



2026 Tax Planning & Reference Guide

The 2026 Tax Planning & Reference Guide is designed to be a reference only and is not intended to provide tax advice. Please consult your tax advisor prior to acting on any information referenced in this Guide.

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Tax Code Changes

This guide provides summary-level information on tax law changes and does not include complete details about restrictions and eligibility that may apply to your situation. Please consult your tax professional for advice.

SECURE 2.0 Act of 2022

Due to the SECURE 2.0 Act, the following provision will go into effect in 2026:

Roth Treatment Required for Catch-Up Contributions of High Earners in Employer-Sponsored Plans

For 2026, all catch-up contributions to employer-sponsored retirement plans must be treated as Roth (after-tax) dollars if an employee's earned (FICA) wages with the sponsoring employer exceeded \$150,000 in the prior year (2025). This wage threshold is subject to annual inflation adjustments.

One Big Beautiful Bill Act (OBBBA)

Signed into law on July 4, 2025, the OBBBA is a sweeping legislative package that permanently extends and expands key provisions of the 2017 Tax Cuts and Jobs Act (TCJA), while introducing significant changes across tax, healthcare, energy, and education policy.

Due to the OBBBA, the following provisions represent changes in the tax code:

- Overall Limit Placed on Allowable Itemized Deductions for Filers in the Top Tax Bracket
- State and Local Tax (SALT) Deduction Increased (2025-2029)
- Age 65+ Senior Deduction (2025-2028)
- Adjustments to Charitable Contribution Deductions
- Mortgage Insurance Premiums Deduction Reinstated
- Auto Loan Interest Deduction (2025-2029)
- Tip Income Deduction (2025-2029)
- Overtime Income Deduction (2025-2028)
- Trump Accounts (effective July 2026)
- K-12 Qualified Expenses Expanded and Increased for 529 Savings Plans
- Postsecondary Qualified Expenses Expanded for 529 Savings Plans
- Allowance of Bronze and Catastrophic Plans in Connection with Health Savings Accounts (HSAs)
- Repeal of Alternative Fuel Vehicle Refueling Property Credit

For a detailed overview of the key provisions, reach out to your Financial Advisor for a copy of Davenport's OBBBA Brochure.

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2026 Income Tax Rates

Single Individuals

Taxable Income			Your Tax Is:	
Above	To	Tax	Rate on Excess	
\$0	\$12,400	10% of taxable income	N/A	
12,400	50,400	\$1,240 plus	12% over	\$12,400
50,400	105,700	5,800 plus	22% over	50,400
105,700	201,775	17,966 plus	24% over	105,700
201,775	256,225	41,024 plus	32% over	201,775
256,225	640,600	58,448 plus	35% over	256,225
640,600	---	192,979.25 plus	37% over	640,600

Married Filing Jointly

Taxable Income			Your Tax Is:	
Above	To	Tax	Rate on Excess	
\$0	\$24,800	10% of taxable income	N/A	
24,800	100,800	2,480 plus	12% over	\$24,800
100,800	211,400	11,600 plus	22% over	100,800
211,400	403,550	35,932 plus	24% over	211,400
403,550	512,450	82,048 plus	32% over	403,550
512,450	768,700	116,896 plus	35% over	512,450
768,700	---	206,583.50 plus	37% over	768,700

Married Filing Separately

Taxable Income			Your Tax Is:	
Above	To	Tax	Rate on Excess	
\$0	\$12,400	10% of taxable income	N/A	
12,400	50,400	\$1,240 plus	12% over	\$12,400
50,400	105,700	5,800 plus	22% over	50,400
105,700	201,775	17,996 plus	24% over	105,700
201,775	256,225	41,024 plus	32% over	201,775
256,225	384,350	58,448 plus	35% over	256,225
384,350	---	103,291.75 plus	37% over	384,350

2026 Income Tax Rates

Head of Household

Taxable Income			Your Tax Is:	
Above	To	Tax	Rate on Excess	
\$0	\$17,700	10% of taxable income	N/A	
17,700	67,450	\$1,770 plus	12% over	\$17,700
67,450	105,700	7,440 plus	22% over	67,450
105,700	201,750	16,155 plus	24% over	105,700
201,750	256,200	39,207 plus	32% over	201,750
256,200	640,600	56,631 plus	35% over	256,200
640,600	---	191,171 plus	37% over	640,600

Trusts and Estates

Taxable Income			Your Tax Is:	
Above	To	Tax	Rate on Excess	
\$0	\$3,300	10% of taxable income	N/A	
3,300	11,700	\$330 plus	24% over	\$3,300
11,700	16,000	2,346 plus	35% over	11,700
16,000	---	3,851 plus	37% over	16,000

Corporate

Corporate income is taxed at a flat 21% rate.

