

# Facts You Need to Know About Taxes



## Your Reference Guide to:

- 2026 Tax Rates
- OBBBA changes
- College Savings Incentives
- IRA and 401(k) Contributions
- Social Security Benefits



## 2026 Income Tax Rates

### Married Individuals Filing Jointly or a Qualifying Widow(er)

If your taxable income is over:	But not over:	The tax is:
\$0	\$24,800	10% of taxable income
\$24,800	\$100,800	\$2,480 plus 12% of the excess over \$24,800
\$100,800	\$211,400	\$11,600 plus 22% of the excess over \$100,800
\$211,400	\$403,550	\$35,932 plus 24% of the excess over \$211,400
\$403,550	\$512,450	\$82,048 plus 32% of the excess over \$403,550
\$512,450	\$768,700	\$116,896 plus 35% of the excess over \$512,450
\$768,700		\$206,583.50 plus 37% of the excess over \$768,700

### Heads of Households

If your taxable income is over:	But not over:	The tax is:
\$0	\$17,700	10% of taxable income
\$17,700	\$67,450	\$1,770 plus 12% of the excess over \$17,700
\$67,450	\$105,700	\$7,740 plus 22% of the excess over \$67,450
\$105,700	\$201,750	\$16,155 plus 24% of the excess over \$105,700
\$201,750	\$256,200	\$39,207 plus 32% of the excess over \$201,750
\$256,200	\$640,600	\$56,631 plus 35% of the excess over \$256,200
\$640,600		\$191,171 plus 37% of the excess over \$640,600

### Singles

If your taxable income is over:	But not over:	The tax is:
\$0	\$12,400	10% of taxable income
\$12,400	\$50,400	\$1,240 plus 12% of the excess over \$12,400
\$50,400	\$105,700	\$5,800 plus 22% of the excess over \$50,400
\$105,700	\$201,775	\$17,966 plus 24% of the excess over \$105,700
\$201,775	\$256,225	\$41,024 plus 32% of the excess over \$201,775
\$256,225	\$640,600	\$58,448 plus 35% of the excess over \$256,225
\$640,600		\$192,979.25 plus 37% of the excess over \$640,600

### Married Individuals Filing Separately

If your taxable income is over:	But not over:	The tax is:
\$0	\$12,400	10% of taxable income
\$12,400	\$50,400	\$1,240 plus 12% of the excess over \$12,400
\$50,400	\$105,700	\$5,800 plus 22% of the excess over \$50,400
\$105,700	\$201,775	\$17,966 plus 24% of the excess over \$105,700
\$201,775	\$256,225	\$41,024 plus 32% of the excess over \$201,775
\$256,225	\$384,350	\$58,448 plus 35% of the excess over \$256,225
\$384,350		\$103,291.75 plus 37% of the excess over \$384,350

### Trusts and Estates

If taxable income is over:	But not over:	The tax is:
\$0	\$3,300	10% of taxable income
\$3,300	\$11,700	\$330 plus 24% of the excess over \$3,300
\$11,700	\$16,000	\$2,346 plus 35% of the excess over \$11,700
\$16,000		\$3,851 plus 37% of the excess over \$16,000

Standard Deduction Amounts for 2026	
Married Individuals filing jointly	\$32,200
Singles	\$16,100
Married Individuals filing separately	\$16,100
Heads of Households	\$24,150

Additional Standard Deductions	
At least age 65 and single	\$2,050
At least age 65 and married	\$1,650
Married, both over 65	\$3,300
Blind	\$1,650
OBBBA senior deduction	\$6,000

Child and Family Credits	
Qualifying child (under 17)	\$2,200
Other dependent	\$500
Refundable amount	\$1,700
Credit phaseout Marrieds filing jointly	AGI over \$400,000
All other taxpayers	AGI over \$200,000

2026 Business Tax Rates	
Corporate Tax Rate	21%
Deduction for Pass-Through Business Income	20%

## Alternative Minimum Tax

AMT Tax Rates for 2026		
Rate	Married Individuals filing separately	All other filers
26%	Up to \$122,250	Up to \$244,500
28%	More than \$122,250	More than \$244,500
AMT Exemption Amounts		
Singles		\$90,100
Married Individuals filing jointly		\$140,200
Married Individuals filing separately		\$70,100
AMT Exemption Phaseout		
		Begins above
Married Individuals filing jointly		\$1,000,000
Singles		\$500,000
Married Individuals filing separately		\$500,000

