
Summer 2026

TAX PLANNING LETTER

To our Clients and Friends:

The less hectic summer season is a good time to consider steps to cut your 2026 tax bill. This year, midyear planning is especially important because the One Big Beautiful Bill Act (the “2025 Act”), enacted in July 2025, made several tax law changes affecting both businesses and individuals that generally began taking effect in 2025 and continue into 2026. Some of these changes create new opportunities for deductions, credits, and exclusions, while others affect reporting obligations, charitable giving strategies, and the timing of income and deductions. Here are some planning strategies to consider for your business and your family, assuming our current federal tax regime remains in place through 2026.

PART ONE

Business Tax Planning Strategies

Opportunities for owners of businesses and pass-through entities.

Establish a Tax-favored Retirement Plan

If your business doesn’t already have a retirement plan, now might be the time to take the plunge. Current rules allow for significant deductible contributions. For example, if you are self-employed and set up a SEP plan for yourself, you can contribute up to 20% of your net self-employment income, with a maximum contribution of \$72,000 for 2026. If you are employed by your own corporation, up to 25% of your salary can be contributed, with a maximum contribution of \$72,000 for 2026.

Other small business retirement plan options include the 401(k) plan, which can be set up for just one person; the defined benefit pension plan; and the SIMPLE-IRA, which can be a good choice if your business income is modest or if you want a plan that is easier to administer than a traditional 401(k) plan.

Under the SECURE 2.0 Act, SIMPLE-IRA and SIMPLE 401(k) plans can be more attractive than they used to be because of higher allowable contribution and catch-up limits available for certain small employers. For most SIMPLE plans, the 2026 salary deferral limit is \$17,000, with an additional \$3,850 catch-up contribution allowed for employees who are age 50 or older. However, for qualifying small employers—generally those with 25 or fewer employees who received at least \$5,000 of compensation in the preceding calendar year—the

higher limits apply automatically. For these employers, the 2026 salary deferral limit is \$18,000, and the catch-up contribution limit is \$4,000.

Eligible employers with between 26 and 100 employees may also be able to use the higher limits, but only if an election is made and the employer agrees to provide higher employer contributions. If matching contributions are used, the employer match can be increased to as much as 4% of the employee's salary reduction contributions, instead of the regular 3% limit. If nonelective contributions are used instead, the employer must generally contribute 3% of eligible compensation, instead of the regular 2%, regardless of whether the employee elects to make salary reduction contributions.

OBSERVATION

The higher SECURE 2.0 contribution limits can make SIMPLE plans more appealing for small business owners and key employees. Because the increased limits allow more tax-deferred retirement savings, some employers may find that a SIMPLE-IRA remains a practical choice longer before moving to a more complicated retirement plan.

It Might Not Be Too Late to Establish a Plan and Make a Deductible Contribution for Last Year

The general deadline for setting up a tax-favored retirement plan, such as a SEP or 401(k) plan, is the extended due date of the tax return for the year you or the plan sponsor wants to make the initial deductible contribution. For instance, if your business is a sole proprietorship or a single-member LLC that is treated as a sole proprietorship for federal income tax purposes, you have until 10/15/26 to establish a plan and make an initial deductible contribution if you extended your 2025 individual tax return.

However, to make a SIMPLE-IRA contribution for the 2026 tax year, you generally must have set up the plan by October 1, 2026. So, if the SIMPLE-IRA option is appealing, establish the SIMPLE-IRA and make the initial contribution by October 1 of this year.

Evaluate Your Options

Contact us for more information on small business retirement plan alternatives, including whether your business qualifies for the higher SIMPLE-plan contribution limits. Also be aware that if your business has employees, you may have to cover them too.

Maximize the Qualified Business Income Deduction

The deduction based on qualified business income, or QBI, from pass-through entities was a key element of 2017 tax reform. The 2025 Act made the QBI deduction permanent and added a guaranteed minimum deduction for some taxpayers beginning in tax years after 12/31/25.