Tax on Net Long-Term Capital Gains¹

Long-Term Capital Gains Tax Rate ²	Taxable Income			
	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0% ³	Up to \$49,450	Up to \$98,900	Up to \$66,200	Up to \$49,450
15% ³	\$49,451 to \$545,500	\$98,901 to \$613,700	\$66,201 to \$579,600	\$49,451 to \$306,850
20% ³	Over \$545,500	Over \$613,700	Over \$579,600	Over \$306,850
28%	Tax on gains on collectibles			
28%	Tax on gains on qualified small business stock after the section 1202 exclusion			
25%	Tax rate on unrecaptured section 1250 gains			

1. "Net long-term capital gain" is the amount by which your total long-term capital gains for the year exceed your total short-term capital losses. A net short-term capital gain is taxed as ordinary income at the applicable rates on pages 2 and 3.

2. Rates presented do not reflect the potential impact of the additional 3.8% Medicare surtax on unearned income.

3. These rates apply to all capital gains other than those relating to collectible gains, gains on qualified small business stock, or unrecaptured section 1250 gains.

Tax on Qualified Dividends

Qualified Dividends are defined as dividends received from domestic and qualified foreign corporations (with some exceptions such as those based on stock holding period). Consult your tax advisor to determine which dividends qualify.

Taxable Income				
Long-Term Capital Gains Tax Rate*	Single	Married Filing Jointly	Head of Household	Married Filing Separately
0%	Up to \$49,450	Up to \$98,900	Up to \$66,200	Up to \$49,450
15%	\$49,451 to \$545,500	\$98,901 to \$613,700	\$66,201 to \$579,600	\$49,451 to \$306,850
20%	Over \$545,500	Over \$613,700	Over \$579,600	Over \$306,850

*Rates presented do not reflect the potential impact of the additional 3.8% Medicare surtax on unearned income.

Additional Tax on Unearned (Investment) Income

A 3.8% “surtax” (Unearned Income Medicare Contribution Tax) will apply to the lesser of a taxpayer’s net investment income (generally interest, dividends, capital gains, annuity income, rents, royalties, and passive business income) or the amount the taxpayer’s modified adjusted gross income exceeds the applicable threshold: \$250,000 for married filing jointly or surviving spouse; \$125,000 for married filing separately; \$200,000 for all other filing categories.

Standard Deductions*	2026
Single and Married Filing Separately.....	\$ 16,100
Head of Household	24,150
Married Filing Jointly	32,200

*Additional standard deductions of \$2,050 are available for unmarried taxpayers who are 65 and older and are not surviving spouses or for taxpayers who are blind. The additional deduction amount for married taxpayers or a surviving spouse is \$1,650.

Other Tax Adjustments

State and Local Tax (SALT) Deduction

As a result of the OBBBA, the SALT deduction limit in 2026 is \$40,400. From 2027-2029, the limit will increase by 1% annually, until it reverts to \$10,000 in 2030. There is a phaseout provision for high earners that reduces the deduction limit by 40% of the amount in which a taxpayer’s modified adjusted gross income (MAGI) exceeds \$500,000 (also increasing by 1% per year). The minimum deduction is \$10,000.

Child Tax Credit

The 2026 tax credit for each qualifying dependent child under age 17 is \$2,200 and will be indexed for inflation going forward. The refundable portion of the credit is limited to \$1,700 in 2026 and will be adjusted for inflation in subsequent years. The income threshold for the refundable credit is \$2,500 and the phase-out for this credit begins at an income of \$200,000 for individuals and \$400,000 for joint filers. There is a \$500 credit in 2026 for dependents who are not qualifying children, such as dependent children in college and dependent parents being cared for in the home. This non-refundable credit is subject to the same phase-out income of \$200,000 for individuals and \$400,000 for joint filers.

Medical Expense Deduction

Unreimbursed medical expenses exceeding 7.5% of adjusted gross income may be deducted in 2026.

Mortgage and Home Equity Debt Interest Deductions

In 2026, the mortgage interest deduction for mortgages taken on or after December 16, 2017 is limited to mortgage debt of up to \$750,000. Mortgages taken prior to that date are grandfathered to the previous limitation of \$1,000,000 in mortgage debt. Interest on home equity debt does not qualify for an interest deduction unless used to substantially improve the home.

