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FINANCIAL

CLEAR STRATEGY | CONFIDENT DECISIONS

TAX & RETIREMENT PLANNING GUIDE

2026 EDITION

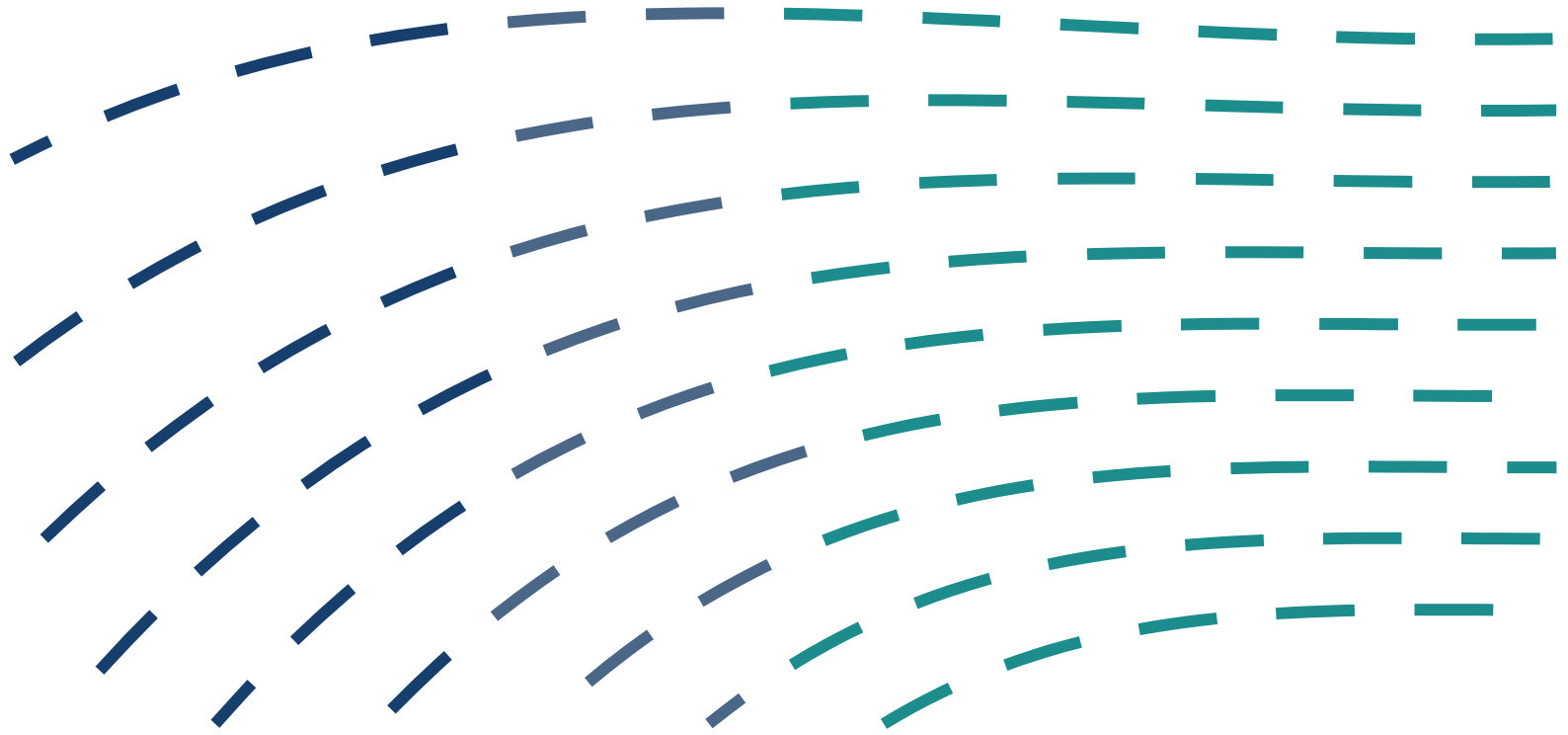


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Income Taxes

Tax Rates

Ordinary Income Tax Brackets

Rates apply to **taxable income** (income after deductions). Each rate applies only to the income that falls within its range.

Tax Rate	Married Filing Jointly (MFJ) & Qualifying Surviving Spouses	Single	Head of Household (HoH)	Married Filing Separately (MFS)
10%	Up to $24,800	Up to $12,400	Up to $17,700	Up to $12,400
12%	$24,801 – $100,800	$12,401 – $50,400	$17,701 – $67,450	$12,401 – $50,400
22%	$100,801 – $211,400	$50,401 – $105,700	$67,451 – $105,700	$50,401 – $105,700
24%	$211,401 – $403,550	$105,701 – $201,775	$105,701 – $201,750	$105,701 – $201,775
32%	$403,551 – $512,450	$201,776 – $256,225	$201,751 – $256,200	$201,776 – $256,225
35%	$512,451 – $768,700	$256,226 – $640,600	$256,201 – $640,600	$256,226 – $384,350
37%	Over $768,700	Over $640,600	Over $640,600	Over $384,350

Estates & Trusts

Tax Rate	Taxable income
10%	Up to $3,300
24%	$3,301 – $11,700
35%	$11,701 – $16,000
37%	Over $16,000

Marginal vs. Effective Rate

Moving into a higher bracket raises the rate only on the dollars above the threshold, not on all of your income. **Example:** A single filer with $60,000 of taxable income pays 10% on the first $12,400, 12% on the next $38,000 and 22% on the last $9,600, for a total of **$7,912**. The marginal rate is 22%, but the effective rate is about **13%**.

