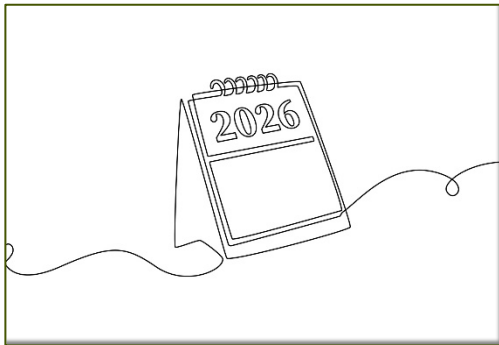


January 15, 2026

2026 Personal Tax Planning Update



The new year brings with it new tax-savings opportunities, including opportunities for tax-free gifts. The charts below show the increased gift and estate tax figures, as well as this year's federal income tax brackets. With the passage of the One Big Beautiful Bill Act in 2025, we have clarity on what the federal exemption will be for the foreseeable future, as well as expanded opportunities for planning.

Federal Estate and Gift Tax Exemption/Exclusion Levels

The 2026 estate and gift tax figures are shown in the table below.

	2025	2026
Estate and Gift Tax Exemption	\$13,990,000	\$15,000,000
Generation-Skipping Tax Exemption	\$13,990,000	\$15,000,000
Gift Tax Annual Exclusion	\$19,000	\$19,000
Annual Exclusion for Gifts to Noncitizen Spouse	\$190,000	\$194,000

The larger estate and gift tax exemptions and exclusions mean additional opportunities for tax-free gifts in 2026.

- **Make Annual Family Gifts Early** – The “annual exclusion” allows you to transfer up to \$19,000 (\$38,000 for married couples) to any individual. Making these gifts early in the year often results in more value passing to family members at no

additional tax cost because it allows any appreciation over the year to pass to the recipients free of estate or gift tax.

- **Make Use of the Larger Transfer Tax Exemption, Including Inflation Adjustment** – In 2026, there is a significant increase in the estate and gift tax exemption and the generation-skipping transfer (GST) tax exemption. These exemptions increased to \$15,000,000 in 2026 (up from \$13,990,000 in 2025). Married couples are now able to give away \$30,000,000 without gift or GST consequences. This amount will continue to be adjusted for inflation going forward. ***Even individuals and couples who had already used their entire prior exemptions now have an additional \$1,010,000 (or \$2,020,000 for married couples) that can be gifted in 2026.***

With the passage of the One Big Beautiful Bill Act in 2025, the current federal estate and gift tax has been made permanent, with no planned reductions. Regardless of future federal exemption amounts, making gifts up to the current exemption amounts now will remove those assets, and any appreciation, from your taxable estate at death. Now is a good time to consider whether increased gifting makes sense for you.

- **Large Gifts to Spousal Lifetime Access Trusts** – One strategy for using the exemption for married couples is a specialized type of trust, called a spousal lifetime access trust (often abbreviated “SLAT”). SLATs include one of the spouses as a beneficiary, thereby preserving the possibility for a spouse to receive distributions from the trust if needed. This safety net often makes donors more comfortable with making large gifts, allowing them to take advantage of the high exemptions.

Federal Income Tax Brackets for 2026

Federal income tax rates have not changed for 2026, but the break points of the various brackets have been adjusted as shown in the charts below. (Note that lower rates continue to apply to income from qualified dividends and capital gains.)

Making gifts up to the current exemption amounts now will remove those assets, and any appreciation, from your taxable estate at death.

Single Individuals			Married Couples Filing Jointly		
Rate	Taxable Income 2025	Taxable Income 2026	Rate	Taxable Income 2025	Taxable Income 2026
10%	\$0 - \$11,925	\$0 - \$12,400	10%	\$0 - \$23,850	\$0 - \$24,800
12%	\$11,925 - \$48,475	\$12,400 - \$50,400	12%	\$23,850 - \$96,950	\$24,800 - \$100,800
22%	\$48,475 - \$103,350	\$50,400 - \$105,700	22%	\$96,950 - \$206,700	\$100,800 - \$211,400
24%	\$103,350 - \$197,300	\$105,700 - \$201,775	24%	\$206,700 - \$394,600	\$211,400 - \$403,550
32%	\$197,300 - \$250,525	\$201,775 - \$256,225	32%	\$394,600 - \$501,050	\$403,550 - \$512,450
35%	\$250,525 - \$626,350	\$256,225 - \$640,600	35%	\$501,050 - \$751,600	\$512,450 - \$768,700
37%	\$626,350 +	\$640,600 +	37%	\$751,600 +	\$768,700 +

Retirement Account Planning

The contribution limits for 401(k)s and IRAs have increased for 2026 with one exception noted below. Consider reviewing your pay-ins in order to maximize these tax-efficient savings.