Mortgage Insurance Premiums Deduction Reinstated

Due to the OBBBA, the ability to deduct mortgage insurance premiums has been reinstated.

Charitable Contribution Deductions

Taxpayers may be able to deduct contributions of up to 60% of their adjusted gross income (AGI) to qualifying charities depending on the type of asset gifted.

Due to the OBBBA, there is a new 0.5% AGI floor on the deductibility of charitable contributions for taxpayers who itemize their deductions. This means that charitable contributions may not be deducted until the amount gifted exceeds 0.5% of AGI.

Additionally, the charitable deduction for non-itemizers is permanently restored and is increased to \$1,000 for single filers or \$2,000 for joint filers. This deduction is limited to cash contributions and is not subject to the 0.5% AGI floor.

Qualified Charitable Distribution (QCD)

A QCD allows IRA owners age 70½ and older to transfer up to \$111,000 directly from their IRA to charity each year, reducing taxable income. If a QCD is your first withdrawal of the year, it can count toward your Required Minimum Distribution (RMD). If you complete your RMD first, later QCDs will not reduce the taxable amount of your RMD, but you will still receive the tax benefit on the QCD.

Wash Sales

A wash sale occurs if within a period beginning 30 days before the date of a sale (creating a loss) and ending 30 days after the date of a sale, the taxpayer acquires or has entered into a contract or option to acquire stock or securities that are substantially identical. For 2026, this means that for losses incurred on Thursday, December 31, 2026 (sell date), the last day to “double-up” would be Monday, November 30, 2026, and the next repurchase date would be Monday, February 1, 2027.

Self-Employment Tax

For 2026, a tax is imposed on self-employed individuals at a rate of 15.30%, which is a combination of a 12.40% Old Age, Survivors, and Disability Insurance Tax (OASDI) and a 2.90% Medicare Tax. For 2026, the OASDI Tax is computed on the first \$184,500 of self-employment income. The maximum self-employed OASDI Tax liability for 2026 is \$22,878 (12.40% of \$184,500). The 2.90% Medicare Tax is computed on the taxpayer's entire self-employment income with no cap.

FICA (Social Security & Medicare) Tax

For 2026, a tax is imposed on an employee's compensation at a rate of 7.65%, which is a combination of a 6.20% Old Age, Survivors, and Disability Insurance Tax (OASDI) and a 1.45% Medicare Tax. For 2026, the OASDI Tax is computed on the first \$184,500 of compensation/earned income. The maximum employee OASDI Tax liability for 2026 is \$11,439 (6.20% of \$184,500). The 1.45% Medicare Tax is computed on the taxpayer's entire compensation with no cap.

Additional Medicare Tax

Higher income taxpayers, including self-employed individuals, with earned income above the following thresholds pay an additional Hospital Insurance Tax (Medicare) at a rate of 0.9% on earned income above the threshold amount: \$250,000 for married filing jointly; \$125,000 for married filing separately; \$200,000 for all other filing categories.

Annual Gift Tax Exclusion

The annual gift tax exclusion for 2026 is \$19,000. Payments made directly to eligible educational institutions for tuition and to medical providers for medical expenses are not considered taxable gifts and do not reduce your annual gift tax exclusion. Gifts larger than the annual exclusion may be subject to gift taxes or the lifetime gift tax exemption.

A special provision allows a contributor to accelerate five years of gifting when funding a 529 Savings Plan on behalf of a beneficiary. For example, an individual may currently contribute as much as \$95,000 (\$190,000 for a married couple) in 2026 to a 529 Plan, instead of waiting to contribute \$19,000 in each of the five years. This election uses the individual's annual gifting exclusion to that beneficiary for five years and requires a gift tax filing, although no gift taxes would be due.

Gift & Estate Taxes

In 2026, a U.S. citizen or permanent resident can transfer up to \$15,000,000 tax-free through a combination of lifetime gifts and assets passed at death under the unified estate and gift tax exemption. A separate and additional \$15,000,000 generation-skipping transfer (GST) exemption applies to transfers that skip a generation, such as gifts to grandchildren or certain trusts.

Lifetime gifts keep the donor's original cost basis or the asset's market value at the time of the gift, whichever is lower. In contrast, assets inherited through an estate receive a stepped-up basis, meaning their value is reset to the fair market value on the date of death, which can significantly reduce capital gains for heirs. The estate and gift tax exemption is "portable" meaning the estate of a deceased spouse can elect to make any unused portion of the deceased spouse's exemption available to the surviving spouse to be used during his or her lifetime and at death.