Capital Gains & Qualified Dividends

Short-term gains (assets held **one year or less**) are taxed at ordinary income rates. Long-term gains (held **more than one year**) and qualified dividends are taxed at the rates below, based on taxable income.

Filing status	0%	15%	20%
MFJ	Up to $98,900	$98,901 – $613,700	Over $613,700
Head of Household	Up to $66,200	$66,201 – $579,600	Over $579,600
Single	Up to $49,450	$49,451 – $545,500	Over $545,500
MFS	Up to $49,450	$49,451 – $306,850	Over $306,850
Estates & Trusts	Up to $3,300	$3,301 – $16,250	Over $16,250

Gains and qualified dividends stack on top of ordinary income, which fills the brackets first. Other maximum long-term rates: 28% on collectibles (art, coins, precious metals) and 25% on unrecaptured §1250 gain (real estate depreciation). A 3.8% surtax may also apply (see page 05).

Income Taxes

Deductions

Standard Deduction

MFJ	$32,200
Head of Household	$24,150
Single & MFS	$16,100
65+ or blind, married*	+ $1,650
65+ or blind, unmarried*	+ $2,050

*Per person, per condition. Dependents: greater of $1,350 or earned income + $450, up to the regular amount.

Bonus Senior Deduction

$6,000 per person age 65+ for tax years 2025–2028, on top of the standard deduction or itemized deductions. Reduced by 6% of MAGI above the threshold. Not available to MFS filers.

Filing Status	Phaseout Begins	Fully Phased Out
MFJ	$150,000	$250,000
All others	$75,000	$175,000

A married couple who are both 65+ can deduct up to $12,000.

Itemized Deductions

Itemize when qualifying expenses exceed your standard deduction. With the higher SALT cap, more households with significant state income or property taxes may benefit.

Deduction	What qualifies	2026 limits
Medical Expenses	Unreimbursed medical, dental and long-term care costs, including insurance premiums paid with after-tax dollars	Only the amount above 7.5% of AGI is deductible
State & Local Taxes (SALT)	State and local income tax (or sales tax), real estate tax and personal property tax	Capped at $40,400 ($20,200 MFS). Cap is reduced by 30% of MAGI over $505,000, to no less than $10,000 ($5,000 MFS)
Mortgage interest	Interest on debt used to buy, build or improve a main or second home, plus mortgage insurance premiums (restored for 2026)	Debt up to $750,000 ($1 million if taken out before 12/16/2017). Mortgage insurance phases out above $100,000 of AGI
Charitable gifts	Cash and property given to qualified charities, including donor-advised funds	New: only the amount above 0.5% of AGI counts. Cash gifts limited to 60% of AGI; excess carries forward 5 years
Casualty & theft	Personal losses from federally or state-declared disasters	Reduced by $100 per event and 10% of AGI (special rules for qualified disasters)
Other	Gambling losses, investment interest and unreimbursed K-12 educator expenses (new for 2026)	Gambling: (new) 90% of losses, up to winnings. Investment interest: up to net investment income

- **Top-bracket itemizers cap (new):** for taxpayers in the 37% bracket, itemized deductions save at most 35 cents per dollar.
- **Not itemizing?** Starting in 2026, you can deduct up to $1,000 ($2,000 MFJ) of cash gifts to charity. Donor-advised funds do not qualify.
- **Bunching:** Group several years of deductions into one year, for example by front-loading charitable gifts into a donor-advised fund, so that your itemized total beats the standard deduction for that year. In the off years, take the standard deduction.

Income Taxes

Family, Business & AMT

Child Tax Credit

Per child under 17	$2,200
Refundable portion	Up to $1,700
Other dependents	$500

- Phases out by $50 per $1,000 of MAGI over $400,000 (MFJ) or $200,000 (all others).
- Child must have an SSN, and so must at least one parent claiming the credit.
- "Other dependents" includes children 17+, college students and qualifying relatives.

Kiddie Tax

Child's Unearned Income	Taxed at
First $1,350	No tax
Next $1,350	Child's rate
Over $2,700	Parent's rate

- Applies to children under 18, and to those under 19 (or under 24 if full-time students) whose earned income does not exceed half their support.
- Includes UTMA/UGMA accounts. Wages are always taxed at the child's own rate.

Business Income

C Corporations	Flat 21% federal rate, including personal service corporations

2026 Standard Mileage Rates

Rates changed July 1, 2026; log miles for each half separately.

Miles driven	Business	Medical	Charitable
Jan. 1 – June 30	72.5¢	20.5¢	14¢
July 1 – Dec. 31	76¢	23.5¢	14¢

Employees, including S corporation owners, can't deduct unreimbursed mileage. Reimburse it through an accountable plan instead. Medical miles help only if you itemize (page 03).

