SPRING CLEANING YOUR FINANCES: ELIMINATING SUBSCRIPTION AND ASSET DRIFT

Spring cleaning is usually associated with closets, garages, and storage rooms, but financial clutter can accumulate just as easily, and often with greater long-term cost.

Recurring charges, dormant accounts, and overlooked assets rarely attract attention because none of them feel urgent on their own. Even modest inefficiencies can gradually erode cash flow and make your financial picture harder to manage.

Taking a few hours each spring, or even a few times a year, to review your financial accounts can uncover immediate savings, recover forgotten funds, and ensure your financial systems are still working the way you expect.

Subscription Drift

One of the most common sources of financial clutter is recurring subscriptions. Individually, these charges can seem insignificant. For example, A $49 monthly subscription may not draw much attention when it first appears on a statement. Over the course of a year, however, that single charge becomes $588. Multiply that across several streaming services, software subscriptions, fitness memberships, or apps, and the total can easily reach several thousand dollars annually.

With these charges being automatic, they often continue long after their usefulness has passed. Reviewing bank and credit card statements is usually enough to identify services that are rarely used or easily replaced by platforms you already have. Even when a service is still useful, it’s worth checking whether the pricing still makes sense. Many providers quietly increase prices or introduce new plans over time.

In some cases, savings can come from bundling services together or switching to packages that combine several subscriptions at a lower overall cost. These options are not always advertised to existing customers, so a quick comparison of available plans can occasionally reveal savings without changing the services you already use.

Billing structure can also make a difference. Services used consistently throughout the year may offer meaningful discounts for annual billing, while others may be better kept monthly and canceled when they are not needed.

The goal is not to eliminate every subscription; it’s to ensure each one still delivers enough value to justify the cost and to optimize how those services are priced.

Dormant and Overlooked Assets

Financial clutter can also appear in the form of assets that have been forgotten. Old bank accounts, small brokerage balances, uncashed checks, and refunds, may remain scattered across financial institutions. If accounts remain inactive long enough, they may eventually be transferred to state custody as unclaimed property.

While most individual claims are relatively small, the process of checking is quick. Each year, billions of dollars sit in state unclaimed property divisions across the country. A search of the official database for states where you have lived or worked takes only a few minutes and can occasionally uncover funds that belong to you.

It can also be worthwhile to check for family members who may not be as comfortable navigating these systems. Many unclaimed property databases contain records that have gone unnoticed for years simply because no one thought to look.

This is less about budgeting and more about recovery – identifying assets that already exist but have slipped off the radar.

Reducing Administrative Drag

Disorganized financial systems can also create practical risks. Missed cancellation deadlines, outdated beneficiary designations, overlapping insurance policies, or incomplete documentation are all common examples. None of these issues may seem significant individually, but they can create unnecessary cost or complications

when left unaddressed.

A periodic review provides an opportunity to verify that key financial details are still accurate. Beneficiary designations on retirement accounts and insurance policies should reflect current intentions. Insurance coverage should match the assets you own (and their current values), and deductibles should still align with your ability to absorb risk.

Credit cards can also be another area worth reviewing. Cards with annual fees may no longer justify their cost if spending patterns have changed, and rewards programs may not align with how you currently use them. In some cases, issuers may be willing to reduce or waive annual fees if you call and ask.

It can also be helpful to review credit utilization. If balances regularly approach 30% of available credit, paying those balances down (or spreading usage across multiple accounts) can improve both liquidity and credit health.

Reviewing Automatic Financial Systems

Automation is one of the most useful financial tools available, but automated systems still need occasional review. Savings transfers, investment contributions, and automatic payments are often set up with good intentions and then left unchanged for years. As income, expenses, and priorities evolve, those settings may no longer reflect your current financial goals.

Periodic review helps ensure these systems still operate as intended. Automatic savings transfers may need to be increased as income grows, while certain recurring payments should be confirmed to ensure they are still required.

It is also worth verifying that automatic bill payments stop when obligations end. In rare cases, outdated payment instructions can continue sending funds long after a balance has been satisfied, leaving money sitting in the wrong place instead of being invested or used more productively.

There is a simple goal with automation, it should be working for you, not continuing indefinitely without oversight.

The Return

A short financial review can produce results that extend well beyond the time invested. Unused subscriptions can be eliminated or optimized. Forgotten assets can be recovered. Insurance coverage and credit accounts can be aligned with current needs. Automated systems can be adjusted so they continue supporting long-term financial goals.

More importantly, the process restores clarity. When accounts, subscriptions, and financial systems are reviewed periodically, it becomes much easier to identify opportunities for improvement and avoid preventable mistakes.

For many households, financial spring cleaning is not about reducing spending. It is about ensuring that the money already being spent, and the systems managing it, are working as efficiently as possible.