Kiddie Tax

The Kiddie Tax rule applies to the unearned income of dependent individuals under age 19 and all dependent, full-time students under age 24. In 2026, a child's unearned income over the exemption of \$2,700 will be subject to tax at the parent's marginal tax rate.

Long-Term Care Premium Deduction

Restrictions apply for the premium deduction limits shown below. Speak with your tax professional for further guidance.

Premium Deduction Limits	2026
40 or younger	\$ 480
41 - 50	900
51 - 60	1,800
61 - 70	4,810
71 and older	6,020

Health Savings Accounts

Contribution Type	Annual Contribution Limit	Annual Out-of-Pocket Expense Limit	Minimum Deductible
Self-only coverage	\$4,400	\$8,500	\$1,700
Family coverage	\$8,750	\$17,000	\$3,400
Age 55 and older catch up	\$1,000	--	--

As a result of the OBBBA, Bronze and Catastrophic plans available through the Health Insurance Marketplace under the Affordable Care Act will be treated as high-deductible health plans. This allows enrollees to contribute to a Health Savings Account (HSA).

Taxation of Social Security Retirement Benefits

Provisional Income for Single*	Provisional Income for Married Filing Jointly*	Percentage of Social Security Benefits Taxable
\$0-\$25,000	\$0-\$32,000	0%
\$25,000-\$34,000	\$32,000-\$44,000	50%
>\$34,000	>\$44,000	85%

*Provisional income = adjusted gross income, less 50% of Social Security benefits, plus tax-exempt interest.

Social Security Full Retirement Age (FRA)

Social Security Full Retirement Age ¹	Year of Birth ²	Social Security Full Retirement Age for Surviving Spouse
66 and 4 months	1956	66
66 and 6 months	1957	66 and 2 months
66 and 8 months	1958	66 and 4 months
66 and 10 months	1959	66 and 6 months
67	1960	66 and 8 months
67	1961	66 and 10 months
67	1962 and later	67

1. The maximum Social Security benefit in 2026 for a worker at full retirement age is \$4,152 per month or \$49,824 per year.

2. Individuals born on January 1 of any year should refer to the full retirement age for the previous year.

Social Security Earnings Limits

Earnings Limit for Social Security Benefits	Annual	Monthly*
Under FRA (\$1 reduction in benefit for every \$2 over limit)	\$24,480	\$2,040
During the year FRA is reached (\$1 reduction in benefit for every \$3 over limit)	\$65,160	\$5,430
At FRA	No Limit	No Limit

*Monthly earnings limits are used to determine if any reductions will be made to your Social Security benefit only during the first year you begin taking benefits before reaching FRA. After that, annual earnings limits are used.

2026 Required Minimum Distribution Rules

Owner IRAs

The Required Beginning Date (RBD) for taking Required Minimum Distributions (RMDs) from a traditional IRA is age 73 for account holders born 1951-1959 (due to changes in the SECURE 2.0 Act).

If you turn 73 in 2026, your first RMD is due by December 31, 2026. You may elect to postpone your first RMD to no later than April 1, 2027. Postponing your first (2026) RMD

means you will still have an RMD for 2027, which must be taken by December 31, 2027. Note that funds held in tax-deferred employer-sponsored plans are subject to RMDs, but certain exceptions may apply.

Initial RMD for Owner IRAs	
Year of Birth	Age
Before 7/1/1949	70 1/2
7/1/1949 - 1950	72
1951 - 1959	73
1960 or later	75

Beneficiary IRAs

If you inherited an IRA on or after January 1, 2020, it is advisable to consult with your tax advisor, as the post-SECURE 2.0 Act regulations are complex, with various considerations and options for beneficiaries.

Traditional IRA & Roth IRA Contribution Limits

Year	Maximum Contribution*	Catch-Up Age 50+*
2026	\$7,500	\$1,100

*The maximum contribution amount equals the lesser of \$7,500/\$8,600 or total earned income.

