

2026 Year-End Checklist for Personal Tax Planning

Actions to take before December 31, 2026:

*Your taxes may look different in 2026: The One Big Beautiful Bill Act (OBBBA) extended some tax provisions that had previously been set to expire and ushered in other new rules, some of which came into effect in 2026. Items marked **NEW** reflect changes newly in effect. While many of the items outlined below reflect new ways to plan for your 2026 tax bill, the old tax orthodoxy holds true: where possible, accelerate deductions and defer income.*

Meeting Your 2026 Tax Obligations

- ✓ Check your withholding and estimated tax payments. If you are behind at the start of the fourth quarter, increasing your withholding can help close the gap. For example, if you have not yet taken your Required Minimum Distribution (RMD) from your Individual Retirement Account (IRA), ask your IRA custodian to withhold at a higher rate to address a year-to-date shortfall.
- ✓ Prepare for the 2026 expiration of deferrals related to Qualified Opportunity Zone investments made under the 2017 Tax Cuts and Jobs Act (TCJA). Any remaining deferred capital gains must be recognized by Dec. 31st. Plan now for the resulting tax liability.
- ✓ Determine whether exercising incentive stock options (ISOs), deferring bonuses or other income, or realizing capital gains might increase or reduce your exposure to the Alternative Minimum Tax (AMT).
- ✓ **NEW for 2026:** the AMT exemption is lowered to \$90,100 for single filers. The phaseout begins at \$500,000 of income for single filers and is completely phased out at \$680,200. The exemption for taxpayers who are married filing jointly is now \$140,200. That exemption begins phasing out at \$1,000,000 and is completely phased out at \$1,280,400.

Managing Income

- ✓ Harvest tax losses (or gains). Offset gains with losses: up to \$3,000 of excess losses can offset ordinary income annually, subject to the timing restrictions of the wash sale rule.
- ✓ Manage income with the 3.8% net investment income tax in mind. This surtax applies when net investment income exceeds \$200,000 for single filers or \$250,000 for married couples filing jointly. Time income events to manage modified adjusted gross income (MAGI) around these thresholds.
- ✓ Work with your accountant if you're a business owner to determine your eligibility for the Qualified Business Income (QBI) deduction. Review potential personal and business adjustments, including income management or business aggregation, that may qualify you for or maximize the available deduction.
- ✓ Maximize retirement contributions. Contribute up to the 2026 limit for your 401(k), IRA, or SEP. For those aged 50 or older, the \$7,500 IRA contribution limit increases to \$8,600 with the catch-up contribution. Self-employed taxpayers with SEP IRAs can enjoy an increased contribution cap of \$72,000 (up from \$70,000); the maximum compensation cap is increased from \$350,000 to \$360,000; catch-up contributions do not apply.

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- ✓ Consider a Roth conversion to move funds from your tax-deferred traditional IRA to an account that grows and distributes tax-free to you or your beneficiaries. Evaluate liquidity sources for the related tax bill. Weigh whether this additional income will change your eligibility for deductions or exclusions based on your increased adjusted gross income (AGI). Don't overlook state tax consequences.
- ✓ Take your RMD by December 31 and develop a plan for your 2027 RMD: will you take it at the beginning of the year to cover liquidity needs, spread it out over time, or maximize tax-deferred growth by waiting until the end of the year?
- ✓ Donate appreciated securities. Contributing long-term appreciated stock avoids capital gains tax and may provide a deduction of its full fair-market value.
- ✓ Consider using a Donor-Advised Fund (DAF) to lock in a 2026 deduction now and distribute grants to charities over time if large, direct donations to charity do not align with your current philanthropic practice.
- ✓ Secure paperwork for every gift you make. For any single contribution of \$250 or more, obtain a contemporaneous written acknowledgement from the charity and keep it with your records. For non-cash gifts (such as appreciated securities, art, or real estate), arrange a qualified appraisal.

Maximizing Your Deductions

- ✓ Consider bunching deductions if you itemize.
NEW for 2026: Charitable deductions are subject to a 0.5% adjusted gross income (AGI) floor, and all deductions are limited to a 35% tax benefit. Bunching charitable contributions may help exceed the floor, though taxpayers in the 37% bracket will not receive the full deduction benefit. Prepaying property taxes and other state and local tax (SALT) payments may also help itemizers take advantage of the increased \$40,400 SALT deduction cap; for high earners, the cap remains \$10,000.

A special note for trustees and executors:

Trustees of non-grantor trusts and executors of estates should note that the 35% cap on deductions appears to apply to estates and trusts as well as to individuals; plan accordingly for a potentially higher tax liability for entities in the 37% tax bracket.