Qualified Business Income (QBI) Deduction

Owners of sole proprietorships, partnerships, S corporations and some rental activities may deduct up to **20% of qualified business income**. The deduction is now permanent. Limits depend on taxable income:

Taxable income	MFJ	MFS	All others
Full deduction up to	$403,500	$201,775	$201,750
Limits fully apply over	$553,500	$276,775	$276,750

- **Above the range,** the deduction is limited to the greater of 50% of W-2 wages paid, or 25% of W-2 wages plus 2.5% of the cost of qualified business property.
- **Specified service businesses** (accounting, law, health, and consulting) get no deduction above the range.
- **New for 2026:** a $400 minimum deduction with $1,000+ of QBI from material participation.

Alternative Minimum Tax (AMT)

Filing status	Exemption	Phaseout begins
MFJ	$140,200	$1,000,000
Single & HoH	$90,100	$500,000
MFS	$70,100	$500,000
Estates & Trusts	$31,400	$104,800

A parallel tax calculation with fewer deductions. Rates are 26% on the first $244,500 above the exemption ($122,250 MFS) and 28% above that.

New for 2026: the exemption shrinks by 50 cents per dollar above the phaseout, up from 25 cents. Common triggers include exercising incentive stock options and large state tax deductions.

Income Taxes

Payroll & Other Taxes

Payroll & Self-Employment Taxes

Tax	Employee	Employer	Self-employed	Earnings subject to tax
Social Security	6.2%	6.2%	12.4%	First $184,500
Medicare	1.45%	1.45%	2.9%	All earnings
Additional Medicare	0.9%	—	0.9%	See thresholds below

Self-employment tax applies to 92.35% of net self-employment earnings, and half of it is deductible. Wages count toward the $184,500 wage base before self-employment income.

Surtaxes on Higher Incomes

Filing status	Net Investment Income Tax (3.8%) MAGI over	Additional Medicare Tax (0.9%) Wages & SE income over
MFJ	$250,000	$250,000
Single & HoH	$200,000	$200,000
MFS	$125,000	$125,000
Estates & Trusts	$16,000	Does not apply

- **NIIT** is 3.8% of the lesser of net investment income or MAGI above the threshold. It covers interest, dividends, gains, rents, royalties and passive business income, not wages or retirement plan distributions.
- **Additional Medicare Tax** is withheld once wages exceed $200,000, regardless of filing status, so two-earner couples may owe more at filing. Neither surtax threshold is indexed for inflation for individuals.

Estimated Taxes & Key Deadlines

If you will owe $1,000 or more at filing, avoid an underpayment penalty by paying (through withholding or estimates) at least the lesser of:

- **90%** of your 2026 tax, or
- **100%** of your 2025 tax (**110%** if 2025 AGI was over $150,000, or $75,000 MFS)

2026 estimated payment	Due
1st quarter	April 15, 2026
2nd quarter	June 15, 2026
3rd quarter	Sept. 15, 2026
4th quarter	Jan. 15, 2027

2026 Return or Form	Due	With extension
Forms W-2 & 1099-NEC	Feb. 1, 2027	—
S Corporation (1120-S) & Partnership (1065)	March 15, 2027	Sept. 15, 2027
Individual (1040) & C corporation (1120)	April 15, 2027	Oct. 15, 2027
Trust & Estate (1041)	April 15, 2027	Sept. 30, 2027

An extension gives more time to file, not to pay. Penalties and interest may apply if paid after April 15 deadline.

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Estate & Gift Taxes

Key Figures

Item	Amount	Notes
Estate, gift & GST exemption	$15,000,000	Per person; $30 million per married couple*
Top tax rate	40%	Applies to amounts above the exemption
Annual gift exclusion	$19,000	Per recipient; $38,000 if spouses split gifts
Gifts to a non-citizen spouse	$194,000	Per year; unlimited for a U.S. citizen spouse
529 five-year election	$95,000	Per beneficiary; $190,000 with gift-splitting

OBBBA made the $15 million exemption permanent (indexed for inflation after 2026), so the drop once scheduled for 2026 did not happen. Rates are graduated from 18% to 40%, but because the exemption covers the lower brackets, any taxable estate is effectively taxed at 40%.
*If portability is properly elected on Form 706

Gifts That Don't Use Your Exemption

- Gifts up to $19,000 per person, to as many people as you like
- Unlimited gifts to a spouse who is a U.S. citizen
- Tuition paid directly to a school and medical bills paid directly to a provider, in any amount
- Gifts to qualified charities

Portability for Married Couples

When the first spouse dies, the executor can pass any unused exemption to the surviving spouse. This **requires filing Form 706**, even when no estate tax is owed. If a return is not otherwise required, the election can generally be made up to 5 years after death.

Step-Up in Basis: Give Now or Leave Later?

Assets inherited at death generally receive a new cost basis equal to their fair market value at death. Gifted assets keep the giver's original basis. Because few families now owe estate tax, holding appreciated assets until death often saves more in income tax than giving them away.

Retirement accounts such as IRAs and 401(k)s do not receive a step-up; heirs pay income tax on withdrawals from pre-tax accounts.

