

ClientLine®

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LOWER YOUR TAX BILL FOR 2027

Thanks to the One Big Beautiful Bill Act (OBBBA), 2027 planning can largely follow your 2026 tax plan, with a few adjustments and timely options.

WORTH YOUR SALT

Take full advantage of the higher state and local tax (SALT) deduction, up to \$40,400 in 2026, through 2029, when it's scheduled to return to \$10,000. The cap phases down once your modified adjusted gross income (MAGI) exceeds \$505,000 (\$252,500 for married filing separately). At a MAGI of \$612,730 or higher (\$306,365 for married filing separately), the cap drops back to \$10,000 in 2030.

OLD STANDBYS

Contribute the maximum allowed to tax-deferred employer retirement plans, IRAs, and Health Savings Accounts (HSAs). However, if you earned more than \$150,000 in wages in 2026, your 2027 catch-up contributions to 401(k), 403(b), and governmental 457(b) plans must be made to a Roth account. HSAs remain among the most tax-efficient accounts available. Contributions are above-the-line deductions, growth is tax-free, and withdrawals for qualified medical expenses are also tax-free.

WHILE YOU CAN

Through 2028, you can deduct up to \$10,000 in interest paid on a qualified car

loan for a new vehicle assembled in the United States. You must purchase the vehicle between January 1, 2025, and December 31, 2028. The deduction phases out beginning at \$100,000 MAGI for single filers and \$200,000 for married filing jointly.

The 2028 expiration date also applies to the additional deduction of up to \$6,000

per person age 65+. This deduction phases out at \$75,000 MAGI for single filers and at \$150,000 for married filing jointly.

BE AWARE

Charitable contributions are now deductible only to the extent they exceed 0.5% of your adjusted gross income (AGI). For example, a taxpayer with \$300,000 in AGI receives no deduction for the first \$1,500 of charitable giving. If you're in the 37% tax bracket, you'll receive only a 35% tax benefit from itemized deductions (including charitable contributions). You can no longer deduct miscellaneous investment fees, unreimbursed employee expenses, or personal tax preparation costs. Before implementing your 2027 tax plan, talk with your tax advisor.



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TRIM HOLIDAY SPENDING

The holidays haven't arrived, but now's the time to set a budget and stick to it. Here's how.

Be Accountable Set a holiday budget and list every item you plan to buy with its price—if it's not on the list, don't buy it. Review weekly to stay accountable.

Be Thrifty Look for coupons online, in print, and through apps—but skip sale items not on your list. No discount beats the 100% you save by not buying at all.

Be Card-Smart Leaving credit cards at home makes it hard to overspend when you only have cash. If you do use a card, pick one with strong cash-back rewards and pay it off in full monthly.

Be Money-Smart If the thought is what counts, bake cookies and gift them in a nice tin, or re-gift items you received in the past—just remember who gave you what.



CLIENT PROFILE

Marcus owns a mid-size HVAC installation company that had a strong 2026, generating \$850,000 in adjusted gross income (AGI). As the year winds down, his advisor helps him plan a \$40,000 charitable gift to a local trade-school scholarship fund.



Because 2026 introduces a new rule under the One Big Beautiful Bill Act, itemized charitable deductions only count above 0.5% of AGI. With Marcus's AGI near \$850,000, the first \$4,250 of his giving produces no deduction, leaving \$35,750 deductible. Rather than writing a check, his advisor suggests donating appreciated stock from his brokerage account instead. By gifting shares he's held for years, he avoids capital gains tax on the appreciation while still deducting the full fair market value above the floor. Because Marcus is in the top tax bracket, OBBBA also caps his itemized deductions at 35%, slightly below his 37% marginal rate. Even so, pairing the gift with appreciated stock meaningfully reduces his 2026 tax bill and supports a cause he cares about—proof that timing and asset choice both matter.

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Client Profile is based on a hypothetical situation. The solutions discussed may or may not be appropriate for you.

YEAR-END TAX-SAVING OPPORTUNITIES

As the year draws to a close, it's time to maximize your 2026 tax deductions and other planning opportunities — including turning investment losses into a tax benefit through tax-loss harvesting. Here's a brief checklist of moves to help reduce your tax exposure.

TAX-LOSS HARVESTING

Selling under-performing investments before year's end lets you offset realized capital gains dollar-for-dollar. If losses exceed gains, deduct up to \$3,000 against ordinary income and carry the remainder forward. Avoid the wash-sale rule: don't repurchase a substantially identical security within 30 days, or the loss will be disallowed.

BUSINESS EXPENSES

Reduce your 2026 tax bill by pre-paying certain business expenses before year's end—renewing subscriptions or paying ahead for advertising, insurance premiums, rent, and licenses that don't extend more than 12 months.

EQUIPMENT

Repair broken equipment and put new equipment into service by year's end. Deduct the full cost of qualified equipment up to \$2,560,000 for tax year 2026, phasing out once purchases exceed \$4,090,000.

