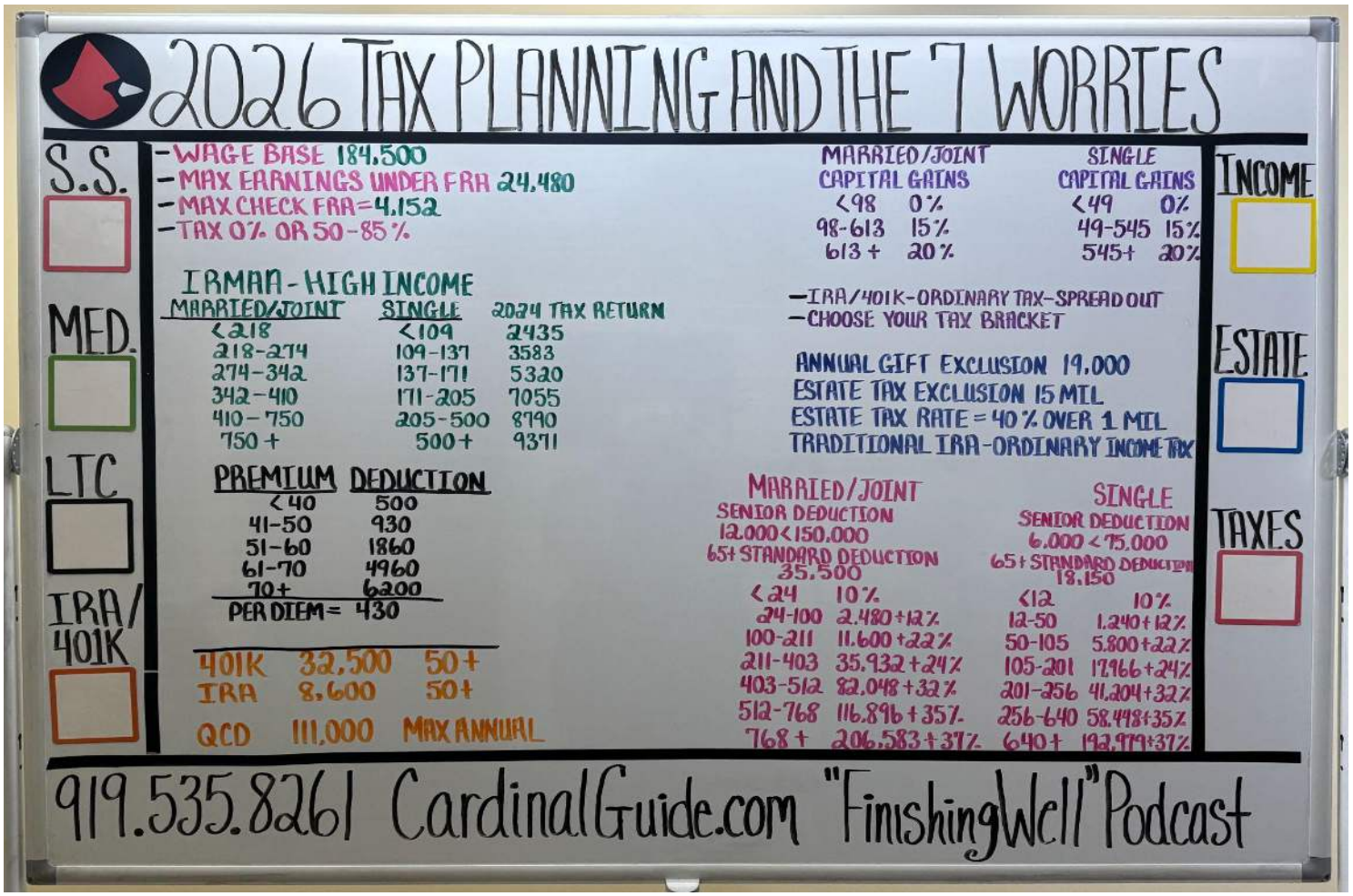
CARDINAL ADVISORS

2026 Tax Planning and the 7 Worries

Hans and Tom discuss tax planning for 2026 and how it relates to the 7 worries in the video titled “2026 Tax Planning and the 7 Worries”



Dec. 2025

Social Security

Retirement earnings test--exempt amounts--Year individual reaches full retirement age--Benefits reduced by $1 for each $3 earned above (applies only to earnings for months prior to attaining full retirement age):	**2025**	**2026**
Yearly figure	$62,160	$65,160
Monthly figure	$5,180	$5,430

Earnings subject to FICA taxes (taxable wage base)