Example:

$50,000 of stock now worth $250,000	Gifted	Inherited
Recipient's basis	$50,000	$250,000
Gain if sold for $250,000	$200,000	$0

Filing Requirements

Return	When it is required	Due date
Form 709 (gift)	Gifts above the annual exclusion, gift-splitting, or a 529 five-year election	April 15 of the following year; 6-month extension available
Form 706 (estate)	Gross estate plus lifetime taxable gifts over the exemption, or to elect portability	9 months after death; 6-month extension available
Form 1041 (income)	Estate or trust with $600 or more of gross income	April 15 for calendar-year filers

State taxes: Georgia, Tennessee and North Carolina have no estate or inheritance tax. Twelve states and D.C. impose an estate tax, and five states (KY, MD, NE, NJ, PA) impose an inheritance tax, which can apply when the decedent lived or owned property there.

Individual Retirement Accounts (IRAs)

Traditional IRA Deductibility Rules

Filing Status & Workplace Plan Coverage	Full Deduction	Partial Deduction	No Deduction
Single / HoH - not covered	Any MAGI	-	-
Single / HoH - covered	$81,000 or less	$81,001 - $90,999	$91,000 or more
MFJ - neither spouse covered	Any MAGI	-	-
MFJ - contributing spouse covered	$129,000 or less	$129,001 - $148,999	$149,000 or more
MFJ - contributing spouse not covered, other spouse covered	$242,000 or less	$242,001 - $251,999	$252,000 or more
MFS - either spouse covered*	-	Less than $10,000	$10,000 or more

*If you lived with your spouse at any time during the year. MFS filers who lived apart all year use the Single rules.

Contribution Limits - Traditional & Roth

Regular	$7,500
Catch-up (50+)	+ $1,100

Limited to earned income, if less. 2026 contributions can be made until the April 15, 2027 filing deadline.

Roth IRA - MAGI Phaseout Range

MFJ	$242,000 - $252,000
Single / HoH	$153,000 - $168,000
MFS	$0 - $10,000

Required Minimum Distributions (RMDs)

Year of Birth	1951 - 1959	1960 or later
RMDs Begin At	73	75

How RMDs Work

- Your first RMD is due by April 1 of the year after you reach your RMD age. You may also take it any time during the year you reach that age.
- Each RMD after the first is due by December 31.
- Your RMD is based on your prior year-end balance and your age. See the calculation and Uniform Lifetime Table on the next page.
- RMDs apply to traditional, SEP and SIMPLE IRAs and to employer plans such as 401(k)s and 403(b)s. Roth IRAs and Roth 401(k)/403(b) accounts have no RMDs during the owner's lifetime.
- IRA RMDs can be totaled and taken from any of your IRAs. Each 401(k) must satisfy its own RMD.
- A missed RMD triggers a 25% excise tax on the shortfall, reduced to 10% if corrected within two years.

Pro Tips

1. Delaying your first RMD to April 1 means taking two in the same year, which can push you into a higher tax bracket and raise future Medicare premiums (page 12).
2. Still working? RMDs from your current employer's plan can usually wait until April 1 after you retire, unless you own more than 5% of the business. IRAs do not qualify.
3. From age 70½, Qualified Charitable Distributions from an IRA (up to $111,000 in 2026) count toward your RMD and are excluded from taxable income.
4. Use withholding to cover estimated taxes. Federal tax withheld from an RMD is treated as paid evenly throughout the year, even if the withdrawal is taken in December. That can make up for missed or short quarterly estimates without a penalty (page 05).

Individual Retirement Accounts (IRAs)

Uniform Lifetime Table

Continues past age 102; see IRS Publication 590-B

Age	Distribution period	Distribution %
73	26.5	3.77%
74	25.5	3.92%
75	24.6	4.07%
76	23.7	4.22%
77	22.9	4.37%
78	22.0	4.55%
79	21.1	4.74%
80	20.2	4.95%
81	19.4	5.15%
82	18.5	5.41%
83	17.7	5.65%
84	16.8	5.95%
85	16.0	6.25%
86	15.2	6.58%
87	14.4	6.94%

Age	Distribution period	Distribution %
88	13.7	7.30%
89	12.9	7.75%
90	12.2	8.20%
91	11.5	8.70%
92	10.8	9.26%
93	10.1	9.90%
94	9.5	10.53%
95	8.9	11.24%
96	8.4	11.90%
97	7.8	12.82%
98	7.3	13.70%
99	6.8	14.71%
100	6.4	15.63%
101	6.0	16.67%
102	5.6	17.86%

Calculating Your RMD

Prior December 31 balance ÷ distribution period for your age this year

Example: Age 75 in 2026 with $500,000 on 12/31/2025: $500,000 ÷ 24.6 = **$20,325**.

Which Table Applies?