The QBI deduction can generally be up to 20% of a pass-through entity owner's QBI, subject to restrictions that can apply at higher income levels and another restriction based on the owner's taxable income. For QBI deduction purposes, pass-through entities include sole proprietorships, single-member LLCs that are treated as sole proprietorships for tax purposes, partnerships, LLCs that are treated as partnerships for tax purposes, and S corporations.

Beginning with tax years after 12/31/25, taxpayers with at least \$1,000 of qualifying income may be eligible for a guaranteed minimum \$400 QBI deduction. In addition, the phase-out ranges that apply to certain QBI deduction limitations are increased to \$75,000 for single filers, or \$150,000 for joint returns.

The QBI deduction can also be claimed for up to 20% of income from qualified Real Estate Investment Trust (REIT) dividends and 20% of qualified income from Publicly Traded Partnerships, or PTPs. So, the deduction can potentially be a big tax saver.

Because of the various limitations on the QBI deduction, tax planning moves (or non-moves) can have the side effect of increasing or decreasing your allowable QBI deduction. For example, claiming big first-year depreciation deductions can reduce QBI and lower your allowable QBI deduction. So, if you can benefit from the deduction, you must be careful in making tax planning moves. We can help you put together strategies that give you the best overall tax results.

Take Advantage of Generous Depreciation Tax Breaks

Current federal income tax rules allow generous first-year depreciation write-offs for eligible assets that are placed in service in your business's current tax year. The new law makes these rules even more favorable in several important ways.

Section 179 Deductions

The 2025 Act significantly increased Section 179 expense limits. For qualifying property placed in service in tax years beginning in 2026, the maximum Section 179 deduction was increased to \$2.56 million, with the deduction beginning to phase out once the cost of Section 179 property placed in service during the year exceeds \$4.09 million. These amounts will be adjusted for inflation.

Most types of personal property used for business are eligible for Section 179 deductions, and off-the-shelf software costs are eligible too.

Section 179 deductions can also be claimed for certain real property expenditures called Qualified Improvement Property, or QIP, up to the maximum annual Section 179 deduction allowance. There is no separate Section 179 deduction limit for QIP expenditures, so Section 179 deductions claimed for QIP reduce the maximum Section 179 deduction allowance dollar for dollar.

NOTE

QIP includes any improvement to an interior portion of a nonresidential building that is placed in service after the date the building is first placed in service, except for expenditures attributable to the enlargement of the building, any elevator or escalator, or the building's internal structural framework.

Section 179 deductions can also be claimed for qualified expenditures for roofs, HVAC equipment, fire protection and alarm systems, and security systems for nonresidential real property. To qualify, these items must be placed in service after the nonresidential building has been placed in service.

In addition, Section 179 deductions can be claimed for personal property used predominately to furnish lodging or in connection with the furnishing of lodging. Examples include furniture, kitchen appliances, lawn mowers, and other equipment used in the living quarters of a lodging facility or in connection with a lodging facility, such as a hotel, motel, apartment house, dormitory, or other facility where sleeping accommodations are provided and rented out.

WARNING

Section 179 deductions can't cause an overall business tax loss, and deductions are phased out if too much qualifying property is placed in service in the tax year. The Section 179 deduction limitation rules can get really tricky if you own an interest in a pass-through business entity, such as a partnership, an LLC treated as a partnership for tax purposes, or an S corporation. Contact us for details on how the limitations work and whether they will affect you or your business entity.

Full Bonus Depreciation

The new law makes 100% bonus depreciation permanent for eligible business property acquired after 1/19/25. That means your business may be able to write off the entire cost of qualified new or used property placed in service in 2026.

This creates a major planning opportunity. If you are considering acquiring equipment, machinery, furniture, computers, or other eligible depreciable property, placing the property in service before year end may produce a substantial 2026 deduction. However, you should generally evaluate Section 179 deductions and bonus depreciation together to determine the best overall tax result.