FICA tax	2025	2026
Maximum annual earnings subject to Social Security taxes	$176,100	$184,500
Social Security and Medicare combined tax rate	15.30%1	15.30%1
OASDI portion (Social Security)	12.40%	12.40%
Hospital Insurance portion (Medicare)	2.90%1	2.90%1

Maximum taxable earnings	**2025**	**2026**
Social Security (OASDI only)	$176,100	$184,500
Medicare (HI only)	No Limit	No limit

Quarter of coverage	**2025**	**2026**
Earnings required	$1,810	$1,890

Retirement earnings test--exempt amounts--Under full	**2025**	**2026**

retirement age--Benefits reduced by $1 for each $2 earned above:		
Yearly figure	$23,400	$24,480
Monthly figure	$1,950	$2,040

Medicare

Medicare monthly premium amounts--Part A (hospital insurance) premium	2025	2026
Individuals with 40 or more quarters of Medicare-covered employment	$0	$0
Individuals with less than 40 quarters of Medicare-covered employment who are not otherwise eligible for premium-free hospital insurance	Up to $518	Up to $565

Medicare monthly premium amounts--Part B (medical insurance) monthly premium--for beneficiaries who file an individual income tax return with income that is:			
2025	**2026**	**2025**	**2026**
Less than or equal to $106,000	Less than or equal to $109,000	$185.002	$202.902
$106,001 - $133,000	$109,001 - $137,000	$259.00	$284.10
$133,001 - $167,000	$137,001 - $171,000	$370.00	$405.80
$167,001 - $200,000	$171,001 - $205,000	$480.90	$527.50
$200,001 - $499,999	$205,001 - $499,999	$591.90	$649.20
$500,000 and above	$500,000 and above	$628.90	$689.90

Medicare monthly premium amounts--Part B (medical insurance) monthly premium--for beneficiaries who file a joint income tax return with income that is:

2025	2026	2025	2026
Less than or equal to $212,000	Less than or equal to $218,000	$185.00	$202.90
$212,001 - $266,000	$218,000 - $274,000	$259.00	$284.10
$266,001 - $334,000	$274,001 - $342,000	$370.00	$405.80
$334,001 - $400,000	$342,001 - $410,000	$480.90	$527.50
$400,001 - $749,999	$410,001 - $749,999	$591.90	$649.20
$750,000 and above	$750,000 and above	$628.90	$689.90

Medicare monthly premium amounts--Part B (medical insurance) monthly premium--for beneficiaries who are married, but file a separate tax return from their spouse and lived with spouse at some time during the taxable year with income that is:

2025	2026	2025	2026
Less than or equal to $106,000	Less than or equal to $109,000	$185.00	$202.90
$106,001 - $393,999	$109,001 - $390,999	$591.90	$649.20
$394,000 and above	$391,000 and above	$628.90	$689.90

Original Medicare plan deductible and coinsurance amounts--Part A (hospital insurance)	**2025**	**2026**
Deductible per benefit period	$1,676	$1,736
Coinsurance per day for 61st to 90th day of each benefit period	$419	$434
Coinsurance per day for 91st to 150th day for each lifetime reserve day (total of 60 lifetime reserve days--nonrenewable)	$838	$868

Original Medicare plan	**2025**	**2026**

deductible and coinsurance amounts		
Skilled nursing facility coinsurance per day for 21st to 100th day of each benefit period	$209.50	$217.00

Original Medicare plan deductible and coinsurance amounts	**2025**	**2026**
Individual pays 20 percent of the Medicare-approved amount for services after deductible is met	$257	$283

Long-Term Care

Protection Planning

Eligible long-term care premium deduction limits:

LTC premium deduction limits	**2025**	**2026**
Age 40 or under	$480	$500
Age 41-50	$900	$930
Age 51-60	$1,800	$1,860
Age 61-70	$4,810	$4,960
Over age 70	$6,020	$6,200

Per diem limit:

LTC periodic payments	**2025**	**2026**
Periodic payments for qualified long-term care insurance/certain life insurance	$420	$430

IRA/401K

Employee/individual contribution limits

Elective deferral limits	**2025**	**2026**
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs1 [Includes Roth 401(k) and Roth 403(b) contributions]	Lesser of $23,500 or 100% of participant's compensation	Lesser of $24,500 or 100% of participant's compensation
SIMPLE 401(k) plans and SIMPLE IRA plans1	Lesser of $16,500 or 100% of participant's compensation	Lesser of $17,000 or 100% of participant's compensation
SIMPLE 401(k) plans and SIMPLE IRA plans with 25 or fewer employees (or those that elect these higher limits)1	Lesser of $17,600 or 100% of participant's compensation	Lesser of $18,100 or 100% of participant's compensation
Starter 401(k) plans and safe-harbor 403(b) plans	Between 3% and 15% of annual compensation up to a maximum of $6,000 ($7,000 if age 50 or older)	Between 3% and 15% of annual compensation up to a maximum of $6,000 ($7,100 if age 50 or older)