MAXIMIZE QBI DEDUCTIONS

Owners of S corporations, partnerships, and sole proprietorships may deduct up to 20% of qualified business income (QBI). For 2026, eligibility phases out at \$201,750 for single filers and \$403,550 for joint filers.

Talk with your advisor about finding additional deductions.



THE GENEROSITY OF THE SEASON

As November ushers in a season of gratitude, it also marks the year's biggest stretch for charitable giving. Americans gave a record \$617.2 billion to charity in 2025, up 5.7% from the year before—the first time giving has topped \$600 billion, with every major giving source on the rise.

Roughly a third of all annual giving happens in December alone, as year-end tax planning and holiday generosity converge. That surge often kicks off right after Thanksgiving: GivingTuesday 2025 drew more than 38 million donors who gave a record \$4 billion in a single day.

One of 2025's biggest stories was bequests, which jumped nearly 20%—the largest

increase of any giving source, fueled by strong markets lifting estate values. Individuals still gave the most overall, contributing 64% of the year's total.

This November, consider how your own giving, whether a check, appreciated stock, or a gift in your estate plan, can be part of that story.

REASONS TO LEAVE HEIRS A ROTH IRA

A Roth IRA can be a powerful tool for passing wealth to heirs and strengthening their financial future. Here's why.

◇ Unlike traditional IRAs, where beneficiaries* may face income taxes on withdrawals, a Roth IRA generally allows heirs to take qualified distributions (both contributions and earnings) tax-free, provided the original owner's five-year holding period has been met.

◇ Roth IRA owners face no lifetime RMDs, unlike traditional IRA owners who must begin at age 73, so the account can keep growing tax-free for as long as the owner lives. After inheritance, most non-spouse beneficiaries who are not eligible designated beneficiaries (EDBs) must empty the account within 10 years under SECURE Act rules. Because withdrawals

are tax-free and no annual RMDs apply in years 1–9, heirs can choose their timing. EDBs—surviving spouses, the owner's minor children, disabled or chronically ill

individuals, and those not more than 10 years younger—can often stretch distributions over life expectancy. Contributions can be withdrawn anytime, tax- and penalty-free.

◇ A Roth IRA also diversifies your heirs' tax situation, giving them a source of funds that won't increase their taxable income down the line.

**For beneficiaries, the five-year period runs from the original owner's first contribution; the owner's death itself qualifies the distribution.*



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What is an irrevocable trust?

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An irrevocable trust is a legal arrangement where you permanently transfer assets out of your ownership and control, placing them under a trustee's management for your chosen beneficiaries. Unlike a revocable trust, its terms generally can't be changed or undone once established.

Because you no longer legally own the assets, they're typically removed from your taxable estate and shielded from creditors and lawsuits. The trustee manages and distributes assets according to your instructions, which can help minimize estate taxes, protect wealth for heirs, or qualify for certain benefits.

Because it's permanent, consult an estate planning attorney before creating one.

PLAN FOR A CASH-ONLY HOLIDAY

Do you often pay off credit card debt long after the holidays? Spending is hard to control this time of year — cash beats credit. Here are a few tips.

BE EFFICIENT

List everyone you're shopping for, a gift idea, and a spending cap for each — a plan keeps you focused once you start.

USE CASH OR A DEBIT CARD

Paying with cash or debit keeps you accountable — you can't spend more than what's in your wallet or account.

TRY THE ENVELOPE METHOD

Withdraw your total budget in cash and

split it into labeled envelopes per person or category. Once an envelope is empty, that spending is done for the season.

WATCH FOR "BUY NOW, PAY LATER"

These installment plans can feel like cash but are still debt. Skip them to keep your holiday spending truly credit-free.

AVOID THE MALL

Bright displays and sales tempt you to buy items off your list. Instead, order

specific gifts online with your debit card to skip the impulse-buy triggers of in-person shopping.



HOW COLLECTIBLES ARE TAXED

Most collectors buy items—art, antiques, stamps, coins, classic cars, and other tangible personal property—for the pleasure of owning and enjoying them. But you may reach a point where you want to sell a collectible to access the appreciation it has accumulated.

HIGHER CAPITAL GAINS TAX

The IRS taxes collectible gains at up to 28%. Long-term capital gains on most other assets are capped at 20%. For example, if you bought a rare painting for \$100,000 and sold it five years later for \$300,000, your capital gain would be \$200,000. Under the collectibles rate, you might owe up to \$56,000 in taxes, compared with the \$40,000 capital gains tax you might pay on an investment sale. If you sell a collectible within a year of buying it, you'll pay ordinary income tax on any gain, which could be as high as 37%.

GIFTING COLLECTIBLES

If you give a collectible to a loved one during your lifetime, they'll assume your basis, which could burden them with a higher tax bill if they sell it. Transferring collectibles to heirs at death usually means they benefit from a stepped-up basis, which can improve their tax outcome.

How can you navigate these tax challenges effectively? Keep detailed records of your collectible purchases, expenses, and sales, and consult your trusted advisors before selling.



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