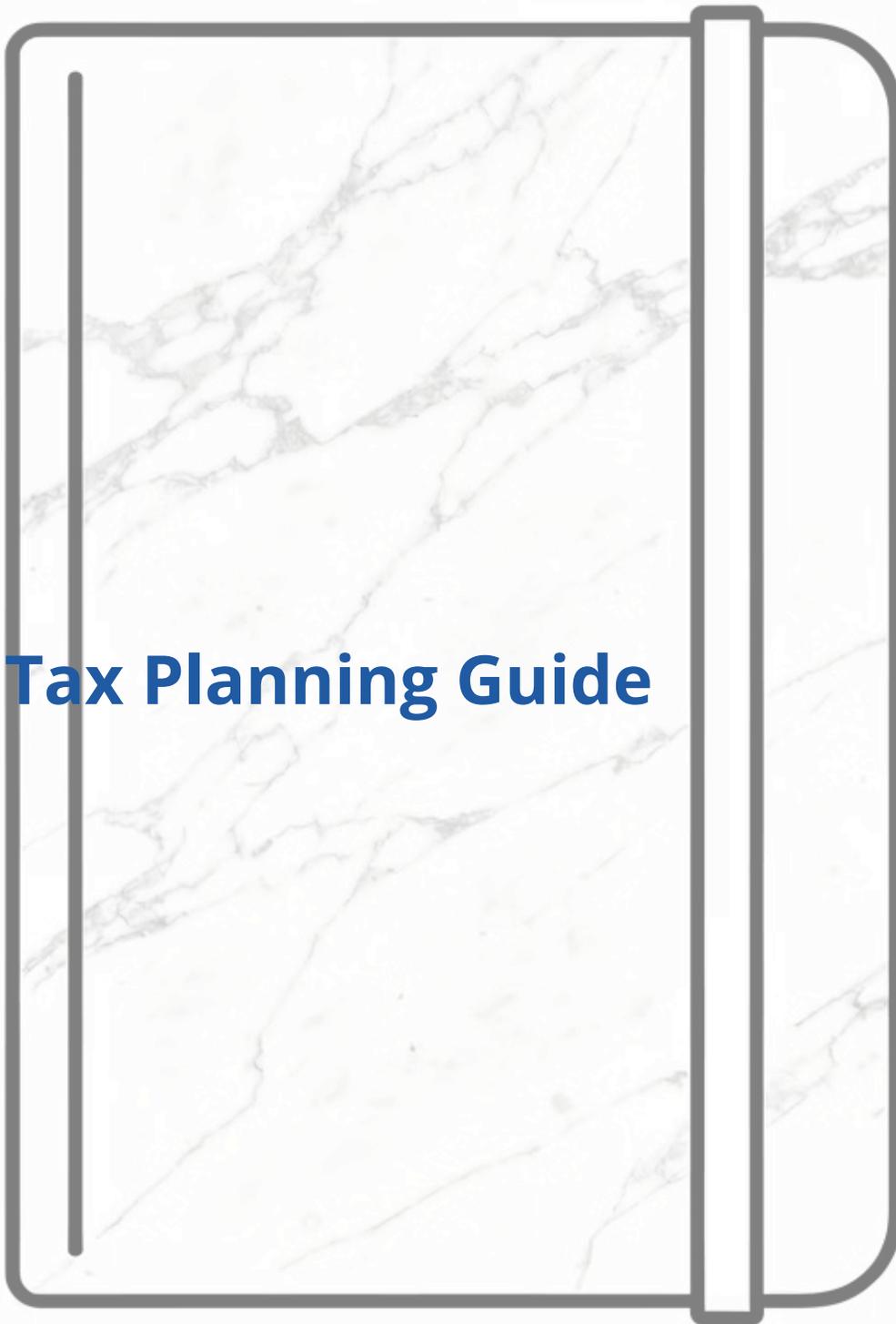


# 2026 Tax Planning Guide



# Tax brackets for 2026

## Married, filing jointly

\$0-\$24,800	10.0%
\$24,801-\$100,800	12.0%
\$100,801-\$211,400	22.0%
\$211,401-\$403,550	24.0%
\$403,551-\$512,450	32.0%
\$512,451-\$768,700	35.0%
Over \$768,701	37.0%

## Head of household

\$0-\$17,700	10.0%
\$17,701-\$67,450	12.0%
\$67,451-\$105,700	22.0%
\$105,701-\$201,750	24.0%
\$201,751-\$256,200	32.0%
\$256,201-\$640,600	35.0%
Over \$640,601	37.0%