If you are reviewing your finances this season and discover questions about tax planning, charitable giving, account structure, or broader financial strategy, feel free to reach out to your trusted TBC advisor.

CHANGES IN USPS POSTMARKS

With tax season deadlines looming, we would like to make sure you are aware that the United States Postal Service (USPS) has recently issued changes regarding postmarking mail. Effective December 24, 2025, the postmark date may no longer match the day the mail was dropped off or picked up at processing facilities but now reflects when it is scanned in at said facilities.

What is a Postmark?

Postmarked mail is a letter or package bearing an official USPS stamp that records the date an envelope is first processed at a regional sorting facility, not the date it was deposited by the mailer. This stamp serves as legal proof of the date the item entered into the mail system and is often used for deadlines such as taxes.

Changes to Postmarks

Now that the USPS has recently updated their rules, a 1–3-day delay may potentially occur, which can lead to missing deadlines and late fees for items such as taxes. Mail is now routed to a regional hub where the postmark is done. Because postmarks reflect the date a mail piece is processed regionally rather than when it was deposited locally, traditional assumptions about "mail by the deadline" are no longer correct. Consequently, if returns are dropped at a local post office on or shortly before a tax filing deadline, they may not be postmarked until days later, potentially after the deadline. Furthermore, these changes affect scenarios beyond annual tax return obligations, including communications with regulatory authorities, quarterly payments, and Tax Court petitions, among others.

Ways to Get an Exact Mailing Date

For time sensitive items such as taxes during tax season, or sending paperwork to your CPA when you can't drop it off or send it electronically, there are several ways one can obtain an exact mailing date.

- Requesting a Manual Postmark
  - Go to the clerk at the Post Office counter and ask for a manual postmark. The clerk will then stamp the envelope with that day's date.
- Get a Certificate of Mailing
  - The official proof of mailing, USPS stamps a receipt showing the exact date they accepted the mail.
- Use Registered Mail
  - Offers great security through tracking and is handled under strict mailing policies. This is commonly used for valuable documents.

If you are mailing your CPA any paperwork pertaining to your taxes to adhere to a deadline, it must be sent much further in advance. We encourage you to use our technology to send your documentation electronically to prevent any delays.

WHY ESTATE TAXES AREN'T THE ONLY INHERITANCE-RELATED COSTS TO CONSIDER

Estate planning discussions often focus on the federal estate tax exemption, but most families face different challenges when transferring wealth. Probate fees, state-level taxes, capital gains exposure, and administrative complexity can all erode inheritances – even for estates well below the federal threshold. A comprehensive estate plan addresses these hidden costs, not just headline tax numbers.

IRS CLARIFIES 100% FIRST-YEAR BONUS DEPRECIATION RULES

The IRS recently issued new guidance clarifying how the permanent 100% bonus depreciation deduction will work moving forward. This allows businesses to fully deduct the cost of qualified property in the year it's placed in

service, rather than depreciating it over several years.

YOUR 2026 TAX SEASON SURVIVAL GUIDE

For most people, tax season brings a quiet panic about what they might be forgetting and a last-minute rush to pull everything together before the deadline. But it doesn't have to be that way. With just a little preparation, you can avoid surprises, minimize your tax bill, and make the entire process smoother for both you and your advisor.

STAYING AHEAD OF NEW YORK'S CONSTRUCTION LAW CHANGES IN 2026

As the new year begins, New York State enacted several important legislative changes that will directly affect businesses operations for contractors doing business in the state. These include Senate Bill S2536A, which relates to the inclusion of certain off-site custom fabrication as public work for the purposes of payment of prevailing wage, as well as Senate Bill S5655, which relates to void provisions in construction contracts. Businesses will need to quickly react and plan to manage cash flow and compliance related considerations as a result. Here is what you need to know about the law changes to stay ahead of the curve.

New York State's amendment to Section 757 of the general business law added language requiring retainage in excess of five percent of a private contract sum as a void provision in a construction contract. Subcontractors typically carry the heavier cash flow burden on the project as labor and materials are fronted while waiting on payment from the prime contractor. The reduction from 10% retainage standard to 5% will decrease the cash withheld in half which will improve subcontractor liquidity, reduce reliance on traditional financing, lower risk of payment delays, and help stabilize contractors that typically operate on smaller margins.

New York State also amended Section 220 of the Labor Law to provide that the prevailing wage law shall apply to the fabrication of various construction materials including wall panel systems, woodwork, cases, cabinets or counters, plumbing, heating, cooling, ventilation/exhaust ducts, and mechanical insulation*. The intent behind the new law was to prevent contractors from circumventing prevailing wage and create more equitable bidding on public work. There is an expected administrative burden accompanied by this bill from contractors in the fact that these offsite workers often work for a multitude of jobs within a given day. The necessity to develop a system of tracking offsite prevailing wage work will become difficult as high volumes of production materials are produced, with the need to allocate labor hours to the work.