Traditional IRA Contribution Phase-Out

IRA deduction if you **ARE** covered by a retirement plan at work

If Your Filing Status Is	And Your Modified AGI Is	Then You Can Take
Single or Head of Household	\$81,000 or less	A full deduction up to the amount of your contribution limit
	More than \$81,000 but less than \$91,000	A partial deduction
	\$91,000 or more	No deduction
Married Filing Jointly or Qualifying Widow(er)	\$129,000 or less	A full deduction up to the amount of your contribution limit
	More than \$129,000 but less than \$149,000	A partial deduction
	\$149,000 or more	No deduction
Married Filing Separately*	Less than \$10,000	A partial deduction
	\$10,000 or more	No deduction

*If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

IRA deduction if you are **NOT** covered by a retirement plan at work
(deduction is limited only if your spouse IS covered by a retirement plan)

If Your Filing Status Is	And Your Modified AGI Is	Then You Can Take
Single, Head of Household, or Qualifying Widow(er)	Any amount	A full deduction up to the amount of your contribution limit
Married Filing Jointly or Separately with a Spouse Who is Not Covered By a Plan at Work	Any amount	A full deduction up to the amount of your contribution limit
Married Filing Jointly with a Spouse Who is Covered By a Plan at Work	\$242,000 or less	A full deduction up to the amount of your contribution limit
	More than \$242,000 but less than \$252,000	A partial deduction
	\$252,000 or more	No deduction
Married Filing Separately with a Spouse Who is Covered By a Plan at Work*	Less than \$10,000	A partial deduction
	\$10,000 or more	No deduction

*If you file separately and did not live with your spouse at any time during the year, your IRA deduction is determined under the "single" filing status.

Roth IRA Contribution Phase-Out

Your Filing Status is	Full Contribution if Modified AGI is	Modified AGI Phase-Out Range*	No Contribution if Modified AGI is
Single or Head of Household	Less than \$153,000	\$153,000 but less than \$168,000	\$168,000 or more
Married Filing Jointly or Qualifying Widow(er)	Less than \$242,000	\$242,000 but less than \$252,000	\$252,000 or more
Married Filing Separately	N/A	Less than \$10,000	\$10,000 or more

*If the individual's modified adjusted gross income (MAGI) for the taxable year is in the phase-out range, the maximum regular contribution for the taxable year is rounded up to the next multiple of \$10 and is not reduced below \$200.

Employer-Sponsored Retirement Plans

401(k)¹, 403(b)¹, and 457¹ Salary Deferral Limits²

Year	Maximum Employee Deferral	Catch-Up Age 50-59 OR 64+ ³	Catch-Up Age 60-63 ³
2026	\$24,500	\$8,000	\$11,250

1. The maximum combined employee/employer contribution is \$72,000 plus catch-up contributions as applicable and as allowed by the plan sponsor.
2. Participation in concurrent multiple employer-sponsored retirement plans may incur limitations not addressed here. Participants should consult with their plan sponsors for additional details.
3. All catch-up contributions in employer-sponsored retirement plans must be treated as Roth (after-tax) dollars if the employee's earned wages were greater than \$150,000 (adjusted for inflation) in the prior year with the employer sponsoring the plan.

SIMPLE IRA Deferral Limits

	Maximum Deferral ¹	Catch-Up Ages 50-59 and 64+ ²	Catch-Up Ages 60-63
2026 - Employers with 25 or Fewer Employees or 26-100 Employees Who Elect the Enhanced Contribution Option ^{1,2}	\$18,100 ¹	\$3,850 ²	\$5,250
2026 - Employers with 26-100 Employees Using the Default Contribution Option ^{1,2}	\$17,000 ¹	\$4,000 ²	\$5,250

1. If the Employer/SIMPLE IRA plan sponsor has 26-100 employees, they may elect the enhanced contribution option provided the employer opts for the higher match (4%) or non-elective contribution (3%) to participants.
2. If the Employer/SIMPLE IRA plan sponsor has 26-100 employees the catch-up limit for ages 50-59 and 64 and above is \$4,000 provided they do not opt for the enhanced contribution levels. If the employer does elect the enhanced contribution limits, the catch-up remains at \$3,850.

SEP IRA Plans

- The 2026 maximum contribution limit is the lesser of 25% of compensation* or \$72,000.
- Minimum compensation for plan eligibility is \$800 in 2026 unless otherwise noted by the plan.
- Contributions may be made into a SEP plan through the filing date of the employer's tax return, including extensions.

*Compensation is limited to \$360,000 in 2026.