- **Uniform Lifetime:** most account owners
- **Single Life:** inherited accounts that can be stretched
- **Joint Life:** spouse is sole beneficiary and more than 10 years younger (smaller RMDs)

Inherited IRAs (Inherited After 2019)

Beneficiary	Withdrawal rule
Surviving spouse	Can treat it as their own IRA, or stay a beneficiary and delay RMDs until the deceased would have reached RMD age
Eligible beneficiary*	Can stretch withdrawals over their life expectancy (a minor child moves to the 10-year rule at 21)
Other individuals	Must empty the account by the end of the 10th year after death, plus annual RMDs in years 1–9 if the owner died on or after their required beginning date

*The owner's minor child, a disabled or chronically ill individual, or someone not more than 10 years younger than the owner. Estates, charities and many trusts follow separate rules.

Health Savings Accounts (HSAs)

2026 Limits

Coverage	HSA contribution limit	HDHP minimum deductible	HDHP out-of-pocket maximum
Self-only	$4,400	$1,700	$8,500
Family	$8,750	$3,400	$17,000
Age 55+	+ $1,000 catch-up	—	—

Contributions for 2026 can be made until April 15, 2027. Employer contributions count toward the limit.

The Triple Tax Advantage

- **Contributions** are deductible, or pre-tax when made through payroll
- **Growth** is tax-free
- **Withdrawals** are tax-free for qualified medical expenses, such as doctor visits, dental, vision, hearing aids, prescriptions and many over-the-counter items

Who Can Contribute

- Covered by a high-deductible health plan (HDHP)
- No other health coverage, with limited exceptions (e.g., dental, vision)
- Not enrolled in Medicare
- Not claimed as a dependent on someone else's return

New for 2026

- Bronze and catastrophic marketplace plans now qualify as HDHPs
- Direct primary care memberships no longer block contributions, and their fees can be paid from the HSA up to $150/month ($300 family)
- Telehealth before meeting the deductible is now permanently allowed

Taxes on Withdrawals

Used for	Under 65	65 and older
Medical expenses	Tax-free	Tax-free
Anything else	Income tax + 20% penalty	Income tax only

Pro Tips

- **Contribute through payroll** when possible to also avoid Social Security and Medicare taxes.
- **Save your receipts.** There is no deadline to reimburse yourself for medical expenses incurred after the HSA was opened, so the account can grow for years first.
- **Name your spouse as beneficiary**. A spouse inherits the account as their own HSA; anyone else pays income tax on the full balance.
- **Working past 65?** Medicare Part A coverage (page 12) can be backdated up to 6 months, so stop contributing 6 months before you enroll in Medicare or Social Security.
- In retirement, the HSA **can pay Medicare Part B, Part D and Medicare Advantage premiums** tax-free, but not Medigap premiums.
- **Married couples share the family limit**, and each spouse 55+ needs their own HSA for the catch-up.

HSA vs. FSA

	HSA	Health FSA
Plan required	HDHP	Employer-offered
Limit (self / family)	$4,400 / $8,750	$3,400
Unused funds	Roll over	Max $680 carryover
Portable	Yes, you own it	Usually no

Invest it, don't just spend it

If your budget allows, pay current medical costs out of pocket and let the HSA grow. Many HSAs let you invest the balance, and saved receipts let you reimburse yourself later.

Qualified Plan Limits

2026 Contribution & Benefit Limits

Employee deferral: 401(k), 403(b), 457(b) and TSP		$24,500
Total defined contribution additions (employee + employer)		$72,000
SIMPLE IRA & SIMPLE 401(k) deferral		$17,000
SIMPLE deferral: employers with 25 or fewer employees*		$18,100
SEP IRA contribution: lesser of 25% of compensation or		$72,000
Maximum compensation used in plan formulas		$360,000
Pay required for SEP eligibility		$800
Defined benefit plan annual benefit		$290,000
Highly compensated employee threshold		$160,000
Key employee threshold (top-heavy plans)		$235,000
PBGC maximum monthly guarantee at age 65	**Single life**	$7,789.77
	50% joint & survivor	$7,010.79

*Also available to employers with 26–100 employees that contribute more (a 4% match or 3% of pay). The age 50+ catch-up in these plans is $3,850.

Catch-Up Contributions

Plan	Age 50–59 or 64+	Age 60–63
401(k), 403(b), 457(b)	$8,000	$11,250
SIMPLE plans	$4,000	$5,250

Maximum 401(k) deferral with catch-up: $32,500 (50+) or $35,750 (60–63). Catch-ups are not counted toward the $72,000 total.

New for 2026: Roth Catch-Ups

If your 2025 Social Security wages from the employer exceeded **$150,000**, catch-up contributions must be made as **Roth** (after-tax). If the plan has no Roth option, these employees cannot make catch-ups.

For Business Owners

- **S corporation owners:** contributions are based on W-2 wages only, not distributions, so reasonable compensation drives how much you can save.
- **Self-employed:** the 25% employer limit works out to about 20% of net self-employment earnings after the SE tax deduction.
- **Startup credit:** up to $5,000 a year for 3 years toward the cost of a new plan, plus $500 a year for adding auto-enrollment. Requires at least one non-highly compensated employee.
- **Solo 401(k):** file Form 5500-EZ once plan assets exceed $250,000.

Pension Decisions

- **Lump sum or monthly income?** Weigh health and life expectancy, other income, and interest rates; lump sums usually shrink when rates rise.
- **Survivor options:** a single-life payment is highest but stops at death. Joint and survivor (50%, 75% or 100%) pays less but protects a spouse, who must consent in writing to waive it.
- **Rolling over a lump sum:** a direct rollover to an IRA avoids the mandatory 20% federal withholding.

