FINANCIAL & ESTATE LITERACY

Your Money, Your Future

Tax Updates

Fall 2026

PRESENTED BY

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About Me...

- I'm a CPA/PFS, CFP® Wealth Advisor.
- 24 years of experience in tax, estate, and financial planning.
- Prior to co-founding marrick wealth in 2012, I worked at a Fee-Only RIA.
- I work with families with investment portfolios of $2 million - $20 million.
- I have two kids who love to ice skate. I watch a lot of tv, play dad league softball, and golf.

About Me...

- I'm a creative CPA/PFS, CFP®!
- Over 20 years experience in tax, estate, and financial planning.
- Prior to co-founding marrick wealth in 2012, Marty worked at Deloitte, two RIA firms, and Northern Trust.
- I have serviced wealthy families throughout my career; my current practice serves families with investment portfolios of $2 million - $20 million.
- I'm married with 3 kids and a golden retriever. I enjoying surfing, swimming and yoga.

Why Is Tax Planning Important?

- A *BIG* part of financial planning is tax planning
- The *less* you pay in taxes, the *more* you have to devote toward your financial goals
- Working with the right advisor:
  - Manage your income & withdrawals to minimize the tax impact
  - Maximize tax-advantaged savings opportunities & tax breaks

Taxes

- Federal Gift & Estate Taxes
- Income Taxes
- Updates & Changes
- Planning Considerations

Federal Gift & Estate Taxes

	2026	2027
Annual Gift Exclusion	$19,000	*$20,000
Estate Exemption	$15,000,000	>$15,000,000
Estate Tax Rate (Highest)	40%	40%

“Step-Up” in Cost Basis

Dad buys stock for $400,000

Son inherits the stock at dad’s death when it’s worth $1,000,000

Son’s cost basis is $1,000,000

Son sells the stock for $1,000,000 and has no capital gain or taxes due

Dad gifts son the stock during his lifetime when it’s worth $1,000,000

Son’s cost basis is $400,000

Son sells the stock for $1,000,000 and has $600,000 capital gain

What Is Your Tax Bracket?

Gross Income

< Adjustments >

Adjusted Gross Income

< Deductions >

< QBI >

Taxable Income

2026 Deductions - Greater of:

Standard Deduction

- Single $16,100 + $2,050 over age 65
- MFJ $32,200 + $1,650/spouse over age 65

Itemized Deductions

- Medical & Dental Expenses (over 7.5% of AGI)
- Long-Term Care Premiums (limited based on age)
- Property/State Taxes You Paid (limited)
- Mortgage Interest You Paid
- Gifts to Charity (over 0.5% of AGI)

Enhanced Deductions for Seniors

Ordinary Income vs. Capital Gains

*Federal Rates

Ordinary Income		
Rate	Single	Married
10%	$0 - $12,400	$0 - $24,800
12%	$12,401 - $50,400	$24,801 - $100,800
22%	$50,401 - $105,700	$100,801 - $211,400
24%	$105,701 - $201,775	$211,401 - $403,550
32%	$201,776 - $256,225	$403,551 - $512,450
35%	$256,226 - $640,600	$512,451 - $768,700
37%	$640,600 +	$768,700 +

Examples:

- Wages
- Interest & Non-Qualified Dividends
- Social Security Benefits
- Pension
- IRA Distributions
- Rental Income
- Gain on sale of assets owned < 1 year

Capital Gains		
Rate	Single	Married
0%	$0 - $49,450	$0 - $98,900
15%	$49,451 - $545,500	$98,901 - $613,700
20%	$545,500 +	$613,700 +

Examples:

- Qualified Dividends
- Gain on sale of assets owned > 1 year

Also, 3.8% Net Investment Income Tax

- Single $200,000, Married $250,000

Standard Deductions

Effective January 1, 2026

Pre-OBBBA

- TCJA increased standard deduction expires after 2025; reverts to pre-TCJA.

Enacted OBBBA

- Permanently increases standard deduction (indexed):
  - Single/MFS: $16,100 (indexed)
  - HoH: $24,150 (indexed)
  - MFJ: $32,200 (indexed)

**Consider bunching deductions or timing payments.*
*** OBBBA: One, Big, Beautiful Bill Act (7/4/2025).*

State & Local Tax (SALT) Deduction

Effective January 1, 2025

Pre-OBBBA

- $10,000 cap.