In some cases, claiming the biggest possible first-year write-off is not the best move. For example, large depreciation deductions can reduce qualified business income (QBI) and may reduce your allowable QBI deduction. They can also reduce current-year income that might otherwise be taxed at a lower rate than income in a later year. Contact us before making major asset purchases so we can help you determine the most tax-efficient approach.

New 100% Depreciation Election for Certain Production Real Property

The new law also created a special 100% depreciation deduction election for qualified production property. Qualified production property generally means nonresidential real property used in the manufacturing, production, or refining of tangible personal property. The provision does not generally apply to buildings used for preparing food or beverages when the food or beverages are sold at that location.

To qualify, construction of the property must begin after 1/19/25 and before 1/1/30, and the property must be placed in service before 1/1/31. The election applies to property placed in service after 7/4/25.

If your business is planning to build or expand a manufacturing, production, or refining facility, this new provision could be very valuable. However, the rules are technical, and the timing requirements are important. Please contact us early in the planning process so we can help you determine whether the property may qualify.

Depreciation Deductions for Heavy SUVs, Pickups, and Vans

The federal income tax depreciation rules favor new and used heavy vehicles used over 50% for business. That's because such heavy SUVs, pickups, and vans are treated for tax purposes as transportation equipment. That means they may qualify for Section 179 deductions and 100% bonus depreciation.

However, this favorable depreciation treatment is only available when the SUV, pickup, or van has a manufacturer's Gross Vehicle Weight Rating, or GVWR, above 6,000 pounds. The GVWR of a vehicle can be verified by looking at the manufacturer's label, which is usually found on the inside edge of the driver's side door where the door hinges meet the frame.

If you are considering buying an eligible vehicle, doing so and placing it in service before the end of this tax year could deliver a significant write-off on this year's return.

Depreciation Deductions for Cars, Light SUVs, Light Trucks, and Light Vans

For so-called passenger autos—meaning cars and light SUVs, trucks, and vans that are used over 50% for business—the so-called luxury auto depreciation limitations apply. Thankfully, the limitations are not that strict. For passenger autos that are acquired and placed in service in 2026, the luxury auto depreciation limits are as follows:

- \$20,300 for Year 1 if first-year bonus depreciation is claimed, or \$12,300 if bonus depreciation is not claimed.
- \$19,800 for Year 2.
- \$11,900 for Year 3.
- \$7,160 for Year 4 and thereafter until the vehicle is fully depreciated.

BOTTOM LINE

To take advantage of favorable federal income tax depreciation rules, consider making eligible asset acquisitions between now and year end. Contact us for full details on applicable depreciation rules and the planning opportunities they might open.

Time Business Income and Deductions for Tax Savings

If you conduct your business using a pass-through entity, such as a sole proprietorship, S corporation, LLC, or partnership, your share of the business's income and deductions are generally passed through to you and taxed at your personal rates.

The traditional strategy of deferring income into next year while accelerating deductible expenditures into this year makes sense if you expect to be in the same or lower tax bracket next year. Deferring income and accelerating deductions will, at a minimum, postpone part of your tax bill from 2026 until 2027.

On the other hand, if you expect to be in a higher tax bracket in 2027, take the opposite approach. Accelerate income into this year, if possible, and postpone deductible expenditures until 2027. One way to postpone deductible expenditures may be to elect out of bonus depreciation or to claim less than the maximum available Section 179 deduction. That way, more income may be taxed at this year's lower rate instead of next year's higher rate.

The right strategy depends on your expected tax rate, cash flow, eligibility for the QBI deduction, and whether the excess business loss limitation affects you. Contact us for details on how to implement business income and deduction timing strategies.