The changes to retainage and prevailing wage are not simply administrative tweaks, they reshape how projects are bid, financed, staffed, documented, and audited from start to finish. Business operators and their advisors will need to move decisively to update their internal processes and ensure compliance to reflect the new standards. This overview speaks to the highlights, however the impact lies in the detail of the legislative changes. Taking the time now to digest and plan for these changes will help organizations stay aligned and prepare for what's ahead.

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IT’S TIME! WHAT TO PREPARE FOR TAX YEAR 2025 FILING

Whether you’re an individual taxpayer or business owner, preparing early for tax time can reduce delays, minimize errors, and help your tax pros do their best work on your behalf. Our team has put together a practical guide to get you started on the right foot this tax season, including key deadlines, commonly required documents, and planning considerations.

2025 YEAR END TAX PLANNING FOR BUSINESSES

As 2025 draws to a close, business owners have more certainty regarding many tax provisions that were previously set to expire. The One Big Beautiful Bill Act (OBBBA), signed into law July 4, 2025, preserved many provisions from the Tax Cuts and Jobs Act (TCJA), made others permanent, and clarified the direction of federal tax policy heading into 2026.

Here are some strategies to consider before the end of the year that can help you be financially prepared for what’s next.

Deferring income and accelerating deductions

One common strategy is to defer income to the next tax year while accelerating deductible expenses into the current year. By doing so, you lower your taxable income, reducing the amount you owe when tax season arrives. If your cash flow permits, you might consider postponing sending out invoices until January, so the income isn’t recognized until 2026. Likewise, you can pay deductible expenses like rent, insurance premiums, employee bonuses, or utility bills before year end.

However, if you expect to earn more next year or anticipate changes in tax rates, it might be more beneficial to reverse this approach. In such cases, bringing income into the current year and postponing deductions to the next year can help offset higher taxes down the road. To accelerate income, consider offering discounts to encourage early payments or completing sales before year-end. Defer expenses by delaying purchases until after the new year.

It’s important to note that the effectiveness of these strategies depends on whether you use cash-basis or accrual accounting. Under the cash-basis method, income and expenses are recognized when cash changes hands. This makes it relatively straightforward to accelerate or defer income and expenses.

The accrual method recognizes income when services are provided or goods are delivered, regardless of when payment is received. Expenses are deducted when they are incurred, not necessarily when they are paid. To accelerate income under accrual accounting, you need to deliver products or complete services before year-end. Receiving payment before the end of the year doesn’t affect income recognition. Similarly, prepaying expenses like rent or insurance won’t accelerate deductions under accrual accounting. However, you can still accelerate some deductions by incurring expenses earlier. For instance, if you plan to purchase equipment or other deductible items in the near future, making those purchases before year-end allows you to deduct them in 2025.

Maximize the QBI deduction

The 20% deduction for qualified business income (QBI) has now been made permanent. This means eligible owners of pass-through entities (sole proprietorships, partnerships, and S corporations) can plan with more certainty.

For 2025, the QBI deduction begins to phase out when taxable income exceeds $394,600 for married couples filing jointly or $197,300 for other filers. The deduction is fully phased out when a married couple filing jointly has taxable income of $494,600 and other filers have taxable income of $247,300.

Starting in 2026, the OBBBA introduces a minimum deduction of $400 for qualifying small business owners with at least $1,000 in QBI who materially participate in the business. The $400 deduction will be adjusted for inflation in subsequent tax years.

Understanding W2 wages and UBIA limitations

If your business isn't in a specialized service field (health, law, accounting, consulting, athletics, financial services, brokerage services), the deduction doesn't phase out entirely once you reach the income threshold, but it is limited to the lesser of:

- 20% of your QBI, or
- The greater of 50% of:
  - W2 wages paid, or
  - 25% of W2 wages paid plus 2.5% of the UBIA of qualified property.

This means the amount of W2 wages your business pays and the value of its qualified property directly impact your allowable deduction.

Strategies to maximize the QBI deduction

One way to maximize the deduction is to keep your taxable income below the phase-out thresholds. This can be achieved by deferring income, accelerating deductible expenses, and contributing to tax-deferred retirement plans.

Once taxable income exceeds the threshold, however, you'll likely want to increase W2 wages. Many pass-through business owners are inclined to minimize W2 wages to reduce payroll taxes, but this strategy can significantly limit your QBI deduction. In many cases, the tax savings from a higher QBI deduction can outweigh the additional payroll taxes incurred by increasing W2 wages.

Please note that the rules surrounding the QBI deduction are intricate and vary based on individual circumstances. Given this complexity, it's crucial to consult with a CPA. They can provide personalized advice to ensure you're maximizing the deduction while complying with all tax laws and regulations.