Education Funding

Funding Source/Benefit	Benefit	Annual Limits	Qualified Expenses
Coverdell Education Savings Accounts¹	<ul style="list-style-type: none"> Earnings are not taxed Tax-free withdrawals for qualified expenses 	Maximum 2026 contribution is \$2,000 (generally contributions may be made until the beneficiary turns 18) ²	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment Room & board if at least half-time student Payments to 529 Plans
529 Savings Plans¹	<ul style="list-style-type: none"> Earnings are not taxed Tax-free withdrawals for qualified expenses List of qualified expenses for K-12 and postsecondary have been greatly expanded State income tax deduction in some states, including VA Unused 529 funds (lifetime limit of \$35,000) may be rolled over tax and penalty-free to a Roth IRA for the beneficiary. Restrictions apply. 	<p>K-12 qualified expenses limited to \$20,000 per year</p> <p>Maximum contribution is determined by each state's plan (as of 2025)³ VA: \$550,000 NC: \$550,000</p>	<ul style="list-style-type: none"> Tuition & mandatory fees Room & board if at least half-time student K-12 tuition, curriculum materials, books or other instructional materials, and tutoring outside of the home (with limitations) Tuition, fees, books, supplies, and equipment required for participation in a certified apprenticeship program or recognized postsecondary credential program Fees for testing if required to obtain or maintain a recognized postsecondary credential Fees for continuing education if required to maintain a recognized postsecondary credential Principal and interest of a qualified education loan of a designated beneficiary or sibling of beneficiary, not to exceed a lifetime limit of \$10,000
Traditional, Roth, SEP, and SIMPLE IRAs⁴	No 10% premature distribution penalty if used for qualified expenses	N/A ²	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment Room & board if at least half-time student
Education Savings Bond Program¹	Interest used for qualified expenses is not taxed	N/A	<ul style="list-style-type: none"> Tuition & mandatory fees Payments to 529 Plans & Coverdell ESAs
Student Loan Interest	Interest is tax deductible	Maximum deduction is \$2,500 per year	N/A
American Opportunity Credit/Hope Scholarship Credit	Credits directly offset the amount of federal tax due	Maximum credit is \$2,500 per student	<ul style="list-style-type: none"> Tuition & mandatory fees Books, supplies, equipment
Lifetime Learning Credit		Maximum credit is \$2,000 per family	<ul style="list-style-type: none"> Tuition & mandatory fees

1. Any non-taxable withdrawal is limited to the amount of qualifying education expenses.

2. Income limits apply at the time of contribution. They are not relevant for withdrawals.

3. Contributions are subject to federal gift tax rules.

4. Normal income tax rules apply on withdrawals.

Funding Source/Benefit	Qualified Education	Other Conditions	Income Phase-Out
Coverdell Education Savings Accounts^{1,4}	<ul style="list-style-type: none"> Grades K-12 and all undergraduate and graduate 	<ul style="list-style-type: none"> Can contribute to Coverdell ESA and 529 Plan in the same year Must withdraw assets by age 30 	Single: \$95,000-\$110,000 Joint: \$190,000-\$220,000
529 Savings Plans¹	<ul style="list-style-type: none"> Grades K-12 and all undergraduate and graduate Certified apprenticeship program Recognized postsecondary credential program 	<ul style="list-style-type: none"> Distributions are excluded from gross income American Opportunity and Lifetime Learning Credits are permitted in the same year but not for the same expenses 	No Phase-Out
Traditional, Roth, SEP, and SIMPLE IRAs²	All undergraduate and graduate	N/A	No Phase-Out ³
Education Savings Bond Program¹		Applies only to qualified series EE bonds and series I bonds issued after 1989	Single: \$101,800-\$116,800 Joint: \$152,650-\$182,650
Student Loan Interest		Must have been at least half-time student in a degree program	Single: \$85,000-\$100,000 Joint: \$175,000-\$205,000
American Opportunity Credit/Hope Scholarship Credit⁴	First four years of undergraduate	<ul style="list-style-type: none"> Can be claimed only for four years Must be enrolled at least half-time in a degree program 	Single: \$80,000-\$90,000 Joint: \$160,000-\$180,000
Lifetime Learning Credit⁴	All postsecondary education when American Opportunity Credit is unavailable	Undergraduate, graduate, and job skills courses	Single: \$80,000-\$90,000 Joint: \$160,000-\$180,000

1. Any non-taxable withdrawal is limited to the amount of qualifying education expenses.

2. Normal income tax rules apply on withdrawals.

3. Income limits apply at the time of contribution. They are not relevant for withdrawals.

4. Phase-out ranges based on the current revision of IRS Publication 970 as of November 26, 2025.

Trump Accounts

Starting July 2026, children under 18 with a valid Social Security number will qualify for a “Trump Account,” a retirement account similar to an IRA but with unique features. Parents and others can contribute up to \$5,000 annually until the year the child turns 18, without the earned income requirement of traditional or Roth IRAs. This allows saving from birth. Limitations apply and further clarification is still needed. A pilot program has been created to grant parents the ability to elect a \$1,000 credit paid by the U.S. government to be deposited into a Trump Account for the benefit of any child that is a U.S. citizen with a valid Social Security number and is born between 2025 and 2028.