Social Security

Claiming Age & Benefit Amount

Year of birth	Full retirement age (FRA)	Benefit % at 62	Benefit % at 70
1943–1954	66	75.00%	132.00%
1955	66 & 2 months	74.17%	130.67%
1956	66 & 4 months	73.33%	129.33%
1957	66 & 6 months	72.50%	128.00%
1958	66 & 8 months	71.67%	126.67%
1959	66 & 10 months	70.83%	125.33%
1960 or later	67	70.00%	124.00%

Percent of your FRA benefit. Delaying past FRA adds 8% per year, up to age 70.

2026 Key Numbers

Cost-of-living adjustment	Max benefit at 62	Max benefit at FRA	Max benefit at 70
2.8%	$2,969/mo	$4,152/mo	$5,181/mo

Working Before FRA (Earnings Test)

Before FRA year: $1 per $2 over	$24,480
FRA year: $1 per $3 over	$65,160

Any reduced benefit will be recalculated higher at FRA. No earnings limit after FRA.

Work History & Credits

Earnings for 1 credit	$1,890
Earnings for the 4-credit annual maximum	$7,560
Credits needed for retirement benefits	40

Credits are based on annual earnings, so earning $7,560 at any point in 2026 earns all 4. Payroll tax rates are on page 05.

Taxation of Benefits

Income	Single	MFJ
None	$25,000 or less	$32,000 or less
Up to 50%	$25,000–$34,000	$32,000–$44,000
Up to 85%	Over $34,000	Over $44,000

Income = AGI before social security benefits + tax-exempt interest + ½ of benefits. Up to 85% is taxable for MFS filers who lived with their spouse. Not indexed for inflation. The senior deduction (page 03) can offset this tax.

Spouses & Survivors

- A spouse can receive up to **50%** of the worker's FRA benefit, with no increase for waiting past FRA.
- A surviving spouse can receive up to 100% of the deceased worker's benefit, including delayed retirement credits.
- Ex-spouses qualify if married 10+ years and currently unmarried.

Good to Know

- **WEP and GPO repealed:** retirees with non-covered pensions (e.g., teachers, government workers) may now receive higher benefits.
- Withholding: file Form W-4V to withhold 7%, 10%, 12% or 22% from benefits.
- State tax: some states, like Georgia and North Carolina, do not tax Social Security benefits.

Medicare

2026 Costs

Part B standard premium	$202.90/mo
Part B deductible	$283/yr
Part A hospital deductible	$1,736*
Part D out-of-pocket cap	$2,100/yr
Part A: 40+ work credits	$0 premium
Part A: 30–39 credits	$311/mo
Part A: under 30 credits	$565/mo

*Per benefit period. Work credits can come from your own or a spouse's record; 40 credits is about 10 years of work (page 11).

Enrollment Rules

- **Initial window:** 7 months, starting 3 months before your 65th birthday month.
- **Late penalty:** Part B premiums rise 10% for each full year you delayed, for life.
- **Still working?** With current-employer coverage, you have 8 months after coverage ends to enroll. COBRA and retiree coverage do not count.

Managing IRMAA

- After retirement, reduced work, divorce or a spouse's death, file Form SSA-44 to use current income.
- $1 over a threshold triggers the full surcharge.

Income-Related Surcharges (IRMAA)

Monthly Part B and D costs by MAGI from **two years earlier** (2024 income sets 2026 premiums).

Individual	Married Filing Jointly	Married Filing Separately*	Part B Premium	Part D Surcharge
$109,000 or less	$218,000 or less	$109,000 or less	$202.90	$0
$109,001 – $137,000	$218,001 – $274,000	—	$284.10	$14.50
$137,001 – $171,000	$274,001 – $342,000	—	$405.80	$37.50
$171,001 – $205,000	$342,001 – $410,000	—	$527.50	$60.40
$205,001 – $499,999	$410,001 – $749,999	$109,001 – $390,999	$649.20	$83.30
$500,000 and above	$750,000 and above	$391,000 and above	$689.90	$91.00

Part D surcharges are in addition to your plan premium.
*Only applies to people who lived with their spouse during the year; others use the Individual column.

Medigap vs. Medicare Advantage

	Original Medicare (A & B) + Medigap	Medicare Advantage (Part C)
Doctors	Any provider nationwide that accepts Medicare	Usually a network (HMO or PPO), often regional
Premiums	Part B + Medigap + separate Part D plan	Part B + plan premium, often low or $0; drugs usually included
Out-of-pocket	Low and predictable; Plan G covers nearly all after the Part B deductible	Copays and coinsurance, up to the plan's annual maximum
Extras & approvals	No dental or vision; prior approval rarely needed	Often adds dental, vision and hearing; prior approval often required

Timing matters: Medigap can't turn you down during the 6 months starting when you are 65 and enrolled in Part B. After that, most states let insurers deny coverage or charge more based on health, so switching from Advantage back to Medigap may not be possible.

