

# 2026 Tax Reference Guide

The registered representatives of Covered Bridge Financial Strategies, LLC, offer securities and advisory services through LPL Financial, a registered investment advisor. Member FINRA/SIPC



## IRAs & Qualified Plans

### Contribution Limits

IRA or Roth IRA contribution limit	\$7,500
IRA or Roth IRA catch-up (age 50 or older)	\$1,100

### Traditional IRA deduction phaseout

Participants in a retirement plan	
Single	\$81,000 - \$91,000
Married filing jointly	\$129,000 - \$149,000
Married filing separately	\$0 - \$10,000
Spousal IRA	\$242,000 - \$252,000

### Roth IRA phaseout

Single	\$153,000 - \$168,000
Married filing jointly	\$242,000 - \$252,000

### Qualified Plans

Elective deferrals to 401(k), 403(b), 457, and SARSEPs	\$24,500
Catch-up contribution (age 50+)	\$8,000
Special Catch-up contribution (age 60-63)	\$11,250
Defined contribution plan limit (Section 415(c)(1)(A))	\$72,000
Defined benefit plan limit (Section 415(b)(1)(A))	\$290,000

## Simple IRA & SEP IRA

SEP IRA contribution limit	Lesser of \$72,000 or 25% of compensation
SIMPLE Plan contribution limit	\$17,000
Catch-up contribution (age 50+)	\$4,000
Special Catch-up contribution (age 60-63)	\$5,250
Maximum compensation limit for retirement plans	\$360,000
Key employee (top-heavy plans)	Above \$235,000
Highly compensated employee	\$160,000

## Health Savings Account

### Minimum Deductible Amount

Single	\$1,700
Family	\$3,400

### Maximum Out-of-Pocket Amount

Single	\$8,500
Family	\$17,000

### Contribution Limit

Single	\$4,400
Family	\$8,750
Catch-up contribution (age 55+)	\$1,000

## Education

### Coverdell Education Savings Accounts

Contribution limit	\$2,000
Single phaseout	\$95,000 - \$110,000
Married filing jointly phaseout	\$190,000 - \$220,000

### Lifetime Learning Credit - 20% of qualified expenses

Expense limit	\$10,000
Single phaseout	\$80,000 - \$90,000
Married filing jointly phaseout	\$160,000 - \$180,000

### 529 Plans

Eligible for college, apprenticeship, and trade school expenses, and up to \$20,000/year for private K-12 tuition. A lifetime limit of \$10,000 each can be used to repay the student loans of the beneficiary and each of his/her siblings.

## Capital Gains & Qualified Dividends

For 2026, rates are applied to taxable income levels:

Tax Rate	Single	Married Filing Jointly	Trusts & Estates
0%	\$49,450 or less	\$98,900 or less	\$3,300 or less
15%	\$49,451-\$545,500	\$98,901-\$613,700	\$3,301-\$16,250
20%	Above \$545,500	Above \$613,700	Above \$16,250

(Short-term capital gains are taxed at income tax rates)

Medicare contribution tax on investment income\*: 3.8%

\*Tax is applied to the lower of net investment income or modified adjusted gross income over certain thresholds (\$250,000 joint filers/\$200,000 single/\$16,000 Trusts and Estates).

## Income Tax Rate Schedules

If Taxable Income Is: Then the Gross Tax Payable Is:

	Amount	Plus (%)	Of the amount over
<b>Single Taxpayers</b>			
\$12,400 or less	-----	10% of taxable income	-----
\$12,401-\$50,400	\$1,240	12%	\$12,400
\$50,401-\$105,700	\$5,800	22%	\$50,400
\$105,701-\$201,775	\$17,966	24%	\$105,700
\$201,776-\$256,225	\$41,024	32%	\$201,775
\$256,226-\$640,600	\$58,448	35%	\$256,225
Above \$640,600	\$192,979.25	37%	\$640,600
<b>Married Filing Jointly</b>			
\$24,800 or less	-----	10% of taxable income	-----
\$24,801-\$100,800	\$2,480	12%	\$24,800
\$100,801-\$211,400	\$11,600	22%	\$100,800
\$211,401-\$403,550	\$35,932	24%	\$211,400
\$403,551-\$512,450	\$82,048	32%	\$403,550
\$512,451-\$768,700	\$116,896	35%	\$512,450
Above \$768,700	\$206,583.50	37%	\$768,700

The income tax brackets for Married Filing Separately are half of the amounts for Married Filing Jointly. The brackets for Heads of Households generally fall between the brackets for single and joint filers.