## Affordable Care Act (ACA) Taxes

Additional Medicare Tax	0.9% tax on wages and self-employment income over:
Married Individuals filing jointly	\$250,000
Singles	\$200,000
Married Individuals filing separately	\$125,000
Net Investment Income Tax	Additional 3.8% tax on net investment income if Modified Adjusted Gross Income exceeds:
Married Individuals filing jointly	\$250,000
Singles	\$200,000
Married Individuals filing separately	\$125,000
Heads of Households	\$200,000
Qualifying widow(er)	\$250,000

## New tax breaks at a glance

	Maximum deduction	Phase-out starts at MAGI
No tax on tips	\$25,000	\$150,000 (\$300,000 joint filers)
No tax on overtime	\$12,500 (\$25,000 for joint filers)	\$150,000 (\$300,000 joint filers)
No tax on car loan interest	\$10,000	\$100,000 (\$200,000 joint filers)
Deduction for seniors	\$6,000 (\$12,000 for joint filers if both over 65)	\$75,000 (\$150,000 joint filers)

Source: IRS Fact Sheet FS-2025-03; M.A. Co.

Developments occurring after January 1, 2026, are not reflected in this guide.

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# TAX

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## College Savings Incentives

**Section 529 plans.** No federal tax need be paid on the income earned on amounts accumulated in a state-sponsored Section 529 plan. When withdrawals are made and used for qualified education expenses (college or up to \$10,000 of elementary or secondary school expenses) or up to \$10,000 (lifetime limit per individual) used to pay principal or interest on qualified education loan, they won't be taxed either.

**Coverdell Education Savings Accounts (CESAs).** You can contribute up to \$2,000 a year per child to a CESAs. Earnings grow tax-free as long as withdrawals are used for qualified education expenses. Eligibility to contribute the full amount phases out between a modified adjusted gross income (MAGI) of \$95,000 and \$110,000 (singles), and between \$190,000 and \$220,000 (marrieds filing jointly).

**American Opportunity Tax Credit.** The maximum American Opportunity Tax Credit is 100% of the first \$2,000 and 25% for the next \$2,000 of qualified tuition and related expenses. The credit phases out at MAGI of \$160,000 for marrieds filing jointly (\$80,000 for singles).

**Lifetime Learning Credit.** The maximum Lifetime Learning Credit is \$2,000, with the credit phasing out at modified adjusted gross income of \$160,000 for marrieds filing jointly (\$80,000 for singles).

**U.S. Savings Bonds income exclusion.** For 2026, the income from certain U.S. Savings Bonds used to pay qualified higher education expenses may be excluded from tax. Eligibility for the exclusion phases out from \$152,650 to \$182,650 for marrieds filing jointly, \$101,800 and \$116,800 for all other returns.

**Interest deduction for education loans.** A tax deduction is available for up to \$2,500 in qualified education loan interest. Eligibility for the deduction phases out between MAGI of \$85,000 and \$100,000 (singles), and between \$175,000 and \$205,000 (marrieds filing jointly).

## Other Credits and Deductions

### New Trump Accounts for children under age 18.

Beginning July 4, 2026, up to \$5,000 may be contributed to a Trump Account for a child. There is no income tax deduction for the contribution. After the child reaches age 18, the account will be treated under the tax rules for traditional IRAs, that is, distributions will be taxed as ordinary income, and tax penalties may apply to early distributions.

**Long-term care insurance premiums.** In some instances, portions of the premiums paid for qualified long-term care insurance may be tax deductible. For 2026 they are: \$500 for those who are age 40 or under at the end of the tax year; \$930, older than 40 but not older than 50; \$1,860, older than 50 but not older than 60; \$4,960, older than 60 but not older than 70; \$6,200, older than 70.

**Adoption credit.** You may be able to take a tax credit of up to \$17,670 for qualifying expenses paid to adopt an eligible child. Phaseout begins at modified adjusted gross income of \$265,080, and is phased out completely at \$305,080.