Education Tax Incentives

Education Tax Credits

	American Opportunity Tax Credit (AOTC)	Lifetime Learning Credit (LLC)
Who qualifies	First 4 years of college; enrolled at least half-time in a degree or credential program	Any year of college or graduate school, plus courses to improve job skills
Qualifying expenses	Tuition, required fees and course materials (books, supplies, equipment)	Tuition and fees required for enrollment
Credit amount	100% of the first $2,000 + 25% of the next $2,000	20% of up to $10,000 of expenses
Maximum credit	**$2,500 per student**; up to 40% ($1,000) refundable	**$2,000 per return**; not refundable
MAGI phaseout	$80,000 – $90,000 single; $160,000 – $180,000 MFJ (both credits; not indexed for inflation)	

Rules for both: not available to MFS filers. Starting in 2026, the taxpayer and student must have Social Security numbers. Only one credit per student per year, and expenses paid with scholarships or tax-free 529 or ESA withdrawals don't count.

Education Deductions

	Student Loan Interest	Educator Expenses
Who qualifies	Interest on loans for you, your spouse or a dependent who was enrolled at least half-time	K-12 teachers, counselors, principals and aides working 900+ hours a year
Maximum	**$2,500** per return	**$350** per educator ($700 if both spouses qualify)
MAGI phaseout	$85,000 – $100,000 single; $175,000 – $205,000 MFJ	None

Both are deducted whether or not you itemize. Student loan interest is not available to MFS filers. Educator expenses above $350 can be itemized starting in 2026 (page 03).

Employer Education Assistance

- Employers can provide up to **$5,250** a year tax-free per employee for tuition, books or **student loan payments**. The loan-payment option is now permanent, and the limit is indexed starting in 2027.
- Requires a written plan, and no more than 5% of benefits can go to owners. A low-cost recruiting and retention tool for small businesses.

Student Loan Forgiveness

- Starting in 2026, forgiveness under income-driven repayment plans is **taxable again**; the 2021–2025 exclusion expired.
- Public Service Loan Forgiveness remains tax-free, and forgiveness due to death or disability is now permanently tax-free.
- Borrowers expecting forgiveness should plan for the tax in that year.

Education Tax Incentives

Education Savings Vehicles

	529 Plan	Coverdell ESA
Contributions	No annual limit; lifetime contributions vary by state (Georgia: $550,000). See five-year gift election on page 06.	$2,000 per beneficiary per year from all contributors, until age 18
Income limit	None	Phases out at $95,000 – $110,000 single; $190,000 – $220,000 MFJ
Qualified uses	College, graduate school, and trade or credential programs; K-12 up to $20,000 a year (tuition, curriculum, tutoring, testing, dual enrollment); up to $10,000 lifetime of student loans	College, plus K-12 tuition, books, supplies and tutoring with no annual dollar cap
Tax benefits	Tax-free growth and withdrawals for qualified uses. Georgia deduction: up to $8,000 per beneficiary MFJ ($4,000 single) for Path2College	Tax-free growth and withdrawals for qualified uses; no Georgia deduction
Control	Owner keeps control and can change the beneficiary to another family member. Up to $35,000 lifetime can roll to the beneficiary's Roth IRA*	Must be used or moved to a family member's account by age 30 (special-needs exception)

*The 529 must be open 15+ years; contributions from the last 5 years (and their earnings) don't qualify; beneficiary must have earned income and each year's rollover counts toward their annual IRA limit. Non-qualified withdrawals: earnings taxed plus a 10% penalty, waived for scholarships, military academy attendance, death or disability.

	Custodial Accounts (UTMA/UGMA)	U.S. Savings Bonds (EE & I)
Contributions	No limit (gift rules apply)	$10,000 per person per year for each bond type
Uses	Anything that benefits the child	Interest is tax-free if used for tuition and fees (or moved to a 529 or ESA)
Taxes	Earnings taxed to the child; kiddie tax may apply (page 04)	Exclusion phases out at $101,800 – $116,800 single; $152,650 – $182,650 MFJ
Control	Child takes control at the state's age of majority (often 18 or 21)	Owner keeps control; owner must be 24+ when the bond is issued

Planning Tips

- **Financial aid:** parent-owned 529s count at no more than 5.64% of their value, while student assets (including UTMAs) count at 20%. Grandparent-owned 529s no longer count on the FAFSA.
- **Coordination with the AOTC:** pay $4,000 of expenses from other funds to claim the full credit, then use 529 money for the rest. The same dollars can't count for both.
- **Superfunding:** five years of annual gift exclusions can go into a 529 at once (page 06).
- **Match withdrawals to expenses:** take 529 withdrawals in the same calendar year you pay the bill, and keep receipts. Tuition paid in December but reimbursed in January can make the withdrawal taxable.