Watch the Excess Business Loss Limitation

The new law makes the excess business loss limitation for noncorporate taxpayers permanent for tax years beginning after 12/31/26—a factor to keep in mind this year if your business losses are nearing \$256,000 for single taxpayers or \$512,000 for married taxpayers filing jointly. Under this rule, certain business losses of noncorporate taxpayers are disallowed when they exceed a threshold amount. Disallowed losses are generally carried forward under the applicable net operating loss rules.

This limitation can affect owners of sole proprietorships, partnerships, LLCs treated as partnerships, and S corporations. It can be especially important when a business claims large depreciation deductions, incurs significant startup or expansion costs, or has a down year.

If you expect your business to generate a significant loss in 2026 or 2027, contact us before year end. Planning may be available to manage the timing of deductions, depreciation elections, and income recognition.

Consider the Expanded Qualified Small Business Stock Gain Exclusion

There is a federal income tax gain exclusion privilege for eligible sales of Qualified Small Business Stock, or QSBS, of C corporations. Under prior law, noncorporate taxpayers that held eligible QSBS for more than five years could potentially exclude all or part of the gain realized on the sale or exchange of that stock from gross income.

The new law expands the QSBS exclusion for stock issued after the effective date. For tax years beginning after 7/4/25, the applicable gain exclusion percentage is:

- 50% for QSBS held for at least three years,
- 75% for QSBS held for at least four years, and
- 100% for QSBS held for at least five years.

The new law also increases the per-issuer gain exclusion limit to \$15 million, or \$7.5 million for married taxpayers filing separately. In addition, the aggregate gross asset limit for the issuing corporation is increased to \$75 million. These dollar amounts will be adjusted for inflation for tax years beginning after 2026.

These changes may make QSBS planning more attractive for founders, investors, and owners of C corporations that qualify as small businesses. However, the QSBS rules are technical, and eligibility can be lost if the corporation does not satisfy all requirements. Contact us if you think you own stock that could qualify for the break or if you are considering establishing a new corporate business which the stock might be eligible for the exclusion.

Deducting Research and Development Expenditures

Under the 2025 Act, taxpayers can fully expense domestic research and experimental (R&E) expenditures in the year paid. This is a change from the rule effective for tax years beginning after 2021 and before 2025, which required taxpayers to amortize domestic R&E expenditures over a 60-month period.

Costs that qualify for full deduction include labor costs, materials and supplies, cost recovery allowances on property used in research activities, patent costs, certain overhead costs, and travel costs related to research activities.

There are opportunities to take R&E credit rather than a deduction—just one or the other; no double dipping. We can help you determine the best course of action for your business.

NOTE

The 2025 Act did not alter the treatment of foreign R&E expenditures, which must still be capitalized and amortized over 15 years (180 months) beginning at the midpoint of the tax year in which they are incurred.

Review Corporate Charitable Giving Plans

For tax years beginning after 12/31/25, the new law imposes a 1% floor on corporate charitable contribution deductions. Under prior law, corporate charitable contributions were generally subject to a 10%-of-taxable-income limit but no floor. Under the new rule, a corporation generally will not receive a current deduction unless its charitable contributions exceed 1% of taxable income.

Charitable contributions that are disallowed—either because they exceed the 10% maximum or because they fail to reach the 1% threshold—can generally be carried forward for five years.

Prepare for Higher Information Reporting Thresholds

The 2025 Act increases the general Form 1099 information reporting threshold for certain business payments from \$600 to \$2,000 for payments made after 12/31/25. This change applies to certain payments that would otherwise be reported on forms such as Form 1099-MISC or Form 1099-NEC, including certain payments for services performed by non-employees. The \$2,000 threshold will be adjusted for inflation.

This change may reduce the number of information returns some businesses must file. However, businesses should continue collecting Forms W-9 from vendors and independent contractors and maintain complete payment records. The higher threshold does not eliminate the need for proper documentation, and some payments may still be reportable under other rules.