### Trusts & Estates

\$3,300 or less	-----	10% of taxable income	-----
\$3,301-\$11,700	\$330	24%	\$3,300
\$11,701-\$16,000	\$2,346	35%	\$11,700
Above \$16,000	\$3,851	37%	\$16,000

Kiddie tax: In 2026, the parent's marginal tax rate is used for a dependent child's unearned income over their deduction amount.

## Income Tax Deductions and Credits

Single	\$16,100
Married filing jointly	\$32,200
Head of household	\$24,150
Married filing separately	\$16,100

### Child Tax Credit

Qualifying Child (Children under age 17)	\$2,200
Dependents not eligible for Qualifying Child	\$500
Single phase out begins at	\$200,000
Married filing jointly phase out begins at	\$400,000

### Elderly (over age 65) or blind additional deduction

Single	\$2,050
Married	\$1,650
Senior Personal Exemption (age 65+)	\$6,000
(Subject to AGI phaseout \$75,000 Single/ \$150,000 Married Filing Jointly)	

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## Estate & Gift Tax

Individual estate tax exclusion (Federal) (Any unused amount can transfer to a surviving spouse)	\$15,000,000
Maximum estate tax rate	40%
Gift tax exclusion	\$15,000,000
Generation-skipping exclusion	\$15,000,000
Annual gift tax exclusion (per recipient)	\$19,000
Lump sum accelerated gift to a 529 plan (5-year rule)	\$95,000
Qualified Charitable Distribution	\$111,000

States with an estate tax and/or inheritance tax: CT, DC, HI, IL, KY, MA, MD, ME, MN, NE, NJ, NY, OR, PA, RI, VT, and WA

## Alternative Minimum Tax (AMT)

Status	Exemption	Phaseout
Single	\$90,100	\$500,000
Married filing jointly	\$140,200	\$1,000,000

**Alternative Minimum Tax Rates**

26% up to \$244,500 of AMT base
28% over \$244,500 of AMT base

## Social Security

<b>Social Security wage base</b>	<b>\$184,500</b>
Social Security cost-of-living adjustment	2.8%
Quarter of coverage (earnings for Social Security)	\$1,890
Maximum benefit (worker retiring at FRA)	\$4,152
Estimated average monthly benefit (retired worker)	\$2,071

Social Security benefits are reduced if someone receives benefits and continues to work. The benefit is reduced \$1 for every \$2 or \$3 earned above \$24,480 (\$2,040/mo) in years prior to FRA and \$65,160 (\$5,430/mo) in the year FRA is reached, respectively. There is no reduction at FRA.

## Businesses/Business Owners

**For 2026, net business income is taxed at the following rates:**

### Corporations (C-Corps and similarly treated LLCs)

Corporate income tax rate:	21%**
Accumulated Earnings tax rate (plus interest):	20%*

Dividends paid to shareholders are taxable to them at ordinary income or capital gains tax rate(s), depending on the type of dividend.

\*On retained earnings in excess of \$250,000 (\$150,000 for personal service corps.), except if to meet reasonable business needs.

\*\*Large corporations (income >\$1Billion) subject to new CAMT rate of 15%.

### Pass Through Entities

#### (Sole Props, Partnerships, S-Corps, and similarly treated LLCs)

Net business income is reported by the owner(s) and is taxed at his/her tax rates

Self-Employment Tax on wages, tips and net earnings	
Medicare Tax (on total amount)*:	2.9%
Social Security Tax (on the first \$184,500):	12.4%
Deduction for qualified business income**:	20.0%

\*An Additional Medicare Tax of 0.9% is applied to amounts over certain thresholds (\$250,000 joint filers/\$200,000 single filer).