Uniform Lifetime Table (Partial)

The Uniform Lifetime Table is used to calculate Required Minimum Distributions for most original account holders. This table is not used for Inherited IRAs. Below is an excerpt from IRS Publication 590-B (2025). Consult your tax professional to determine which table applies to your account(s).

Age of IRA Owner or Plan Participant (73 to 86)	Life Expectancy (in years)	RMD as a % of Account Value	Age of IRA Owner or Plan Participant (87 to 100)	Life Expectancy (in years)	RMD as a % of Account Value
73	26.5	3.78%	87	14.4	6.95%
74	25.5	3.93%	88	13.7	7.30%
75	24.6	4.07%	89	12.9	7.76%
76	23.7	4.22%	90	12.2	8.20%
77	22.9	4.37%	91	11.5	8.70%
78	22.0	4.55%	92	10.8	9.26%
79	21.1	4.74%	93	10.1	9.91%
80	20.2	4.96%	94	9.5	10.53%
81	19.4	5.16%	95	8.9	11.24%
82	18.5	5.41%	96	8.4	11.91%
83	17.7	5.65%	97	7.8	12.83%
84	16.8	5.96%	98	7.3	13.70%
85	16.0	6.25%	99	6.8	14.71%
86	15.2	6.58%	100	6.4	15.63%

Taxable Equivalent Yields

Federal Income Tax Bracket*	Tax-Free Yield (%)										
	1.00	1.50	2.00	2.50	3.00	3.50	4.00	4.50	5.00	5.50	6.00
Taxable-Equivalent Yield (%)											
22%	1.28	1.92	2.56	3.21	3.85	4.49	5.13	5.77	6.41	7.05	7.69
24%	1.32	1.97	2.63	3.29	3.95	4.61	5.26	5.92	6.58	7.24	7.89
27.8%	1.39	2.08	2.77	3.46	4.16	4.85	5.54	6.23	6.93	7.62	8.31
32%	1.47	2.21	2.94	3.68	4.41	5.15	5.88	6.62	7.35	8.09	8.82
35%	1.54	2.31	3.08	3.85	4.62	5.38	6.15	6.92	7.69	8.46	9.23
35.8%	1.56	2.34	3.12	3.89	4.67	5.45	6.23	7.01	7.79	8.57	9.35
37%	1.59	2.38	3.17	3.97	4.76	5.56	6.35	7.14	7.94	8.73	9.52
38.8%	1.63	2.45	3.27	4.08	4.90	5.72	6.54	7.35	8.17	8.99	9.80
40.8%	1.69	2.53	3.38	4.22	5.07	5.91	6.76	7.60	8.45	9.29	10.14

*Tax brackets under current legislation are 10%, 12%, 22%, 24%, 32%, 35% and 37%. In addition, there is a 3.8% investment income surtax on single filers who have modified adjusted gross income (MAGI) greater than \$200,000 and married couples filing jointly who have MAGI greater than \$250,000. This leads to potential marginal tax brackets of 27.8%, 35.8%, 38.8% and 40.8%.

An individual in the highest tax bracket would have to purchase a taxable investment yielding more than 5.07% to outperform a 3% tax-free investment.

2026 Medicare Parts B and D Premium Costs

Medicare participants share a portion of costs through premiums and surcharges paid on Medicare Parts B and D. For 2026, the basic Part B premium cost for most participants is \$202.90 per month; however, some participants may pay less due to protections in place for lower income individuals.

Your Medicare premium is based on your modified adjusted gross income (MAGI) from two years ago. MAGI includes your adjusted gross income plus tax-exempt interest, Series EE bond interest used for education, and foreign earned income. If your income is higher, you may pay more for Medicare Part B and an additional surcharge on your Part D premiums. This increase is called the Income-Related Monthly Adjustment Amount (IRMAA).