The new law also reinstates the pre-American Rescue Plan Act Form 1099-K threshold for third-party settlement organizations. The threshold reverts to more than \$20,000 in payments and more than 200 transactions. This change is effective retroactively to 2021, as if it had been included in the American Rescue Plan Act.

Even with these higher thresholds, income remains taxable whether or not a Form 1099 is received. If your business receives payments through third-party networks or pays independent contractors, we can help you review your reporting obligations.

Evaluate Paid Family and Medical Leave Credit Opportunities

The employer credit for paid family and medical leave was scheduled to expire at the end of 2025. The new law makes the credit permanent for tax years beginning after 12/31/25.

The new law also allows an employer to choose the type of credit for a paid family and medical leave insurance policy. This may make the credit more useful for some employers that provide benefits through insurance arrangements rather than directly paying leave wages.

If your business currently offers paid family and medical leave, or is considering doing so, contact us to evaluate whether the credit may be available and whether changes to your written leave policies or insurance arrangements could improve the tax result.

Employing Family Members

Employing family members can be a useful strategy to reduce overall tax liability. If the family member is a bona fide employee, the taxpayer can deduct the wages and benefits, including medical benefits, paid to the employee on Schedule C or F as a business expense, thus reducing the proprietor's self-employment tax liability.

In addition, wages paid to your child under the age of 18 by a parent's sole proprietorship or certain partnerships are not subject to federal employment taxes, will be deductible at your marginal tax rate, are taxable at the child's marginal tax rate, and can be offset by up to \$16,100, which is your child's maximum standard deduction for 2026.

However, your family member must be a bona fide employee, and basic business practices should be followed. That means keeping time reports, filing payroll returns, issuing Forms W-2 when required, and basing pay on the actual work performed.

Individual Tax Planning Strategies

Opportunities for you and your family.

Consider Adjusting Your Tax Withholding or Estimated Payments

No one wants a surprise tax bill or a smaller-than-expected refund at filing time. These results often occur when withholding or estimated payments are not updated for changes in income, deductions, credits, or family circumstances. For those who usually receive refunds, an unexpected balance due can be difficult. The good news is there is still time to adjust your federal income tax withholding for 2026.

Withholding and estimated tax planning may be especially important this year due to recent law changes that affect individual taxpayers. Lower individual tax rates and expanded brackets are now permanent, the higher standard deduction remains, and new or enhanced deductions and credits may change your 2026 tax liability.

Form W-4 tells your employer how much tax to withhold from your paycheck and many taxpayers have it set incorrectly. The IRS offers a “Tax Withholding Estimator” to help you complete the form at www.irs.gov/individuals/tax-withholding-estimator. You will need recent pay stubs for both spouses if filing jointly, details on other income, and your latest tax return. While helpful, the tool is not perfect. For more precise results, we can prepare a 2026 tax projection.

If you make estimated tax payments, such as for self-employment income, we can review your situation to help you avoid underpaying or overpaying for 2026.

Generous Standard Deduction Allowances

The new law permanently extends the increased standard deduction amounts. For 2026, the standard deduction amounts are \$16,100 for single filers and married individuals filing separately, \$32,200 for married couples filing jointly and surviving spouses, and \$24,150 for heads of household. These amounts are now indexed for inflation.

Additional Deduction for Seniors Age 65 and Older

A temporary enhanced senior deduction is authorized for tax years 2025–2028, although Congress may choose to extend or make it permanent. The deduction is \$6,000 for an eligible single filer age 65 or older, and \$12,000 for a married couple filing jointly where both spouses are age 65 or older by the end of the tax year. The deduction phases out at a rate of 6% for modified adjusted gross income (AGI) above \$75,000 for single filers and is fully phased out at \$175,000. For married couples filing jointly, the phaseout begins at \$150,000 and is fully phased out at \$250,000.

Itemized Deductions

If your total itemizable deductions for 2026 will be close to your standard deduction amount, consider making enough additional expenditures for itemized deduction items between now and year end to exceed your standard deduction. That will lower this year's tax bill. Next year, you can always claim the standard deduction, which will be increased to account for inflation.