Capitalize on Section 179 deduction and bonus depreciation

Section 179

Section 179 allows you to deduct the full purchase price of qualifying equipment and software in the year it is placed in service. For 2025, the deduction limit under Section 179 increased to $2.5 million, and the phase-out threshold increased to $4 million of qualifying property placed in service in the year. This applies to most depreciable property like machinery, equipment, off-the-shelf software, and certain nonresidential building improvements, including roofs, HVAC, fire protection, and security systems.

Even if you acquire the qualifying property late in the year, you can still deduct the full amount for 2025. However, Section 179 deductions cannot exceed your business's taxable income for the year. Any excess is carried forward to future years.

Bonus depreciation

The OBBBA restores 100% bonus depreciation permanently for qualified property acquired and placed in service after January 19, 2025, reversing the prior phase-down schedule. Unlike Section 179, bonus depreciation doesn't have an annual deduction limit and can create a net operating loss since it's not limited by any taxable income.

“Qualified property” generally includes tangible personal property with a recovery period of 20 years or less, certain computer software, and used property acquired from unrelated parties.

Caution: New York, and many other states, don’t conform to the federal bonus depreciation rules. In such instances, bonus depreciation claimed on the federal return must be added back in full to state taxable income, and the bonus depreciation-eligible property is depreciated over the normal recovery period for state purposes.

Business losses and excess business loss rules

Under the TCJA and subsequent legislation, non-corporate taxpayers remain subject to limits on “excess business losses.” The OBBBA makes those limits permanent.

For tax years beginning in 2025, non-corporate taxpayers cannot offset more than $313,000 (single) or $626,000 (married filing jointly) of business losses against other non-business income. Losses above these thresholds aren’t lost; instead, they’re carried forward and treated as a net operating loss (NOL). That NOL may be used in future years to offset income. Future NOL deductions are limited to 80% of taxable income for losses arising in years after December 31, 2017.

If your business is projecting a significant loss in 2025, coordinate with your advisor to determine whether shifting expenses or income can keep the loss below the threshold so it’s fully deductible now, or plan how to use an NOL in future years under the 80% limitation.

Ensure estimated tax payments are made on time

To avoid penalties, make your last estimated tax payment for the year by the due date, January 15, 2026. Even if you’ve fallen behind on estimated tax payments for previous quarters, catching up by the January 15 deadline can help reduce potential penalties and interest. While it may not eliminate penalties for earlier underpayments, making the full payment now can prevent additional charges from accruing.

Plan for retirement contributions

By maximizing both employer and personal contributions to retirement accounts, you can lower your tax liability and enhance retirement savings for yourself and your employees.

Employers can contribute the following amounts to employees’ retirement plans:

- **SEP IRA Contributions**: employers can contribute up to 25% of an eligible employee’s compensation or $70,000 for 2025, whichever is less. These contributions are tax-deductible for the business and can be made up until the tax filing deadline, including extensions.
- **401(k) Contributions**: the contribution limit for 2025 is $23,500 for employee contributions and $70,000 for combined employee and employer contributions.

By contributing to these plans, employers can reduce their taxable income and enhance employee satisfaction and retention by offering valuable retirement benefits.

Research and development credit

The OBBBA reinstated the option to immediately expense domestic research and development costs that were previously required to be capitalized and amortized over 5 years under the TCJA. Taxpayers that incur R&D expenses on work carried out internationally must capitalize and amortize those expenses over 15 years. If a taxpayer is classified as a small business by the IRS (average annual gross receipts of $31 million or less for the three-year tax period ending with the preceding tax year), the domestic R&D costs can be expensed on amended 2022 tax returns. All businesses can accelerate their remaining amortization on domestic R&D costs incurred between 2022 and 2024 over 1 to 2 years.

Use the de minimis safe harbor election

The de minimis safe harbor election allows businesses to immediately expense lower-cost tangible property and materials and supplies that would otherwise need to be capitalized and depreciated over time. This reduces the need to track and depreciate numerous small-dollar assets over several years.

If your business has an applicable financial statement (AFS), you can deduct up to $5,000 per item or invoice. An AFS is typically an audited financial statement prepared in accordance with generally accepted accounting principles (GAAP). Larger businesses or those with regulatory requirements usually have an AFS. For instance, your business purchases 20 office chairs at $400 each. Since each chair costs less than $5,000, you can deduct the total cost of $8,000 immediately as long as you attach a statement titled “Section (a)-1(f) de minimis safe harbor election” to your tax return.

If you don’t have an AFS, you can still take advantage of the de minimis safe harbor, but the deduction limit is $2,500 per item or invoice.

To use the election, you must have written accounting procedures in place at the beginning of the tax year that specify amounts paid for property under the relevant dollar threshold will be expensed for accounting purposes. If you have an AFS, these procedures must be in writing. For businesses without an AFS, while written procedures are not required by the IRS, it’s best practice to document them in writing to ensure consistency and compliance. In all cases, you must apply these procedures consistently in your books and records throughout the taxable year.