IRA contribution limits	**2025**	**2026**
Traditional IRAs	Lesser of $7,000 or 100% of earned income	Lesser of $7,500 or 100% of earned income
Roth IRAs	Lesser of $7,000 or 100% of earned income	Lesser of $7,500 or 100% of earned income

Additional "catch-up" limits (individuals age 50 or older)	**2025**	**2026**
401(k) plans, 403(b) plans, 457(b) plans, and SAR-SEPs	$7,500	$8,000
*Catch-up limit if age 60 to 63	$11,250	$11,250
SIMPLE 401(k) plans and SIMPLE IRA plans	$3,500 ($3,850 for plans with 25 or fewer employees, or that	$4,000 ($3,850 for plans with 25 or fewer employees, or that

	elect this higher limit)	elect this higher limit)
*Catch-up limit if age 60 to 63	$5,250	$5,250
Income threshold at which catch-up contributions must be designated as Roth contributions	N/A	$150,000
IRAs (traditional and Roth)	$1,000	$1,100

Traditional deductible IRA income limits - Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers covered by an employer-sponsored plan and filing as:	**2025**	**2026**
Single	$79,000 - $89,000	$81,000 - $91,000
Married filing jointly	$126,000 - $146,000	$129,000 - $149,000
Married filing separately	$0 - $10,000	$0 - $10,000

Traditional deductible IRA income limits - Income phase-out range for determining deductibility of traditional IRA contributions for taxpayers not covered by an employer-sponsored retirement plan but filing a:	**2025**	**2026**
Joint return with a spouse who is covered by an employer-sponsored retirement plan	$236,000 - $246,000	$242,000 - $252,000

Roth IRA compensation	**2025**	**2026**

limits - Income phase-out range for determining ability to fund Roth IRA for taxpayers filing as:		
Single	$150,000 - $165,000	$153,000 - $168,000
Married filing jointly	$236,000 - $246,000	$242,000 - $252,000
Married filing separately	$0 - $10,000	$0 - $10,000

Qualified charitable distribution

	2025	**2026**
Annual amount not includible in gross income	$108,000	$111,000
One-time exclusion for transfer to split-interest entity	$54,000	$55,000

Income Investment

Maximum tax on long-term capital gains and qualified dividends

0% rate applies (taxable income thresholds)	**2025**	**2026**
Single	Up to $48,350	Up to $49,450
Married filing jointly	Up to $96,700	Up to $98,900
Married filing separately	Up to $48,350	Up to $49,450
Head of household	Up to $64,750	Up to $66,200

15% rate applies (taxable income thresholds)	**2025**	**2026**
Single	$48,350 to $533,400	$49,450 to $545,500
Married filing jointly	$96,700 to $600,050	$98,900 to $613,700
Married filing separately	$48,350 to $300,000	$49,450 to $306,850
Head of household	$64,750 to $566,700	$66,200 to $579,600

20% rate applies (taxable income thresholds)	2025	2026
Single	Over $533,400	Over $545,500
Married filing jointly	Over $600,050	Over $613,700
Married filing separately	Over $300,000	Over $306,850
Head of household	Over $566,700	Over $579,600

Estate Planning

Gift tax	2025	2026
Annual gift tax exclusion--single individual	$19,000	$19,000
Annual gift tax exclusion--joint gift	$38,000	$38,000
Lump-sum gift to 529 plan--single individual	$95,000	$95,000
Lump-sum gift to 529 plan--joint gift	$190,000	$190,000

Key indexed figures	2025	2026
Annual gift exclusion:	$19,000	$19,000
Gift and estate tax applicable exclusion amount:	$13,990,000 + DSUEA	$15,000,000 + DSUEA
Noncitizen spouse annual gift exclusion:	$190,000	$194,000
Generation-skipping transfer (GST) tax exemption:	$13,990,000	$15,000,000
Special use valuation limit (qualified real property in decedent's gross estate):	$1,420,000	$1,460,000