## Single

\$0-\$12,400	10.0%
\$12,401-\$50,400	12.0%
\$50,401-\$105,700	22.0%
\$105,701-\$201,775	24.0%
\$201,776-\$256,225	32.0%
\$256,226-\$640,600	35.0%
Over \$640,601	37.0%

## Estates and trusts

\$0-\$3,300	10.0%
\$3,301-\$11,700	24.0%
\$11,701-\$16,000	35.0%
Over \$16,001	37.0%

## Married, filing separately

\$0-\$12,400	10.0%
\$12,401-\$50,400	12.0%
\$50,401-\$105,700	22.0%
\$105,701-\$201,775	24.0%
\$201,776-\$256,225	32.0%
\$256,226-\$384,350	35.0%
Over \$384,351	37.0%

# Long-term capital gains/qualified dividend rates

## 0.0% rate when taxable income is below:

- Married, filing jointly: \$98,900
- Married, filing separately: \$49,450
- Head of household: \$66,200
- Single: \$49,450
- Estates and trusts: \$3,300

## 15.0% rate when taxable income is below:

- Married, filing jointly: \$613,700
- Married, filing separately: \$306,850
- Head of household: \$579,600
- Single: \$545,500
- Estates and trusts: \$16,250

Note: 20.0% rate applies to higher taxable income amounts; 28.0% rate applies to capital gains on collectibles

# Deductions

## Standard deduction:

- Married, filing jointly: \$32,200
- Single: \$16,100
- Married, filing separately: \$16,100
- Head of household: \$24,150
- Blind or over 65: additional \$1,650 if married; \$2,050 if single and not a surviving spouse

## Additional new deductions:

- Bonus deduction for taxpayers 65 and older, \$6,000 single/\$12,000 joint filers.<sup>1</sup>
- Increased deduction for state and local income taxes from \$10,000 to \$40,000<sup>1</sup>
- Deductions for tips and overtime pay<sup>1</sup>
- Deduction for interest paid on loans for American-made cars<sup>1</sup>
- Charitable deductions for nonitemizers, \$1,000 single/\$2,000 joint filers

## Capital loss limit:

- Married, filing jointly: \$3,000
- Single: \$3,000
- Married, filing separately: \$1,500

# Estate and gift tax

- Transfer tax rate (maximum): 40%
- Estate tax exemption: \$15,000,000
- Gift tax exemption: \$15,000,000
- Generation-skipping transfer exemption: \$15,000,000
- Annual gift tax exclusion: \$19,000

# Education

## 529 education savings plans

- 529 plan contributions, per individual: \$19,000 per year before gift tax
- 529 plan contributions, per couple: \$38,000 per year before gift tax
- Accelerate 5 years of gifting per individual: \$95,000
- Per couple: \$190,000

## Lifetime learning credits

- Maximum credit: \$2,000
- Phaseout—single: \$80,000–\$90,000 MAGI<sup>2</sup>
- Phaseout—joint: \$160,000–\$180,000 MAGI<sup>2</sup>

## Coverdell education savings account

- Contribution: \$2,000
- Phaseout—single: \$95,000–\$110,000 MAGI<sup>2</sup>
- Phaseout—joint: \$190,000–\$220,000 MAGI<sup>2</sup>

## Student loan interest

- Deduction limit: \$2,500
- Phaseout—single: \$85,000–\$100,000 MAGI<sup>2</sup>
- Phaseout—joint: \$175,000–\$205,000 MAGI<sup>2</sup>

## Phaseout of tax-free savings bonds interest

- Single: \$101,800–\$116,800 MAGI<sup>2</sup>
- Joint: \$152,650–\$182,650 MAGI<sup>2</sup>

## American opportunity tax credit

- Maximum credit: \$2,500
- Phaseout—single: \$80,000–\$90,000 MAGI<sup>2</sup>
- Phaseout—joint: \$160,000–\$180,000 MAGI<sup>2</sup>

# Kiddie tax

Earned income is taxed at single tax bracket rates.

Unearned income in excess of \$1,350 is taxed at the rates of the child's parents.