Review inventory levels and accounts receivable

Taking the time to review your inventory levels before year-end can uncover valuable opportunities to reduce your taxable income. Start by conducting a thorough physical inventory count and compare the results with your financial records. Identify any discrepancies, such as excess, obsolete, or damaged stock. Writing off this inventory as a loss not only cleans up your balance sheet but also reduces your taxable income for the current year.

In addition to inventory, it’s wise to examine your accounts receivable. Analyze your aging report to identify any outstanding debts that are unlikely to be collected. Writing off bad debts as uncollectible can provide a deduction, further lowering your taxable income. This improves the accuracy of your financial statements and gives you a clearer picture of your cash flow heading into the new year.

To truly maximize your tax savings and ensure that you’re in full compliance with all regulations, please contact your trusted TBC advisor.

2025 YEAR END TAX PLANNING FOR INDIVIDUALS

As 2025 draws to a close, individual taxpayers face a familiar but evolving tax landscape. Many provisions from the Tax Cuts and Jobs Act (TCJA) have been preserved or extended under the One Big Beautiful Bill Act (OBBBA), while a handful of new deductions and adjustments take effect for the 2025 tax year.

This guide outlines key areas for review and planning before year-end.

Review your standard deduction and age 65+ benefits

The standard deduction remains the foundation of tax planning for most Americans.

2025 Standard Deduction Amounts based on Filing Status

Filing Status	2025
Single or married filing separately	$15,750
Married filing jointly	$31,500
Head of household	$23,625

Note: For the 2025 tax year, a single filer over 65 can claim an additional standard deduction of $2000, while a married couple filing jointly receives an additional $1600 per qualifying spouse.

Senior Bonus Deduction

The "$6,000 senior bonus deduction" is a new, temporary federal tax benefit available to eligible U.S. taxpayers aged **65 or older**, starting with the 2025 tax year (taxes filed in early 2026). It is a separate, additional amount added to the standard deduction for seniors.

Key Details

- **Amount:** The maximum deduction is $6,000 for single filers and up to $12,000 for married couples filing jointly if both spouses are 65 or older.
- **Eligibility:** You must be 65 or older by December 31 of the tax year for which you are filing (e.g., December 31, 2025, for the 2025 tax return). You must also have a Social Security number.
- **Availability:** This deduction is available even if you **itemize** your deductions, which is different from the existing age-based standard deduction.
- **Duration:** The provision is temporary and is set to expire after the 2028 tax year unless Congress extends it.

- **Income Limits (Phase-Outs)**
  - The deduction is gradually reduced (phased out) if your Modified Adjusted Gross Income (MAGI) exceeds certain thresholds:

  - **Single Filers:** The deduction begins to phase out if MAGI is over **$75,000** and is fully eliminated for MAGI above $175,000.
  - **Married Filing Jointly:** The deduction begins to phase out if MAGI is over **$150,000** and is fully eliminated for MAGI above $250,000.

Year-end move:

If you (or your spouse) turn 65 by year-end, be sure to factor in the temporary bonus deduction when estimating liability or making year-end tax payments.

Tip Income Deduction and Overtime Deduction

A new deduction is available for qualified tips (for certain tipped occupations) beginning in 2025, effective through 2028: up to $25,000 in cash tips for eligible taxpayers making up to $150,000 (single) or $300,000 (married filing jointly) in modified AGI.

A new deduction is also available for qualified overtime compensation, up to $12,500 for single filers (or $25,000 for joint) for tax years 2025–2028. This applies to overtime compensation paid to an individual as required by the Fair Labor Standards Act that is above the regular rate at which that individual is employed. However, the deduction phases out for taxpayers with modified adjusted gross income over $150,000 ($300,000 for joint filers). These are above-the-line (reduce your AGI) benefits, so they can help preserve phase-out thresholds for other benefits or credits.

State & local tax (SALT) deduction cap

Under prior law, the state and local tax (SALT) deduction cap was $10,000. The OBBBA temporarily raises the cap to $40,000 (for tax years 2025–2029).A phase-out applies once Modified Adjusted Gross Income (MAGI) exceeds approximately $500,000 (married filing jointly) in 2025, and the cap may revert to $10,000 in 2030 unless changed.

Year-end move:

If your MAGI is near the phaseout range, focus on income-reduction strategies, such as maximizing retirement contributions or capital loss harvesting, to preserve your eligibility for the expanded SALT deduction. Additionally, if you own a pass-through entity, speak with your tax advisor about a PTE workaround, which may allow your business to deduct state taxes at the entity level – effectively restoring your federal deduction even if you are over the SALT cap.