	2025	2026
401(k) (and similar) (under age 50)	\$23,500	\$24,500
401(k) "Catch-up Contributions" (those age 50+)	\$7,500	\$8,000
401(k) "Catch-up Contributions" (those age 60-63)	\$11,250	\$11,250 *no change
IRA (under age 50)	\$7,000	\$7,500
IRA "Catch-up Contributions" (those age 50+)	\$1,000	\$1,100

- **Required Minimum Distributions** – Starting at age 73, individuals must take required minimum distributions (RMDs) from most non-Roth retirement accounts. For those born in 1960 or later, you will be required to take RMDs at age 75.
- **Inherited IRAs** – Final regulations addressing RMDs for inherited accounts during the 10 year withdrawal period confirm that in some cases the designated beneficiary must take RMDs over the course of the 10 year period, and not lump all withdrawals into year 10.
- **Charitable Planning with Retirement Accounts** – For close to two decades, retirement plan owners who are at least age 70 ½ have had the ability to give up to \$100,000 per year to charities directly from their IRAs as qualified charitable distributions (QCDs). Such QCDs would count towards a plan owner’s RMD and not be included in the plan owner’s taxable income. The QCD is adjusted for inflation, and the 2026 limit is \$111,000. SECURE 2.0 added an additional benefit—it also permits a QCD of up to \$55,000 (as of 2026) per lifetime (not annually) to certain “life income” charitable vehicles, such as charitable gift annuities, charitable remainder unitrusts and charitable remainder annuity trusts. *For more details on the expanded opportunities for charitable giving with retirement assets, see [Expanded Opportunities for Charitable Giving with Retirement Assets](#).*
- **529 Plan Rollover to a Roth IRA** – Another provision of SECURE 2.0 that went into effect in 2024 allows 529 plan beneficiaries to roll over unused funds to a Roth IRA owned by them. Individuals who have owned (or been a beneficiary of) their 529 for at least 15 years are allowed to roll over up to \$7,500 in 2026 (or \$8,600 if the beneficiary is 50 or older) to their Roth IRA, with a total lifetime rollover limit of \$35,000. This could be a good option for those who have funds remaining in their 529 plans after they have completed their education. See [Added Flexibility Makes 529 Plans More Attractive](#).

Reminder

As of January 15, 2026, tax payments must be made electronically. Paper checks are no longer accepted.

Charitable Giving

New tax laws enacted under the One, Big, Beautiful Bill Act (OBBA) significantly change charitable deduction rules.

- **Above-the-Line Charitable Deductions** – Individuals who take the standard deduction can claim a charitable deduction of up to \$1,000 (\$2,000 if married filing jointly).
- **AGI Ceiling on Charitable Income Tax Deductions** – the 60% AGI limitation for cash gifts made to certain qualifying charities has been permanently extended, and the rules for how different AGI limits work together have been further clarified.
- **AGI Floor on Charitable Income Tax Deductions** – individuals who itemize can deduct charitable donations to the extent they exceed 0.5% of their adjusted gross income. The disallowed portion may be eligible for carryforward to the following year. Corporations similarly can only deduct charitable donations to the extent they exceed 1% of their adjusted gross income.
- **Itemized Deduction “Haircut”** – individuals generally can no longer receive the benefit of itemized deductions, including the charitable deduction, beyond the 35 percent tax bracket.

Questions

For more information on tax or estate planning strategies, please contact a member of our Private Client Group, or the authors of this advisory.

Authors



Charlie Platt

cplatt@hembar.com



Keirsa Johnson

kjohnson@hembar.com



Brad Bedingfield

bbedingfield@hembar.com

Learn more

Visit: hembar.com

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