\*\*The deduction is limited to the lesser of 20% of QBI or 20% of the owner's taxable income.

Subject to phase out depending on the type of services provided if income is over \$403,500 (joint) or \$201,750 (single) as of 2026.

Beginning in 2026, a minimum \$400 QBI deduction applies to businesses with income of \$1,000.



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## Important Dates & Deadlines

### Deadlines for Traditional IRAs, Roth IRAs, and SEP IRAs

2025 Contributions	April 15, 2026
2026 Contributions	April 15, 2027
2026 Roth IRA Conversions	December 31, 2026

### Required Minimum Distributions (RMDs)

New RMD age of 73 applies to all individuals as of 2023

<b>Age of IRA holder:</b>	<b>First RMD Deadline:</b>
Turned 73 in 2026	April 1, 2027*

\*Subsequent RMDs must be taken by December 31 of each year.

### 2025 Tax Form Mailing Deadlines for Custodians

Form 1099-R (Retirement Account Distributions)	February 2, 2026
Consolidated Form 1099s (Taxable Accounts)	February 17, 2026*

\*Extended deadline for accounts holding certain securities (REITs, WHFITs, CMOs)

Form 5498 (Retirement Account Contributions)	June 1, 2026
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### 2026 Estimated Tax Payments

For the period	Due date
January 1 - March 31	April 15, 2026
April 1 - May 31	June 15, 2026
June 1 - August 31	September 15, 2026
September 1 - December 31	January 15, 2027

### One Big Beautiful Bill Act H.R. 1 (July 2025)

Enacted in July 2025, the One Big Beautiful Bill Act (OBBBA) builds on the foundation of the Tax Cuts and Jobs Act (TCJA) with several new provisions retroactive to 2025. More than a simple extension of the TCJA, OBBBA introduces many changes across individual, corporate, and estate tax systems, signaling a new era of tax policy.

### Provisions Retroactive to 2025:

- Tax Brackets:** Permanently extends income tax rates of 10%, 12%, 22%, 24%, 32%, 35% and 37% for individuals.
- Standard Deduction:** Slight increase for 2025 and made permanent.
- Personal Exemption:** Permanently repealed. Temporary \$6,000 exemption for seniors 65+ (subject to phaseouts) available from 2025-2028 and intended to offset taxation of Social Security income.
- Child Tax Credit:** Retroactively increased to \$2,200 for 2025 (previously set to drop to \$1,000), with future years indexed for inflation.
- SALT Deduction (2025-2029):** Temporarily increased to \$40,000 (\$20,000 Married Filing Separately) with a \$10,000 minimum SALT deduction based on MAGI phaseout \$500,000-\$600,000 per household (\$250,000-\$300,000 Married Filing Separately)
- Auto Loan Interest (2025-2028):** Applies to first-lien personal vehicles (including refinances) assembled in the USA, subject to phaseouts.
- No Tax on Tips (2025-2028):** Applies to select industries and is subject to phaseout. Provides a maximum deduction of \$25,000 for all filing statuses (except married filing separately, which is excluded).
- No Tax on Overtime (2025-2028):** Maximum deduction of \$25,000 (Married Filing Jointly) or \$12,500 (all other filers), subject to phaseout.

### Provisions Beginning 2026

- Estate & Gift Tax Exemption increased to \$15,000,000 per person.
- New itemized deduction limitation for those in the 37% marginal bracket.
- 0.5% AGI floor for individuals claiming charitable deductions.
- \$1,000 charitable deduction for non-itemizers.
- Gambling loss deduction limited to 90% of gambling winnings.
- Minor expansion of 529s, ABLEs, HSA eligible expenses.
- Enhancement of Child and Dependent Care Tax Credit.
- Reinstated itemized deduction for mortgage insurance premiums.

### Recently Expired Tax Provisions and Considerations

- Clean vehicle tax credit ended 09/30/2025.
- Residential energy tax credits ended 12/31/2025.