

Tax Updates

It's Your Money!



Spring 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



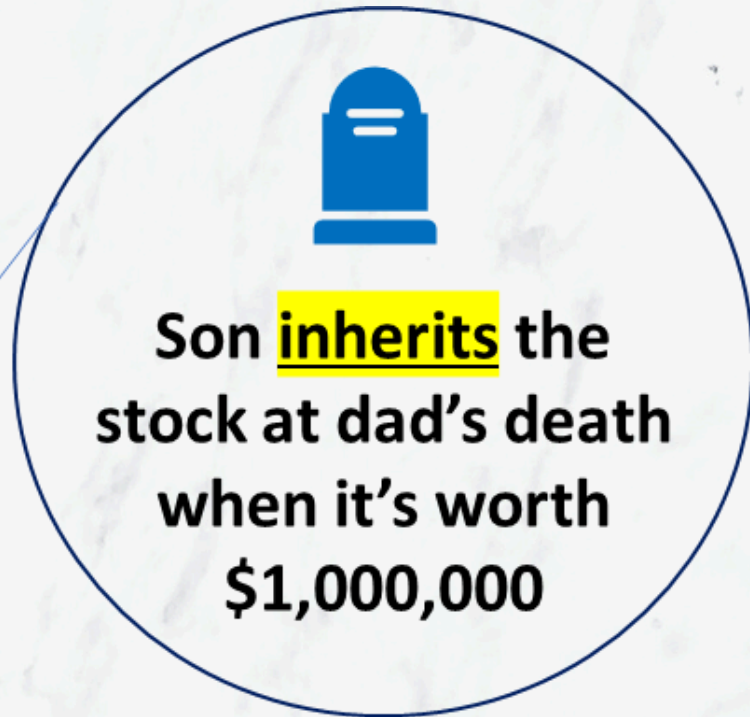
Federal Gift & Estate Taxes

| | 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's cost basis
is
\$1,000,000

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



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?



2026 Deductions - **Greater of:**

Gross Income

< Adjustments >

Adjusted Gross Income

< **Deductions** >

< QBI >

Taxable Income



Standard Deduction

- Single \$16,100 + \$2,000 over age 65
- MFJ \$32,000 + \$1,600/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 (\$10,000 limit)
- 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 | <ul style="list-style-type: none">• Phaseout begins > \$500k MAGI• Cap not reduced below \$10k• +1% Indexed |
| 2030+ | \$10,000 | <ul style="list-style-type: none">• Reverts to \$10k |

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

Bunching Deductions



Scenario

Married couple makes \$10,000 in charitable donations annually

Mortgage Interest: \$20,000 per year

Standard Deduction: \$32,200 (2026, Married Filing Jointly)

Year 1 - Itemize (Bunched)

Mortgage Interest: \$20,000

Charitable Giving: \$20,000 (accelerated)*

Total Itemized Deductions: \$40,000

Itemize (exceeds standard deduction)

Year 2 : Standard Deduction

Mortgage Interest: \$20,000

Charitable Giving: \$0

Total Itemized Deductions: \$20,000

Take Standard Deduction (\$32,200)

Result:

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

*Donor Advised Funds are an option to 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 |



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.*

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.



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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