## Investments

Maximum Long-Term Capital Gains Tax Rates		
	0% tax rate	15% tax rate
Married Individuals filing jointly or surviving spouse	\$98,900	\$613,700
Married Individuals filing separate returns	\$49,450	\$306,850
Heads of Households	\$66,200	\$579,600
All other Individuals	\$49,450	\$545,500
Estate or trust	\$3,300	\$16,250

At higher income levels, the maximum tax rate on long-term capital gains is 20%.

IRA Required Minimum Distributions					
Age	Divisor	Percentage	Age	Divisor	Percentage
73.0	26.5	3.77%	95.0	8.9	11.24%
74.0	25.5	3.92%	96.0	8.4	11.90%
75.0	24.6	4.07%	97.0	7.8	12.82%
76.0	23.7	4.22%	98.0	7.3	13.70%
77.0	22.9	4.37%	99.0	6.8	14.71%
78.0	22.0	4.55%	100.0	6.4	15.63%
79.0	21.1	4.74%	101.0	6.0	16.67%
80.0	20.2	4.95%	102.0	5.6	17.86%
81.0	19.4	5.15%	103.0	5.2	19.23%
82.0	18.5	5.41%	104.0	4.9	20.41%
83.0	17.7	5.65%	105.0	4.6	21.74%
84.0	16.8	5.95%	106.0	4.3	23.26%
85.0	16.0	6.25%	107.0	4.1	24.39%
86.0	15.2	6.58%	108.0	3.9	25.64%
87.0	14.4	6.94%	109.0	3.7	27.03%
88.0	13.7	7.30%	110.0	3.5	28.57%
89.0	12.9	7.75%	111.0	3.4	29.41%
90.0	12.2	8.20%	112.0	3.3	30.30%
91.0	11.5	8.70%	113.0	3.1	32.26%
92.0	10.8	9.26%	114.0	3.0	33.33%
93.0	10.1	9.90%	115.0	2.9	34.48%
94.0	9.5	10.53%			

## Estate and Gift Taxes

Annual exclusion from federal gift tax	\$19,000
Lifetime exclusion from federal estate and gift tax	\$15,000,000

## Retirement Plans and Social Security

### Social Security for 2026

Social Security wage base	\$184,500
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### Retirement Earnings Test Exempt Amounts

Under full retirement age (\$1 in benefits is withheld for every \$2 in earnings above the limit)	\$24,480
The year in which full retirement age is reached (\$1 in benefits is withheld for every \$3 in earnings above the limit, but only for months prior to reaching full retirement age)	\$65,160
After full retirement age is reached	no limit

### Taxation of Social Security Benefits

#### Singles with *Provisional Income*\*

below \$25,000	pay no tax on benefits
from \$25,000 to \$34,000	pay tax on 50% of benefits
over \$34,000	pay tax on up to 85% of benefits
Married Individuals filing a joint return with <i>Provisional Income</i> *	
below \$32,000	pay no tax on benefits
from \$32,000 to \$44,000	pay tax on 50% of benefits
over \$44,000	pay tax on up to 85% of benefits

\*The IRS defines *Provisional Income* as your modified adjusted gross income (MAGI) plus one-half of your Social Security benefits. (MAGI is AGI plus tax-exempt income.)

### Maximum Retirement Plan Contribution Limits for 2026

	Maximum contribution	Maximum contribution for those age 50 and over
Traditional IRA/ Roth IRA	\$7,500	\$8,600
401(k) plans	\$24,500	\$32,500*

\* For those who are 60, 61, 62, or 63, the catch-up contribution in 2026 is \$11,250, for a maximum of \$35,750.

### Phaseout of Deductibility of IRA Contributions Based on MAGI (if you are an active participant in a company retirement plan)

Singles and Heads of Households	\$81,000 to \$91,000
Married Individuals filing joint returns and both spouses are active plan participants	\$129,000 to \$149,000
Married Individuals filing joint returns and one spouse is active plan participant	\$242,000 to \$252,000
Married Individuals filing separately	\$0 to \$10,000

### Phaseout of Roth IRA Contributions Based upon MAGI

Singles	\$153,000 to \$168,000
Married Individuals filing a joint return	\$242,000 to \$252,000

