a gift tax return to make this election.
- Aggregate contribution limits vary by state — roughly $235,000 to $550,000 per beneficiary.
- The OBBBA includes two major updates to 529 savings plans; both are effective for distributions made after July 4, 2025, when the bill was enacted.

  The first change expands the definition of qualified expenses beyond tuition only for enrollment or attendance at eligible public, private, and religious elementary and secondary schools. A few of these expenses include curriculum materials, online educational materials, books, cost of tutoring outside the home, fees for testing, fees for dual enrollment, and educational therapies for students with disabilities. Starting in 2026, this provision increases the per-beneficiary annual limit on distributions from $10,000 to $20,000. The second expansion allows 529 funds to be used toward qualified post-secondary credentialing expenses, including tuition, books, fees, equipment and supplies for enrollment or attendance in a recognized post-secondary credential program, and fees for testing and fees for continuing education for recognized credentials.

  Not all states may conform with these definitions of qualified expenses, so check with your tax advisor and confirm your state rules before taking a distribution for these purposes.
- Distributions may be used to pay the principal and/or interest on qualified education loans of the beneficiary or the siblings of the beneficiary, subject to a $10,000 lifetime limit per individual. Not all states have conformed to this law, and therefore a distribution may be considered a nonqualified withdrawal in your state. Nonqualified withdrawals are subject to federal and state income tax and a 10% additional tax.

Please consider the investment objectives, risks, charges, and expenses carefully before investing in a 529 savings plan. The official statement, which contains this and other information, can be obtained by calling your advisor. Read it carefully before you invest. The availability of such tax or other benefits may be conditioned on meeting certain requirements.

Considerations for excess 529 funds

- If a plan is overfunded due to your child (or whoever the plan was set up for) not having enough (or any) qualifying education expenses, you can change the plan beneficiary so long as the new beneficiary is a family member of the previous beneficiary (a sibling, spouse, parent, first cousin, etc.) and it is not a custodial 529 plan.
  - The owner of the 529 plan can still access those tax-deferred funds; however, income taxes and penalties on distributions not used for qualified education expenses will apply on the growth of the assets.
  - While changing a 529 plan beneficiary is generally not a taxable event, changing to a new beneficiary in a younger generation may have gift tax consequences if not done appropriately.
- Achieving a Better Life Experience (ABLE) accounts allow for tax-advantaged funds to help disabled individuals pay for qualified disability-related expenses.
  - Rollovers from 529 plans to ABLE accounts (529A plans) are permissible, subject to federal and state limitations. Be aware that rollover rules may vary by state.
- If you are a designated beneficiary of a 529 plan, you may be eligible to have a direct rollover contribution made on your behalf from your 529 plan to a Roth IRA, if certain conditions are met (state laws may vary):
  - 529 must have been maintained for 15 years
  - May not exceed the aggregate of contributions (and earnings attributable thereto) made more than five years before the date of the rollover
  - May not exceed $35,000 lifetime limit
  - Are subject to annual Roth IRA contribution limits
  - The Roth IRA owner must have earned income at least equal to the amount of the rollover

Some of these rules are complex, so contact your tax advisor for details.

Coverdell Education Savings Accounts (ESAs)

- Annual, non-deductible contributions are limited to a total of $2,000 per child from all contributors, regardless of the number of ESAs for that beneficiary.
- Contributions may be made until the child, sometimes referred to as the designated beneficiary, reaches age 18.
- Special needs beneficiaries are allowed contributions beyond 18.
- Maximum contribution amount is reduced if a contributor's MAGI is between $95,000 and $110,000 for individual filers or $190,000 and $220,000 for married/joint filers.
- Contributions can be made to both an ESA and a state sponsored 529 plan for the same year for the same beneficiary.
- Qualified distributions are generally federally tax-free, if they aren't more than the beneficiary's adjusted qualified education expenses for the year. Qualified ESA distributions are not subject to state and local taxation in most states.
- Funds must be used before age 30 or transferred to a family member under the age of 30 (except for special needs beneficiaries).
- A prior advantage of ESAs over 529s was the ability to use an ESA for private elementary or secondary school qualified expenses. This advantage has been minimized now that 529 plans offer similar distributions and permit higher funding contributions, which are not phased out by the donor's income level.

