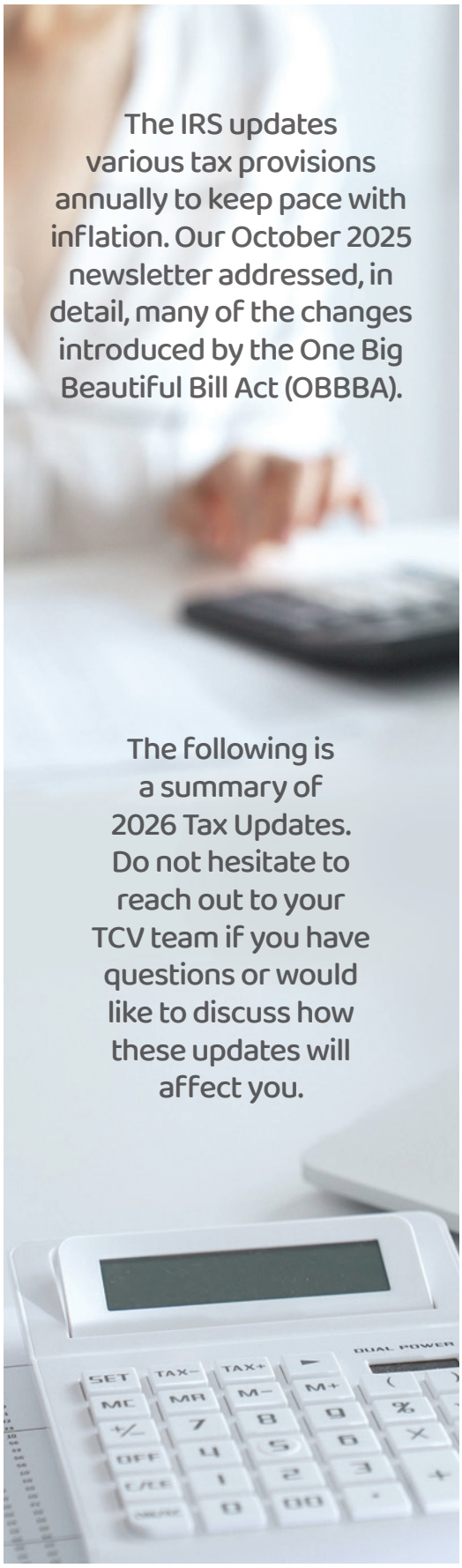
# 2026 tax updates



The IRS updates various tax provisions annually to keep pace with inflation. Our October 2025 newsletter addressed, in detail, many of the changes introduced by the One Big Beautiful Bill Act (OBBBA).

The following is a summary of 2026 Tax Updates. Do not hesitate to reach out to your TCV team if you have questions or would like to discuss how these updates will affect you.

### Annual and Lifetime gift exclusion

| Type | Limit |
|---|---|
| Maximum estate and gift tax rate | 40% |
| Annual gift tax exclusion | $19,000 |
| Lifetime gift and estate tax exclusion | $15,000,000 per person |

## Retirement Savings

### Traditional IRAs and Roth IRAs

| Type | Limit |
|---|---|
| **Traditional IRA** | $7,500 |
| Catch up for over age 50 | $1,100 |
| Phase out if covered by employer plan | |
| Single | $81,000 to $91,000 |
| Married filing jointly | $129,000 to $149,000 |
| Married filing jointly, only spouse covered by employer plan | $242,000 to $252,000 |
| **Roth IRA** | $7,500 |
| Catch up for over age 50 | $1,100 |
| Phase out if covered by employer plan | |
| Single | $153,000 to $168,000 |
| Married filing jointly | $242,000 to $252,000 |

### Employer-Sponsored Plans

| Type | Limit |
|---|---|
| Overall limit (does not include 457(b) plans) | $72,000 |
| 401(k), 403(b), 457(b) plans | $24,500 |
| Catch-up for over 50 for 401(k), special limits may apply to other plans | $8,000 age 50 to 59 and over 64, $11,250 age 60 to 63 |
| SIMPLE IRA and 401(k) plans (employee) | $17,000 |
| Catch up for over age 50 | $4,000 age 50 to 59 and over 64, $5,250 age 60 to 63 |
| SEP IRA, only employer contributions allowed | Lesser of $72,000 or 25% of wages (20% for owners)—catch up not allowed |

The IRS has stated that they will no longer be accepting checks for tax due or estimated payments. If you would like TCV to set these up electronically for you, please contact your account administrator.