Optimize retirement savings & withholding

Tax-deferred retirement contributions and withholding adjustments remain powerful tools for year-end. Contribute to IRAs, 401(k), or other employer plans before the year ends to reduce taxable income. If you expect high income in 2025 or anticipate changes for 2026, accelerating contributions may pay off.

Also, review your federal and state tax withholding/estimated tax payments. If you foresee a big jump in income (bonus, stock vesting, sale), you may need to adjust now to avoid underpayment penalties.

Year-end move:

Determine whether you have maximized allowable retirement contributions and run a withholding/estimated payment check. Underpayment penalties can apply if you do not meet IRS safe harbor rules, which generally require paying at least 90% of your current-year tax liability or 100% of your prior year's tax liability (110% for earners with AGI above $150,000). Making an additional estimated tax payment before January 15, 2026, can help reduce or eliminate any penalty exposure.

Vehicle Interest Deduction

You can deduct up to $10,000 of interest on loans to purchase qualifying personal use vehicles. This applies to new passenger vehicles with gross-weight vehicle ratings under 14,000 pounds. Final assembly must occur in the United States. However, the deduction phases out for taxpayers with modified adjusted gross income over $100,000 ($200,000 for joint filers).

Consider capital gains, losses, and timing of income

Capital gains and investment income should be reviewed carefully before year-end, especially if your portfolio includes appreciated assets or unrealized losses. Long-term capital gains (for assets held more than one year) are taxed at preferential rates of 0%, 15%, or 20%, depending on your income. But short-term capital gains (from assets held one year or less) are taxed at ordinary income rates.

If you are holding appreciated assets and anticipate higher income or tax rates in 2026, it may be worth realizing gains in 2025. Conversely, if you are projecting a lower tax bracket next year, deferring gains until 2026 may be more advantageous.

Losses also play a role. Tax-loss harvesting allows you to sell underperforming investments to offset realized gains, reducing your taxable income. If capital losses exceed gains, up to $3,000 can be deducted against ordinary income, with excess amounts carried forward to future years indefinitely.

Year-end move:

Review your portfolio and estimate year-end tax impact. Consider whether realizing gains now or deferring to next year aligns better with your expected tax profile, and whether harvesting losses can help offset gains or reduce income subject to the Net Investment Income Tax (NIIT). Timing matters, and a coordinated strategy can reduce both current and future liabilities.

Review estate, gift, and transfer planning

For 2025, you can gift up to $19,000 per recipient without triggering gift tax reporting or reducing your lifetime estate and gift tax exemption. A married couple can combine their exclusions and gifts up to $38,000 per recipient through gift splitting. This makes annual gifting a powerful way to reduce the size of your taxable estate over time.

Year-end move:

Consider making annual exclusion gifts before December 31 to lock in this year's limit. For example, funding 529 plans, making direct payments for medical or tuition expenses, or transferring assets to trusts for children or grandchildren can be tax-efficient ways to reduce your estate without using any of your lifetime exemption.

Even smaller gifts, such as forgiving family loans or making contributions to a child's Roth IRA (if they have earned income), can add up overtime.

Charitable contributions

For individuals who itemize, charitable contributions made in 2025 may carry greater tax value than in future years.

Beginning in 2026, the OBBBA imposes two new limitations for itemizers:

- A 0.5% AGI floor on charitable deductions (meaning only contributions above that threshold will count).
- A new 35% cap on the value of itemized deductions, which can reduce the effective benefit for some high-income For taxpayers in the top (37%) marginal tax bracket, the tax benefit of itemized deductions (including charitable gifts) is effectively limited to 35% of the deductible amount, rather than the full 37%.

Starting in 2026, taxpayers who do not itemize their deductions can claim a permanent above-the-line deduction for qualified cash donations up to $1000 for single filers and $2000 for married couples filing jointly.

- **Eligibility**: This deduction is available only to taxpayers who take the standard deduction on their federal income tax return.
- **Deduction Amount**: The maximum deduction is $1,000 for individuals (including those married filing separately) and $2,000 for married couples filing jointly.
- **Donation Type**: It applies only to direct cash contributions made to qualified public charities. “Cash” includes donations made by cash, check, or credit card.
- **Ineligible Donations**: Contributions to donor-advised funds (DAFs) or private non-operating foundations do not qualify for this specific deduction.
- **AGI Impact**: This deduction is taken “above the line,” meaning it reduces your adjusted gross income (AGI).

Year-end move:

If your total itemized deductions hover near the standard deduction threshold, you may benefit from bunching several years’ worth of charitable contributions into 2025. This allows you to itemize this year and take the standard deduction next year, instead of missing the deduction entirely in both years.

Also, consider donating long-term appreciated assets. If held for more than a year, you may be able to deduct the asset’s fair market value while also avoiding capital gains tax.