American Opportunity Credit

Maximum credit: $2,500 per student per year, for first four years of qualified expenses paid

MAGI phase-outs	
Married filing jointly	$160,000 – $180,000
Other eligible filers	$80,000 – $90,000

Up to 40% ($1,000) of the American Opportunity Credit is refundable. This means that even if your tax bill is zero, you can receive a refund of up to $1,000.

Lifetime Learning Credit

Maximum credit: 20% of the first $10,000 (per tax return) of qualified education expenses paid in the current tax year

MAGI phase-outs	
Married filing jointly	$160,000 – $180,000
Other eligible filers	$80,000 – $90,000

Exclusion of U.S. savings bond interest

MAGI phase-outs	
Married filing jointly	$152,650 – $182,650
Other eligible filers	$101,800 – $114,800

Bonds must be titled in name(s) of taxpayer(s) only. Owner must be age 24 or older at time of issue. Must be Series EE or I bonds issued after 1989. Proceeds must be used for qualified post-secondary education expenses of the taxpayer, spouse, or dependent.

Student loan interest deduction

Maximum deduction: $2,500 of interest paid during the year on a qualified student loan.

MAGI phase-outs	
Married filing jointly	$175,000 – $205,000
Other eligible filers	$85,000 – $100,000

Alternative minimum tax (AMT)

The alternative minimum tax (AMT) calculates income tax under different rules for income and deductions. If the AMT calculation results in a higher tax, the taxpayer will be subject to AMT and pay the higher tax. Generally, a taxpayer with a high proportion of capital gains income in relation to total income may trigger the AMT, as might exercising incentive stock options. Taxpayers subject to AMT in previous years may be eligible for a minimum tax credit to be used against their regular income tax liability.

AMT income	Tax
Up to $244,500[18]	26%
Over $244,500	28%

18. $122,250 if married filing separately

AMT exemption

	Exemption	Exemption Phase-out Ranges
Married taxpayer filing jointly/surviving spouse	$140,200	$1,000,000 - $1,280,400
Unmarried individual	$90,100	$500,000 - $680,200
Married taxpayer filing separately	$70,100	$500,000 - $640,200
Estates and trusts	$31,400	$104,800 - $167,600

Long-term care deduction for policy premiums

For specific qualified long-term care policies, the premiums are considered to be a personal medical expense and deductible by the IRS. The amount of qualified long-term premiums that will be considered a medical expense are shown in the table below.[19] The medical expense deduction is limited to qualified medical expenses over 7.5% of adjusted gross income.

Age before the close of the taxable year	Limit on premiums eligible for deduction
40 or under	$500
Over 40 but not over 50	$930
Over 50 but not over 60	$1,860
Over 60 but not over 70	$4,960
Over 70	$6,200

19. Limitations apply based on the type of taxpayer. You should consult your tax advisor regarding your situation.

Health savings account (HSA) limits

Health Savings Accounts (HSAs) are available to participants enrolled in a high-deductible health insurance plan. At the federal level, contributions to HSAs are not subject to income tax. Distributions are tax-free as long as they are used for qualified medical expenses.

In most states, contributions to HSAs are not subject to state taxes and income earned in HSAs is tax-deferred. Similar to federal law, qualified distributions are tax-free in most states. Please consult with your tax advisor for state-specific guidance on the tax deductibility of contributions and state taxes due on earnings.

If a distribution occurs from an HSA prior to age 65 for reasons other than qualified medical expenses, ordinary income taxes along with a 20% additional tax are due on the distribution amount. Non-qualified distributions from HSAs after age 65 are not subject to the 20% additional tax but are subject to ordinary income taxes. Contributions to HSAs can no longer be made after enrolling in Medicare (eligibility for Medicare begins at age 65).

Maximum contribution	
Single	$4,400
Family	$8,750

$1,000 catch-up contribution allowed per HSA owner age 55 or older.

Minimum health insurance plan deductible	
Single	$1,700
Family	$3,400

Maximum out-of-pocket expenses	
Single	$8,500
Family	$17,000

Connect regularly with your advisors

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Connect with your legal and tax advisors before taking any action that may have tax or legal consequences to determine how the information in this guide may apply to your specific situation. We also recommend discussing your tax bill with your advisor. Selling assets to pay taxes may have a negative impact on your ability to meet your financial goals. Your advisors may suggest strategies that can help keep you on track, including providing you with information on additional funding options if suitable.

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