## HSAs and FSAs

For 2026, if you contribute to a health flexible spending account, or FSA, you can contribute up to $3,400. The 2026 limit for health savings accounts, or HSAs, will rise to $4,400 for individual and $8,750 for family coverage. If you are over 55, you can contribute an additional $1,000 for the HSA.

### 2026 Federal Tax Brackets and tax rates:

| Tax Rate | Single Filers | Married Individuals Filing Joint Returns | Married couple filing separately | Head of Households |
|---|---|---|---|---|
| **10%** | $12,400 or less | $24,800 or less | $12,400 or less | $17,700 or less |
| **12%** | $12,401 to $50,400 | $24,801 to $100,800 | $12,401 to $50,400 | $17,701 to $67,450 |
| **22%** | $50,401 to $105,700 | $100,801 to $211,400 | $50,401 to $105,700 | $67,451 to $105,700 |
| **24%** | $105,701 to $201,775 | $211,401 to $403,550 | $211,401 to $403,550 | $105,701 to $201,750 |
| **32%** | $201,776 to $256,225 | $403,551 to $512,450 | $201,776 to $256,225 | $201,751 to $256,200 |
| Married filed jointly, only spouse covered by employer plan 35% | $256,226 to $640,600 | $512,451 to $768,700 | $256,226 to $384,350 | $256,201 to $640,600 |
| **37%** | Over $640,600 | Over $768,700 | Over $384,350 | Over $640,600 |

## Long-Term Capital Gains & Qualified Dividends

Short-term capital gains are assets held for less than one year and are taxed at ordinary income tax rates. Long-term capital gains rates apply to investments held over a year and to qualified dividends.

| Tax Rate | Single Filers | Married couples Filing jointly and Surviving Spouse | Married couple Filing separately | Head of Households |
|---|---|---|---|---|
| **0%** | $0 to $49,450 | $0 to $98,900 | $0 to $49,450 | $0 to $66,200 |
| **15%** | $49,451 to $545,500 | $98,901 to $631,700 | $49,451 to $306,850 | $66,201 to $579,600 |
| **20%** | $545,501 and up | $631,701 and up | $306, 851 and up | $579,601 and up |

### 3.8% Net Investment Income Tax (NIIT)

| Filing Status | Single or Head of ousehold | Married Filing Jointly and Surviving Spouse | Married Filing Separately |
|---|---|---|---|
| AGI Income limit when NIIT starts | $200,000 | $250,000 | $125,000 |

## Deductions and Credits that do not require you to itemize

For the 2026 tax year, the standard deduction will increase to $16,100 for single filers and those married filing separately, $24,150 for head of household and $32,200 for married filing jointly.

Taxpayers who are 65 or older can take an additional standard deduction, which is also adjusted for inflation. For tax year 2026, that amount is $2,050 for single taxpayers and $1,650 for married taxpayers or surviving spouses. This is in addition to the Senior Deductions which is available for years 2025 – 2028. Depending on your income limit, if you are over 65, this is up to $6,000 per person.

### Standard and additional standard deductions

| Filing Status | Deduction Limit |
|---|---|
| Single and Married filing separately | $16,100 |
| Married filing jointly and surviving spouse | $32,200 |
| Head of Household | $24,150 |
| Blind or age 65 or older | Additional $1,650 per person |
| Unmarried, blind, or age 65 or older | Additional $2,050 |

### Other Tax Deductions

| Filing Status | Deduction Limit |
|---|---|
| Temporary Senior Deduction | |
| For tax years 2025-2028, age 65 or older. Phaseout starts at $75,000 for single and $150,000 for joint | Up to $6,000 per person |
| Charitable Donations | |
| Donation deduction for cash gifts | Up to $1,000 for single and $2,000 for joint |
| Student Loan Interest Deduction | |
| Phaseout starts at $175,000 for joint and $85,000 for all others | $2,500 |