Taxpayers over age 70½ can transfer up to $108,000 directly from an IRA to qualified charities ($216,000 per couple if each has an IRA). These QCDs count toward required minimum distributions (RMDs) and do not increase your AGI, which can help avoid higher Medicare premiums, preserve other deductions, and reduce taxable Social Security income. This is often a more tax-efficient option than taking an IRA distribution and then donating cash.

Cryptocurrency

New digital asset reporting requirements are scheduled to go into effect for returns filed after December 31, 2025.

- **New Form 1099-DA:** Starting with the tax year 2025 (forms issued in early 2026), digital asset brokers and exchanges must report sales and exchange transactions to the IRS and taxpayers on the new Form 1099-DA.
  - For the 2025 tax year, exchanges are only required to report the **gross proceeds** of sales.
  - For the 2026 tax year and onward, exchanges will also be required to report the **basis** of assets purchased and sold on the same platform, which will make it easier for taxpayers and the IRS to calculate gains or losses.

Retirement Planning

Limits to your annual contribution are as follows:

2025 Limits for 402(k), 403(b) and 457 Plans	
Elective deferrals for people under age 50 at year end	$23,500
Elective deferrals for people age 50 or older at year end	$31,000
Elective deferrals for people age 60 to 63 at year end	$34,750
Defined contribution plan limit	$70,000

For those employees without retirement benefits and those that are self-employed – the limits are as follows:

2025 Contributions Limits for Traditional IRAs	
People under age 50 at year end	$7,000
People age 50 or over at year end	$8,000

Note that the deduction for traditional IRA contributions is phased out if your modified adjusted gross income exceeds certain levels and you or your spouse participates in an employer sponsored retirement plan.

Required Minimum Distributions (RMD)

Required minimum distributions (RMD) are the minimum amounts you must withdraw from your retirement accounts each year. The required minimum distribution (RMD) age depends on your birth year: it is **73 for those born between 1951 and 1959** and **75 for those born in 1960 or later**.

You must start taking RMDs from traditional retirement accounts like IRAs and 401(k)s in the year you reach the applicable age.

RMD age by birth year

Birth Year	RMD Age
1950 or earlier	72
1951-1959	73
1960 or later	75

If you reach age 73 in 2025:

- Your first RMD is due by April 1, 2026, based on your account balance on December 31, 2024, and
- Your second RMD is due by December 31, 2026, based on your account balance on December 31, 2025.

Inherited IRA's

If you inherit an IRA, the rules for distributions depend on the account owner's date of death (before or after 2020), the beneficiary's relationship to the owner and the original owner's age and status when they passed away.

If the account owner died after 2019, the 10-year rule generally applies for non-spouse beneficiaries, meaning the account must be fully distributed within 10 years following the year of death. For 2025, most non spouse beneficiaries must begin taking annual required minimum distributions (RMD) from an inherited IRA and empty the account within 10 years.

If the account owner died before 2020, rules based on the original owner's remaining life expectancy may apply.

Note that inherited ROTH IRAs have no required minimum distributions.

2025 – a year of opportunity and transition

The passage of the OBBBA has given individuals and families a clearer frame for long-term tax planning. Many of the tax provisions introduced under the TCJA remain in place, while new, time-limited deductions for tips, overtime, and state taxes offer additional planning opportunities in the near term.

As you evaluate year-end moves, consider both your 2025 liability and your broader tax profile for 2026 and beyond. Income levels, filing status, and the timing of deductions or deferrals can all influence which strategies are most effective.

If you have any questions about individual year-end tax planning, our team is here to help. Please contact your trusted TBC advisor for the latest updates and guidance.

INFLATION-ADJUSTED TAX PROVISIONS: 2026 UPDATES

Every year, the government adjusts certain tax thresholds and deductions for inflation. These changes can have a significant impact on how individuals and businesses plan their finances. For the 2026 tax year, a host of new inflation-adjusted figures have been released, many of which also reflect updates under the One, Big, Beautiful Bill Act (OBBBA).

Major Inflation-Adjusted Provisions for Tax Year 2026

Standard Deduction Increases

For 2026, taxpayers will see modest increases in the standard deduction across all filing statuses. Married couples filing jointly can expect a new standard deduction of $32,200, up from $31,500 in 2025. Single taxpayers and married individuals filing separately will see an increase from $15,750 in 2025 to $16,100 in 2026, while heads of household will experience a jump from $23,625 in 2025 to $24,150 in 2026.

Even these seemingly small changes can add up to considerable tax savings over the course of the year. Taxpayers who are on the cusp of itemizing may want to reassess whether the higher standard deduction could yield a better outcome. Adjusting your withholding or estimated tax payments is also wise if you anticipate lower taxable income as a result of the new deduction figures.