Structuring Your Giving to Maximize the Tax Benefits

- ✓ **NEW:** Even if you don't itemize, your charitable giving may still provide a tax benefit. Single filers may deduct up to \$1,000, and married couples filing jointly up to \$2,000, for qualifying cash contributions.

- ✓ Initiate Qualified Charitable Distributions (QCD) by Dec 1st if you are at least 70.5 years old. You can transfer up to the annual limit (\$111,000 per individual for 2026) directly from your IRA to charity. This distribution is entirely excluded from your income (not subject to deduction limitations) and counts toward your RMD.
- ✓ Consider whether you'd like to fund a charitable gift annuity via QCD. A one-time election lets you transfer up to \$55,000 from your IRA to fund a charitable gift annuity or charitable remainder trust that pays income back to you and/or your spouse. This transaction counts toward the annual QCD limit and is available for those eligible to make QCDs.
- ✓ Max out your Health Savings Account (HSA). If you are enrolled in a high-deductible health plan, contribute up to \$4,400 (for yourself) or \$8,750 (for your family). HSA contributions are tax-deductible, enjoy tax-deferred growth, and become tax-free withdrawals for qualified medical expenses. Contribution limits are increased by \$1,000 for those over 55 years old (spouses' catch-up contributions must be made to separate HSAs).

Investing in a startup?

Review Qualified Small Business Stock (QSBS) eligibility. OBBBA increased the exclusion for new qualified business stock to \$15M and raised the gross asset limit to \$75M. Confirm eligibility before investing in a new venture and coordinate with your advisors to optimize this exclusion through appropriate trust planning.

Transferring Wealth: Estate & Gift Planning

- ✓ Use the annual gift tax exclusion. In 2026, give up to \$19,000 per recipient tax-free.
- ✓ Pay eligible expenses directly to the provider. Payments made on behalf of loved ones are not considered taxable gifts when paid directly for qualifying education expenses and qualifying medical expenses.
- ✓ Jump-start savings for the next generation's education with 529 accounts. These education savings plans allow five-year front-loading of the annual gift exclusion—up to \$95,000 per beneficiary (\$190,000 for married couples) in a single year.
- ✓ **NEW** Trump Accounts for U.S. children under 18 accept up to \$5,000 per child per year. Contributions grow tax-free and convert to an IRA when the beneficiary reaches adulthood. The \$5,000 contribution limit will be increased to account for inflation.
- ✓ Gift appreciated securities to beneficiaries in lower tax brackets. They may be able to sell long-term appreciated stock at the 0% capital gains rate, resulting in little or no capital gains tax.

Key Dates:

Early December

Recommended date to initiate appreciated stock gifts and QCDs

December 31

All retirement contributions, RMDs, and tax-loss harvesting must be complete.

Sustaining Your Plan Beyond Year-End

Effective financial habits involve more than year-end tax tasks. Regularly reviewing your financial affairs, investments, trusts, and beneficiary designations will help keep them aligned with your intentions. Make these practices part of your regular routine:

- ✓ Rebalance your portfolio periodically to realign to your target allocation tax-efficiently. Doing this at year-end gives you the benefit of working with a more complete understanding of your total yearly income and can help determine your appetite for realizing gains or your desire to realize losses, but regular check-ins throughout the year can prevent surprises and allow for gradual rebalancing. Work with your wealth advisor to avoid purchasing a mutual fund shortly before it distributes year-end capital gains and to assess whether funds that typically pay out large gains are appropriate for you.
- ✓ Review beneficiary designations on retirement accounts, life insurance, and other instruments (especially if you have not reviewed them since the passage of the SECURE Act, which reshaped IRA inheritance rules).
- ✓ Revisit your estate plan. The OBBBA permanently set the estate/gift/generation-skipping transfer tax exemption at \$15M per person. This exemption cannot be lowered without new legislation – the sunset is no longer a possibility. The \$15M exemption will be periodically increased to account for inflation in years to come. Review wills, trusts, and beneficiary designations as the increased exemption amount may cause surprising funding results under the terms of older plans.

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- ✓ Explore trust strategies. SLATs, Dynasty Trusts, ILITs, and CRTs remain powerful wealth-transfer tools even with a higher exemption.
- ✓ In deciding whether to buy a home, to itemize deductions, or to pay off your mortgage, note that the OBBBA made permanent what had been temporary features of the 2017 Tax Cuts and Jobs Act (TCJA): the \$750k loan ceiling for mortgage interest deductions on properties acquired after December 15, 2017; and the non-deductibility of interest on HELOCs except where the proceeds are used to buy, build or substantially improve the property securing the loan, subject to the total \$750k cap.



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