# Retirement

## IRA and Roth IRA contributions

- Under age 50: \$7,500
- Aged 50 and over: \$8,600

## Phaseout for deducting IRA contributions (for qualified plan participants only)

- Married, filing jointly: \$129,000–\$149,000 MAGI<sup>2</sup>
- Married, filing jointly<sup>3</sup>: \$242,000–\$252,000 MAGI<sup>2</sup>
- Single or head of household: \$81,000–\$91,000 MAGI<sup>2</sup>

## Phaseout of Roth contribution eligibility

- Married, filing jointly: \$242,000–\$252,000 MAGI<sup>2</sup>
- Married, filing separately: \$0–\$10,000 MAGI<sup>2</sup>
- Single: \$153,000–\$168,000 MAGI<sup>2</sup>

## SEP contribution

- Up to 25% of compensation: Limit \$72,000
- To participate in SEP: \$800

## SIMPLE elective deferral

- Under age 50: \$17,000
- Aged 50–59 and 64 and over: \$21,000
- Aged 60–63: \$22,250

## Qualified plan contributions

- 401(k), 403(b), 457, and SARSEP: \$24,500
- Aged 50–59 and 64 and over: \$32,500
- Aged 60–63: \$35,750
- Limit on additions to defined contribution plan: \$72,000
- Benefit limit on defined benefit plan: \$290,000
- Highly compensated employee makes: \$160,000
- Annual compensation taken into account for qualified plans: \$360,000

# One Big Beautiful Bill Act provisions taking effect in 2026

The One Big Beautiful Bill Act (OBBBA), enacted in July 2025, introduces several significant changes for individual taxpayers beginning in tax year 2026. These changes are among the most significant since the 2017 Tax Cuts and Jobs Act, with many provisions from that earlier law made permanent and new benefits added.

## Standard deduction and credits

The standard deduction is permanently increased and indexed for inflation, rising to \$16,100 for single filers, \$24,150 for heads of household, and \$32,200 for married couples filing jointly in 2026. This higher deduction simplifies filing for many taxpayers and reduces taxable income for most. The child tax credit is raised to \$2,200 per qualifying child, also indexed for inflation. The child and dependent care credit's refundable portion increases to 50% of eligible expenses, although the credit phases down to 20% based on the taxpayer's adjusted gross income and the expense thresholds remain at \$3,000 for one child and \$6,000 for two or more.

## SALT deduction cap and itemized deductions

The cap on state and local tax (SALT) deductions is lifted to \$40,000, indexed through 2029. For taxpayers with incomes above \$500,000, the cap phases down but cannot fall below the historic \$10,000 limit. This change could especially benefit taxpayers in high-tax states, although higher earners may see reduced benefits due to the phase-down. Itemized deductions face new limitations: a 0.5% floor of adjusted gross income applies to charitable contributions, meaning only amounts exceeding this threshold are deductible.

## Estate, gift, and savings provisions

OBBBA permanently increases the estate and gift tax exemption to \$15 million per individual, with annual inflation adjustments, offering greater certainty for estate planning. The dependent care flexible spending account limit rises to \$7,500.

## Other notable changes

OBBBA expands scenarios requiring repayment of excess advance premium tax credits and modifies eligibility for marketplace coverage premium tax credits. Certain education expenses—including costs for elementary, secondary, homeschool, and postsecondary programs—become eligible for 529 plan distributions.

# Required minimum distributions

All IRA owners can use the Uniform Lifetime Table, unless their sole beneficiary for the entire year is a spouse who is more than 10 years younger. Then the Joint Life Expectancy Table is used (see IRS Pub. 590-B), which could reduce the RMD. Taking into account changes in mortality rates, the IRS has updated both tables, effective for RMDs required for tax years beginning in 2023. As a result of the SECURE Act 2.0, the minimum age at which IRA owners are required to take RMDs rose from 72 to 73; the age increases to 75 beginning January 1, 2033.

## Uniform Lifetime Table<sup>4</sup>

Age of account owner	Divisor	Age of account owner	Divisor	Age of account owner	Divisor
73	26.5	83	17.7	93	10.1
74	25.5	84	16.8	94	9.5
75	24.6	85	16.0	95	8.9
76	23.7	86	15.2	96	8.4
77	22.9	87	14.4	97	7.8
78	22.0	88	13.7	98	7.3
79	21.1	89	12.9	99	6.8
80	20.2	90	12.2	100	6.4
81	19.4	91	11.5		
82	18.5	92	10.8		

# Footnotes and Disclaimers

## Footnotes

- <sup>1</sup> These deductions are only temporary and each phases out at certain modified adjusted gross income levels.
- <sup>2</sup> Modified gross income.
- <sup>3</sup> Phaseout occurs when an IRA contributor isn't a participant in a qualified plan but the spouse is.
- <sup>4</sup> The table progresses until the divisor becomes 2.0 for ages 120 and higher.

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