Marginal Tax Rate Thresholds

The OBBBA retains the top tax rate of 37%, which continues to apply to single taxpayers with incomes exceeding $640,600 and married couples filing jointly with incomes over $768,700. Other bracket thresholds have also been nudged upward. For example, the 35% bracket for single filers now begins at $256,225, while those filing jointly see it start at $512,450. Similarly, the 32% bracket starts at $201,775 for singles and $403,550 for joint filers, followed by the 24% bracket beginning at $105,700 for singles (or $211,400 for joint returns). Individuals in the 22% bracket will see it apply to income above $50,400 (or $100,800 for joint filers), and the 12% bracket now begins at $12,400 for individuals and $24,800 for those filing jointly. The lowest bracket of 10% applies to income at or below those same $12,400 and $24,800 thresholds.

While the percentage rates themselves remain unchanged, the upward shift in the bracket boundaries can mean that some portion of your annual income might now be subject to a lower tax rate. Planning strategies could include timing certain deductions or deferring income. For relatively high-income households approaching a bracket change, professional advice can help optimize your overall tax picture.

Alternative Minimum Tax (AMT) Exemptions

The AMT system ensures that certain income items are taxed at a minimum level. For 2026, the exemption amount is rising to $90,100 for individuals, phasing out at $500,000. Married couples filing jointly receive a higher exemption of $140,200, which begins phasing out at $1,000,000.

Estate Tax Exemption

For the 2026 tax year, the basic exclusion amount for estates increases to $15,000,000, up from $13,990,000 in 2025. This higher estate exemption allows more assets to pass free of federal estate tax, potentially giving families additional tools for long-term planning.

Adoption Credits

Families planning to adopt can benefit from a higher maximum adoption credit in 2026. The allowable credit for qualified adoption expenses now goes up to $17,670, a slight increase from $17,280 the previous year. Notably, up to $5,120 of this credit can be refundable, which may provide extra relief for families who do not typically have a large tax liability to offset. Those going through the adoption process can consider coordinating finalization timelines so that they can maximize the use of this credit.

Employer-Provided Childcare Tax Credit

The OBBBA significantly expands the tax credit available to employers who offer childcare benefits to employees, increasing the cap from $150,000 to $500,000. For qualifying small businesses, the limit can go as high as

$600,000.

Earned Income Tax Credit (EITC)

In 2026, the maximum value rises to $8,231 for individuals who have three or more qualifying children, compared to $8,046 in 2025. Because EITC amounts depend on both income level and number of qualifying children, it is essential to review the updated phase-out thresholds to see whether your household still meets the requirements or if you may receive a larger credit this year.

Qualified Transportation Fringe Benefit

The monthly limits for commuter benefits and qualified parking move up to $340, marking a $15 increase from 2025. This adjustment may help employees defray more of their commuting expenses on a pre-tax basis. It is also a good moment for employers offering these programs to confirm their plan documents reflect the updated limits.

Health Flexible Spending Arrangements (FSAs)

For 2026, individuals who leverage FSAs can set aside up to $3,400 in pre-tax funds, which is $100 more than in the prior year. Unused amounts carried over after the plan year can now be as high as $680. If you tend to spend consistently on healthcare costs, a higher annual limit can help shield more of your income from taxes, but be sure not to overfund the account if your projected medical expenses are uncertain.

Medical Savings Accounts (MSAs)

MSA participants will see a slight increase in plan deductibles and out-of-pocket maximums for 2026. For self-only coverage, the deductible must now be between $2,900 and $4,400, while the out-of-pocket limit can go up to $5,850. For family coverage, the deductible range begins at $5,850 and tops out at $8,750, with a $10,700 limit on out-of-pocket expenses. If you rely on an MSA to cover medical costs, it is important to understand these thresholds to tailor your contributions accordingly.

Foreign Earned Income Exclusion (FEIE)

U.S. taxpayers living abroad will see the foreign earned income exclusion tick upward to $132,900, up from $130,000 in 2025. This may slightly reduce your taxable income if you qualify, though eligibility depends on factors such as residence or physical presence tests. Tracking your travels meticulously ensures you meet these tests, keeping you in compliance and free from unwanted tax surprises.

Annual Gift Exclusion

The standard gift exclusion remains at $19,000 for 2026. However, there is a new figure to note for spouses who are not U.S. citizens, with the exclusion for gifts to such spouses moving to $194,000. Since gifting strategies can be complex, especially for couples who maintain citizenships in different countries, it is best to map out a plan that optimizes these thresholds.

Next steps

With these new inflation-adjusted provisions set to take effect for the 2026 tax year, it is an opportune time to review your current financial situation and make any necessary tweaks to your long-term strategy. Even small changes in thresholds and exclusions can produce tangible differences in your taxable income and the credits you can claim. Businesses, too, should consider whether they can leverage expansions in credits such as the employer-provided childcare program.

If you have any questions about the inflation-adjusted tax provisions, our team is here to help. Please contact your trusted TBC advisor for the latest updates and guidance.