Enacted OBBBA

Year	Individual Cap	Notes
2025--2029	$40,000	• Phaseout begins > $500k MAGI • Cap not reduced below $10k • +1% Indexed
2030+	$10,000	• Reverts to $10k

**Key planning area for those who live in high-tax states.*

Bunching Deductions

Scenario: Married couple normally gives $10,000/year to charity and pays $20,000/year in mortgage interest. Standard Deduction: $32,200 (2026, Married Filing Jointly).

	Year 1	Year 2
Mortgage Interest	$20,000	$20,000
Charitable Giving	$20,000 (bunched)*	$0
Total Itemized Deductions	✓ **$40,000**	✗ **$20,000**
Standard Deduction	✗ **$32,200**	✓ **$32,200**

Result:
$72,200 in total deductions over two years vs. $64,400 if spread evenly.

*Donor Advised Funds facilitate “bunching” deductions to park accelerated gifts.

Charitable Giving: Itemizers & Non-Itemizers

Effective January 1, 2026

Pre-OBBBA

Itemizers:

- Can deduct a portion of their qualified charitable contributions, subject to a specified limitation based on the type of contribution.

Non-Itemizers:

- Not available after 2021.

Enacted OBBBA

Itemizers:

- Deduction allowed only for contributions exceeding 0.5% of contribution base

Non-Itemizers:

- Creates new charitable deduction for non-itemizers:
  - $1,000 (single) / $2,000 (MFJ).
- Deduction is permanent and no income phaseout (begins in 2026).

**Qualified Charitable Distributions (QCDs) continue to be a key planning opportunity.*

Qualified Charitable Distribution (QCD)

Charitable giving after **Age 70-1/2** made simple by the IRS:

Donate up to $111,000 (and up to $55,000 to a life income plan) directly from your IRA instead of taking your Required Minimum Distribution (RMD).

Enhanced Deduction for Seniors

Effective January 1, 2025

Pre-OBBBA

- Additional standard deduction for age 65+.

Enacted OBBBA

- Adds $6,000 bonus deduction for seniors (2025–2028) on top of add'l. standard deduction OR itemized deductions.
- Phased out at MAGI of:
  - Single/MFS: $75,000 - $175,000
  - MFJ: $150,000- $250,000

Required Minimum Distributions (RMD)

The SECURE Act 2.0 pushes back the age you must begin taking RMDs:

Birthdate	RMD Age
Before July 1, 1949	70.5
July 1, 1949 - 1950	72
1951 - 1959	**73**
1960 or later	**75**

Trump Accounts

Effective 2026

Pre-OBBBA

- Did not exist.

Enacted OBBBA

- “Trump Accounts” treated as IRAs (not Roth IRAs) for individuals under 18
- $1,000 government deposit for children born 2025–2028
- Up to $5,000 annual after-tax contributions allowed until age 18 (starting 12 months after enactment)
- Tax-deferred growth; distributions allowed starting at age 18
- Accounts must be designated when opened; Treasury can create accounts for eligible individuals

529 Plan Qualified Expenses

Effective January 1, 2026

Pre-OBBBA

- Limited to higher education and $10,000 K-12 tuition

Enacted OBBBA

- Expands to include more K-12 and homeschool expenses, and postsecondary credentialing expenses.

Cash Flow: No Tax On Car Loan Interest

Effective January 1, 2025

Pre-OBBBA

- Personal interest on car loans is not deductible.

Enacted OBBBA

- Deduction for up to $10,000 of interest on NEW car loans (2025–2028).
- Must be US-assembled passenger vehicle.
- Vehicle must serve as security for the loan.
- Phase out ranges:
  - $100K-$150K (single) / $200K - $250K (MFJ)

**As an above-the-line deduction, it can play into decisions on reducing AGI.*

Income: Tips & Overtime

Effective January 1, 2025

Pre-OBBBA

Tips & Overtime Pay are taxable income.

Enacted OBBBA

- **Tips:**
  - Allows up to $25,000 deduction for qualified tips received in certain occupations (as defined by Treasury).
- **Overtime Pay:**
  - Allows up to $12,500 (25,000 for MFJ) for qualified overtime compensation.

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