Filing Individually		Filing Jointly		Premium/Surcharge	
2024 Modified AGI was:		2024 Modified AGI was:		Part B	Part D
> than	< than or = to	> than	< than or = to	Monthly Premium	Monthly Surcharge
\$0	\$109,000	\$0	\$218,000	\$202.90	\$0
109,000	137,000	218,000	274,000	284.10	14.50
137,000	171,000	274,000	342,000	405.80	37.50
171,000	205,000	342,000	410,000	527.50	60.40
205,000	500,000	410,000	750,000	649.20	83.30
500,000	---	750,000	---	689.90	91.00

Medicare Income-Related Monthly Adjustment Amount (IRMAA)

Reviewing your projected annual income, in both the short and long term, is a prudent way to avoid or prepare for an IRMAA surcharge. Important considerations:

- **Income assessment:** The Social Security Administration calculates the IRMAA based on your income as filed with the IRS two years prior.
- **Tax planning:** If you are close to an income threshold, tax planning strategies might help you lower your MAGI to avoid IRMAA. This could involve adjusting retirement account withdrawals, tax deductions, or other strategies.
- **Appeals:** If you experience a significant life change that affects your income, you can appeal your IRMAA determination. This process might involve providing documentation from your tax return to show that your income has decreased.

Additional OBBBA Provisions

- **Overall Limit Placed on Allowable Itemized Deductions for Filers in the Top Tax Bracket:** For filers in the top tax bracket, the OBBBA introduces a new overall limit on allowable itemized deductions. Previously, taxpayers in the 37% bracket received a reduction in taxation of 37 cents for every one dollar of claimed deductions. In 2026, this limit is reduced to 35 cents for every one dollar of claimed deductions.
- **Age 65+ Senior Deduction (2025-2028):** Senior taxpayers who are 65 or older during the tax years 2025-2028 are eligible for an additional deduction whether itemizing or taking the standard deduction. For joint filers where both spouses are 65 or older, the deduction is set at \$12,000. If only one spouse is 65 or older, the deduction is \$6,000. The deduction phases out by 6% of the amount Modified Adjusted Gross Income (MAGI) exceeds \$75,000 (single) or \$150,000 (joint). Thus, single filers with MAGI of \$175,000+ or joint filers with MAGI of \$250,000+ will be totally phased out.

- **Auto Loan Interest Deduction (2025-2028):** From 2025–2028, interest paid on auto loans entered into after 12/31/2024 will be deductible up to \$10,000 per year (not indexed for inflation). This deduction will phase out by \$200 for every \$1,000 of MAGI over \$100,000 for single filers or \$200,000 for joint. To qualify, eligible vehicles are restricted to personal use only, must be bought new, and final assembly must have occurred in the U.S. Cars, SUVs, vans, pickup trucks, and motorcycles qualify.
- **Tip Income Deduction (2025-2028):** For tax years 2025-2028, a new deduction of up to \$25,000 (for both single and joint filers) per year is available for qualified tip income. To qualify, the following must be met: the taxpayer must work in an occupation which customarily and regularly received tip income on or before 12/31/2024, the tip income must be determined by the payor and be voluntary, and the tips must not be earned by means of a specific service trade or business (e.g. accountants, lawyers, financial advisors). The deduction is phased out by \$100 for every \$1,000 of MAGI over \$150,000 for single filers or \$300,000 for joint filers.
- **Overtime Income Deduction (2025-2028):** For tax years 2025-2028, a new deduction of up to \$25,000 for joint filers (\$12,500 for single filers) per year is available for overtime income. The only amount that may be included in this deduction is the portion of the wages attributable to overtime pay; the taxpayer's base wage amount is excluded. The deduction is phased out by \$100 for every \$1,000 of MAGI over \$150,000 for single filers or \$300,000 for joint filers.
- **K-12 Qualified Expenses Expanded and Increased for 529 Savings Plans:** Prior to the passage of the OBBBA, K-12 expenses eligible for tax-free distributions from 529 plans were limited to tuition only, up to \$10,000 per year. As of July 4, 2025, the list of K-12 eligible expenses has been expanded. Expenses related to curriculum materials, books or other instructional materials, and tutoring outside of the home (with limitations) are now allowed. For 2026, the limit on K-12 qualified expenses increased to \$20,000.
- **Postsecondary Qualified Expenses Expanded for 529 Savings Plans:** The bill expands the usage of 529 postsecondary qualified expenses to include:
 - tuition, fees, books, supplies, and equipment required for enrollment or attendance in a recognized postsecondary credential program
 - fees for testing, if required to obtain or maintain a recognized postsecondary credential
 - fees for continuing education, if required to maintain a recognized postsecondary credential
- **Repeal of Alternative Fuel Vehicle Refueling Property Credit:** The up to \$1,000 credit for the installation of electric vehicle charging equipment at a taxpayer's personal residence will expire after 06/30/2026.



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The information contained herein has been compiled from a variety of publicly available documents and websites believed to be reliable; however, there is no guarantee as to its accuracy or completeness. All information provided is of a general nature and is not intended to address the circumstances of any particular individual or entity.

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