The easiest deductible expense to accelerate is to pay your 1/1/27 house payment in 2026. Accelerating that payment into this year will give you 13 months of interest expense to deduct in 2026, for interest accruing through December 31. The new law permanently keeps the limit on home mortgage acquisition debt eligible for the qualified residence interest deduction at \$750,000, or \$375,000 for married individuals filing separately. It also permanently treats certain mortgage insurance premiums on acquisition debt as qualified residence interest. Check with us if you are uncertain how these rules apply to your mortgage.

Consider accelerating elective medical procedures, dental work, and vision care. Medical expenses are deductible to the extent they exceed 7.5% of your AGI, assuming you itemize.

Explore Gifting Strategies

Gifts should be made according to the following tax-smart principles.

Gifts to Relatives and Other Loved Ones

Don't give away loser stocks—shares currently worth less than what you paid for them. Instead, you should sell the shares and take the resulting tax-saving capital loss on your personal return. Then, give the cash sales proceeds to your loved one. The annual exclusion for gifts is \$19,000 in 2026, indexed for inflation.

Gifts to Charities

The principles for tax-smart gifts to relatives and other loved ones also apply to donations to IRS-approved charities. You should sell loser shares and collect the resulting tax-saving capital losses. Then, you can give the cash sales proceeds to favored charities and claim the resulting tax-saving charitable deduction, assuming you itemize deductions on your tax return. Following this strategy delivers a double tax benefit: tax-saving capital losses plus a deductible charitable donation.

On the other hand, you should donate winner shares instead of giving away cash. Why? Because donations of publicly traded shares that you have owned over a year result in charitable deductions equal to the full current market value of the shares at the time of the gift, again assuming you itemize. Plus, when you donate winner shares, you escape any capital gains taxes on those shares. So, this idea is another double tax-saver: you avoid capital gains taxes while getting a tax-saving donation deduction. Meanwhile, the tax-exempt charitable organization can sell the donated shares without owing anything to the IRS.

Beginning in 2026, remember that the new 0.5%-of-AGI floor for charitable deductions may reduce the tax benefit of itemized charitable gifts. Also beginning in 2026, the new law allows non-itemizers to claim a below-the-line charitable deduction of up to \$1,000, or \$2,000 for joint filers. So, even taxpayers who do not itemize may now receive some tax benefit from charitable giving.

Consider Whether to Bunch Charitable Contributions

Because of the increased standard deduction and the new 0.5%-of-AGI floor for itemized charitable deductions, some taxpayers may benefit from bunching charitable contributions. This means making larger charitable gifts in one year and no gift, or a smaller gift, in the next year, instead of giving roughly the same amount each year.

This strategy may allow you to itemize in the high-giving year and claim the standard deduction in the low-giving year. Donor-advised funds can sometimes help implement this strategy by allowing you to make a larger deductible contribution in one year while recommending grants to charities over time.

The new law also makes permanent the 60%-of-AGI ceiling for cash contributions to qualifying charities. If you are considering a large charitable gift, please contact us before acting so we can help maximize the tax benefit.

Factor in the New SALT Deduction Rules

Prepaying state and local income and property tax bills before year end can decrease your 2026 federal income tax bill because your total itemized deductions will be that much higher. However, be aware that the new law changed the state and local tax, or SALT, deduction cap. The cap increased to \$40,400 for 2026. The deduction phases out for taxpayers with high modified AGI exceeding \$500,000, though it does not reduce below the \$10,000 floor. The cap is scheduled to revert to \$10,000 beginning in 2030.

CAUTION

The state and local tax prepayment drill can be a bad idea if you owe Alternative Minimum Tax (AMT) for this year. That's because write-offs for state and local income and property taxes are completely disallowed under the AMT rules.

Child Tax Credit and Other Family Tax Breaks

The new law increases and extends several family-related tax breaks.