OBBBA Key Provisions

For Individuals & Families

Covered Elsewhere in This Guide

Brackets and standard deduction made permanent	02–03	AMT exemption permanent, faster phaseout	04
$6,000 senior deduction (2025–2028)	03	$15 million estate exemption permanent	06
SALT cap raised to $40,400	03	HSA expansion (bronze plans, telehealth)	09
Charitable floor, 35% cap, non-itemizer gifts	03	SSN required for education credits	13
Child Tax Credit raised to $2,200	04	529 expansion (K-12 $20,000, credentials)	14

New Deductions for 2025–2028

	What you can deduct	Phaseout (MAGI)	Requirements
No tax on tips	Up to $25,000 of qualified tips	Reduced $100 per $1,000 over $150,000 single / $300,000 MFJ	Occupations customarily tipped
No tax on overtime	The premium ("half") portion of overtime pay, up to $12,500 ($25,000 MFJ)		Overtime required by the Fair Labor Standards Act
Car loan interest	Up to $10,000 of interest	Reduced $200 per $1,000 over $100,000 single / $200,000 MFJ	New personal vehicle assembled in the U.S.; loan after 2024

All three can be claimed whether or not you itemize. Tips and overtime require an SSN and are not available to MFS filers. Payroll taxes still apply, and state treatment varies.

Trump Accounts

- Available to any child under 18 with an SSN. U.S.-citizen children born 2025–2028 receive a **$1,000 federal deposit** by filing Form 4547.
- Contributions began July 4, 2026: up to **$5,000** a year, including up to $2,500 tax-free from a parent's employer. Not deductible.
- Invested in low-cost U.S. stock index funds; no withdrawals until 18, then traditional IRA rules apply.

Other Family Changes

- **Dependent care FSA:** limit rises to $7,500 ($3,750 MFS); the dependent care credit now reaches 50% for lower incomes.
- **Adoption credit:** up to $17,670, with up to $5,120 refundable; phases out at $265,080 – $305,080 of MAGI.
- **ABLE accounts:** enhancements made permanent. Eligibility expanded to disabilities onset before age 46, under SECURE 2.0.

Energy Credits That Have Ended

Credit	No longer available for
New and used electric vehicle credits	Vehicles acquired after Sept. 30, 2025
Residential clean energy (solar, batteries, geothermal)	Expenditures made after Dec. 31, 2025
Energy efficient home improvements (windows, heat pumps)	Property placed in service after Dec. 31, 2025
EV charger (refueling property) credit	Property placed in service after June 30, 2026

OBBBA Key Provisions

For Business Owners

Investment, Depreciation & Gains

Bonus depreciation	100% first-year write-off made permanent (property acquired after Jan. 19, 2025)
Section 179 expensing	$2,560,000 limit for 2026, phasing out once purchases exceed $4,090,000
Research & development	Domestic R&D deductible immediately again from 2025. Businesses with receipts of $31 million or less may amend 2022–2024
Business interest	Limit again based on EBITDA (adds back depreciation), so more interest is deductible
Qualified small business stock (§1202)	C corp stock issued after July 4, 2025: 50%/75%/100% of gain excluded after 3/4/5 years; $15 million cap
Opportunity Zones	Made permanent with new zones starting in 2027. Gains invested after 2026 are deferred 5 years with a 10% basis increase (30% in rural zones)
Excess business losses	Limit on using business losses against other income made permanent

Reporting & Compliance

- **1099-NEC and 1099-MISC:** threshold rises from $600 to **$2,000** for payments made in 2026, indexed after 2026.
- **1099-K:** back to $20,000 and 200 transactions for payment apps and marketplaces.
- **Pass-through entity tax (PTET):** preserved, so S corps and partnerships can still deduct state tax outside the individual SALT cap (page 03).

Employer Benefits & Credits

- **Child care credit:** employers can recover up to 40% of child care costs (50% for small businesses), up to $500,000 ($600,000 small businesses) a year.
- **Paid family leave credit:** made permanent.
- **Other benefits:** dependent care FSA and Trump accounts (page 15); education assistance (page 13).

Business Energy Incentives Ending

Incentive	No longer available for
Commercial clean vehicle credit	Vehicles acquired after Sept. 30, 2025
New energy efficient home credit (builders)	Homes acquired after June 30, 2026
Energy efficient commercial building deduction	Construction beginning after June 30, 2026

QBI deduction changes, including the new $400 minimum, are on page 04. Retirement plan startup credits are on page 10.

Planning Notes

- **Georgia does not follow federal bonus depreciation,** so state depreciation differs and larger purchases can create federal-state timing differences.
- **Georgia PTET** is elected each year on the entity's timely filed return, so plan the election before filing.
- **C corporations:** charitable gifts are now deductible only above 1% of taxable income (the 10% cap still applies).
- **1099 thresholds** only change what must be reported; payments below $2,000 are still taxable to the recipient.

About Us

Good Works Financial is a virtual CPA firm serving clients in Georgia and beyond. We help individuals, families, retirees and small business owners make confident, well-informed decisions, with tax planning that happens throughout the year, not just at filing time.

What We Do

- Individual and business tax preparation
- Year-round proactive tax planning
- Fractional CFO and controller services
- Small business advisory and entity planning
- Accounting technology and workflow consulting

How We Work

- **Proactive:** we plan ahead, so decisions are made before deadlines, not after.
- **Clear:** plain-language explanations and defined action items.
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Contact Us

(706) 349-1469
nick@goodworks.financial
195 N Main St., Suite A, Hiawassee, GA 30546

Schedule a meeting →



NICK SHOOK
CPA, CFP®