## Itemized Deduction Limits

New for 2026. For those in the 37% tax bracket, a new limit on itemized deductions makes 35 cents on the dollar the maximum tax benefit that can be received from itemizing.

| Deduction | Limit |
|---|---|
| Medical and dental expenses | 7.5% of AGI |
| Taxes paid (state, local, property, sales, etc.), phaseout starts at $505,000 | $40,400. Changes to $10,000 if over the phase out amount. |
| Mortgage interest and points | |
| Mortgage after 12/16/2017 | $750,000 |
| Mortgage before 12/16/2017 | $1,000,000 |
| Charitable donations | Various limitations apply, discuss with your accountant |
| New floor on donations that must be made before taking the deduction | 0.5% of AGI |
| Overall limit | 50% of AGI |
| Cash donations | 60% of AGI |
| Appreciated long-term assets | 30% of AGI |

## Social Security

**Taxation of benefits** is based on your AGI without Social Security, plus tax-exempt interest, plus ½ of your Social Security benefits.

| Single, head of household & widower combined income of | Taxable Portion |
|---|---|
| $25,000 or less | 0% |
| $25,001 and $34,000 | Up to 50% |
| More than $34,000 | Up to 85% |
| **Married filing jointly combined income of** | |
| $32,000 or less | 0% |
| $32,001 and $44,000 | Up to 50% |
| More than $44,000 | Up to 85% |

## Rules and Limits

| Type | Amount |
|---|---|
| Social Security wage base | $184,500 |
| FICA tax rate for employee | 7.65% |
| SECA tax rate for self-employed | 15.3% |
| Earning limits prior to full retirement age (FRA) | |
| Younger than FRA | $24,480 |
| Year you reach FRA | $65,160 |
| SS cost of living adjustment | 2.8% |

| Year of Birth | SS FRA |
|---|---|
| 1943-1954 | 66 |
| 1955 | 66 and 2 months |
| 1956 | 66 and 4 months |
| 1957 | 66 and 6 months |
| 1958 | 66 and 8 months |
| 1959 | 66 and 10 months |
| 1960 and later | 67 |

## Medicare

| Monthly Premium | |
|---|---|
| Part A with <30 quarters of coverage | $565 |
| Part A for those with 30-39 quarters | $311 |
| Part B | $202.90 |
| Part A | |
| First 60 days, deductible amount paid | $1,736 |
| Next 30 days, patient pays per day | $434 |
| Additional 60 lifetime reserve days | $868 |
| After all lifetime reserve days, patient pays all costs | |
| Part B | |
| Deductible | $283 |
| Coinsurance | 20% |
| Part D (Prescription Drugs) | |
| Deductible | $615 |
| 25% coinsurance on next amount | $2,100 |
| Out of pocket | $2,100 |
| Patient then pays coinsurance amount for additional covered expenses | |

## Medicare PART B & D

| You Pay | | If your 2024 MAGI was | |
|---|---|---|---|
| Premium | Part D Surcharge | Single | Married |
| $202.90 | Plan premium + | $109,000 or less | $218,000 or less |
| $284.10 | $14.50 | $109,001 to $137,000 | $218,001 to $274,000 |
| $405.80 | $37.50 | $137,001 to $171,000 | $274,001 to $342,000 |
| $527.50 | $60.40 | $171,001 to $205,000 | $342,001 to $410,000 |
| $649.20 | $83.30 | $205,001 to $499,999 | $410,001 to $749,999 |
| $689.90 | $91.00 | $500,000 or more | $750,000 or more |

SOURCE: a summary of information found at various government sources, including, but not limited to the Internal Revenue Service website, Revenue Procedure 2025-32, IRS notice 2025-67, IRS topic no 751, and the 2026 Medicare fact sheet.

## Tax Document Reminders

**You can download your non-IRA account tax information online!** You must have online access and be listed as the owner of the account. Contact your administrator for more information!

From the menu, go to: **Documents > Tax Doc.** Select **ACCOUNT** and **TAX YEAR** from drop downs. Click **GET** to show the list of documents (if available, it will be displayed). **Click View** or **Download.** You can also still use the tracking ID on any 1099 Div/Int to import the information directly to Turbo Tax or H&R Block* *Not an endorsement of either program.*