For 2026, the Child Tax Credit is \$2,200 per qualifying child, with \$1,700 potentially refundable. These amounts are indexed for inflation. The earned income threshold to claim the credit is \$2,500. The credit begins to phase out at modified AGI of \$400,000 for married joint filers and \$200,000 for other filers.

The \$500 non-refundable credit for other dependents is also made permanent. This credit may be available for dependents who do not qualify for the Child Tax Credit, such as older children, parents, or other qualifying relatives. The credit amount and phaseout thresholds are not indexed for inflation.

The new law also enhances the Child and Dependent Care Credit beginning in 2026 by increasing the maximum credit rate to 50%, with phaseouts based on AGI. In addition, the dependent care assistance exclusion for employer-provided dependent care benefits increases to \$7,500 annually, or \$3,750 for married individuals filing separately.

PLANNING POINT

If you pay for childcare or dependent care so you can work, we should compare the benefit of the Child and Dependent Care Credit with any dependent care flexible spending account offered by your employer. The best choice depends on your income, number of qualifying dependents, eligible expenses, and employer benefits.

Take Advantage of Principal Residence Gain Exclusion Break

Home prices have cooled off in many areas, but many homeowners are still sitting on substantial unrealized gains. Gains of up to \$500,000 from the sale of a principal residence are completely federal-income-tax-free for qualifying married couples who file joint returns. For qualifying unmarried individuals and married individuals who file separate returns, the gain exclusion limit is \$250,000.

To qualify for the gain exclusion break, you must've owned and used the home as your principal residence for a total of at least two years during the five-year period ending on the sale date. You'll definitely want to take these rules into consideration if you're planning on selling your home in today's real estate environment.

Convert Traditional IRAs into Roth Accounts

The best profile for the Roth conversion strategy is when you expect to be in the same or higher tax bracket during your retirement years. If that turns out to be true, the current tax hit from a conversion done this year could be a relatively small price to pay for completely avoiding potentially higher future tax rates on the account's earnings. In effect, a Roth IRA can insure part or all of your retirement savings against future tax rate increases.

Review Education Planning Opportunities

Starting in 2026, Section 529 plans cover more K–12 expenses beyond tuition, including books, materials, tutoring, exams, and therapy. The annual K–12 tuition limit rises from \$10,000 (2025) to \$20,000, and certain postsecondary credentialing expenses also qualify for tax-free distributions.

If you have children or grandchildren, consider revisiting your 529 funding strategy, as the expanded rules increase flexibility.

Don't Overlook Estate Planning

The unified federal estate and gift tax exemption for 2026 is \$15 million, or effectively \$30 million for married couples.

Even though these exemptions probably mean you are not currently close to being exposed to the federal estate tax, your estate plan may need updating to reflect the current tax regime.

Also, you may need to make changes for reasons that have nothing to do with taxes, such as marriage, divorce, births, deaths, changes in asset values, business succession planning, retirement, or a move to another state.

Note Other Individual Tax Changes

Several additional individual tax law changes may affect your planning:

- Miscellaneous itemized deductions are permanently eliminated, except for an educator expense exception.
- Personal casualty loss deductions are permanently limited to losses from federally declared disasters and certain state-declared disasters.
- Gambling loss deductions are limited to 90% of gambling losses, to the extent of gambling winnings, beginning in 2026.

These rules may not affect every taxpayer, but they can be important in the right situation.

Conclusion

This letter highlights proactive summer tax planning opportunities that can help reduce your 2026 tax bill for both your business and your family. With the many changes made by the One Big Beautiful Bill Act, acting now gives you more flexibility and time to optimize your strategies. What we have covered here is only part of the story. If you have questions about any of the ideas discussed here or would like personalized guidance, please contact us. We are here to help you develop a tax planning approach that works all year long and delivers results.

Very truly yours,



Abeles and Hoffman, P.C.