2025 and 2026 gift and estate tax rate schedule

Taxable Estate	Tentative Tax Equals	Plus	Of Amount Over
0 - $10,000	$0	18%	$0
$10,000 - $20,000	$1,800	20%	$10,000
$20,000 - $40,000	$3,800	22%	$20,000
$40,000 - $60,000	$8,200	24%	$40,000
$60,000 - $80,000	$13,000	26%	$60,000
$80,000 - $100,000	$18,200	28%	$80,000
$100,000 - $150,000	$23,800	30%	$100,000
$150,000 - $250,000	$38,800	32%	$150,000
$250,000 - $500,000	$70,800	34%	$250,000
$500,000 - $750,000	$155,800	37%	$500,000
$750,000 - $1,000,000	$248,300	39%	$750,000
$1,000,000 +	$345,800	40%	$1,000,000

Credit shelter amount $13,990,000 in 2025 and $15,000,000 in 2026	**Unified credit amount $5,541,800 in 2025 and $5,945,800 in 2026**

Taxes

2026 Federal Income Tax Rate Schedules (Individuals, Trusts, and Estates)

Single taxpayers

If taxable income is:	Your tax is:
Not over $12,400	10% of taxable income
Over $12,400 to $50,400	$1,240 + 12% of the excess over $12,400
Over $50,400 to $105,700	$5,800 + 22% of the excess over $50,400

Over $105,700 to $201,775	$17,966 + 24% of the excess over $105,700
Over $201,775 to $256,225	$41,024 + 32% of the excess over $201,775
Over $256,225 to $640,600	$58,448 plus 35% of the excess over $256,225
Over $640,600	$192,979.25 plus 37% of the excess over $640,600

Married filing jointly and surviving spouses

If taxable income is:	Your tax is:
Not over $24,800	10% of taxable income
Over $24,800 to $100,800	$2,480 + 12% of the excess over $24,800
Over $100,800 to $211,400	$11,600 plus 22% of the excess over $100,800
Over $211,400 to $403,550	$35,932 plus 24% of the excess over $211,400
Over $403,550 to $512,450	$82,048 plus 32% of the excess over $403,550
Over $512,450 to $768,700	$116,896 plus 35% of the excess over $512,450
Over $768,700	$206,583.50 plus 37% of the excess over $768,700

Married individuals filing separately

If taxable income is:	**Your tax is:**
Not over $12,400	10% of taxable income
Over $12,400 to $50,400	$1,240 + 12% of the excess over $12,400
Over $50,400 to $105,700	$5,800 + 22% of the excess over $50,400
Over $105,700 to $201,775	$17,966 + 24% of the excess over $105,700
Over $201,775 to $256,225	$41,024 + 32% of the excess over $201,775
Over $256,225 to $384,350	$58,448 plus 35% of the excess over $256,225

Over $384,350	$103,291.75 plus 37% of the excess over $384,350

Heads of household

If taxable income is:	**Your tax is:**
Not over $17,700	10% of taxable income
Over $17,700 to $67,450	$1,770 + 12% of the excess over $17,700
Over $67,450 to $105,700	$7,740 plus 22% of the excess over $67,450
Over $105,700 to $201,750	$16,155 plus 24% of the excess over $105,700
Over $201,750 to $256,200	$39,207 plus 32% of the excess over $201,750
Over $256,200 to $640,600	$56,631 plus 35% of the excess over $256,200
Over $640,600	$191,171 plus 37% of the excess over $640,600

Trusts and estates

If taxable income is:	**Your tax is:**
Not over $3,300	10% of taxable income $3,851 + 37% of the excess over $16,000
Over $3,300 to $11,700	$330 + 24% of the excess over $3,300
Over $11,700 to $16,000	$2,346 + 35% of the excess over $11,700
Over $16,000	$3,851 + 37% of the excess over $16,000

Senior deduction (individuals age 65 or older)

Maximum deduction	**2025**	**2026**
Amount	$6,000 per qualified individual	$6,000 per qualified individual

Phaseout threshold:	**2025**	**2026**
Single, Head of Household	$75,000	$75,000
Married Filing Jointly	$150,000	$150,000

Full phaseout at:	**2025**	**2026**
Single, Head of Household	$175,000	$175,000
Married Filing Jointly	$250,000	$250,000

Standard deductions

Amounts	**2025**	**2026**
Married filing jointly or surviving spouse	$31,500	$32,200
Head of household	$23,625	$24,150
Unmarried	$15,750	$16,100
Married filing separately	$15,750	$16,100
Dependent--Standard deduction cannot exceed the greater of:	$1,350 or $450 + earned income	$1,350 or $450 + earned income
Additional deduction for aged or blind (single or head of household)	$2,000	$2,050
Additional deduction for aged or blind (all other filing statuses)	$1,600	$1,650