



Ordinary Income Tax

	If taxable income					
	Is over	But not over	The marginal tax rate is			
	2025	2026	2025	2026	2025	2026
Married filing jointly and qualifying widow(er)s	-	-	\$23,850	\$24,800	10%	10%
	\$23,850	\$24,800	\$96,950	\$100,800	12%	12%
	\$96,950	\$100,800	\$206,700	\$211,400	22%	22%
	\$206,700	\$211,400	\$394,600	\$403,550	24%	24%
	\$394,600	\$403,550	\$501,050	\$512,450	32%	32%
	\$501,050	\$512,450	\$751,600	\$768,700	35%	35%
	\$751,600	\$768,700	-	-	37%	37%
Single	-	-	\$11,925	\$12,400	10%	10%
	\$11,925	\$12,400	\$48,475	\$50,400	12%	12%
	\$48,475	\$50,400	\$103,350	\$105,700	22%	22%
	\$103,350	\$105,700	\$197,300	\$201,775	24%	24%
	\$197,300	\$201,775	\$250,525	\$256,225	32%	32%
	\$250,525	\$256,225	\$626,350	\$640,600	35%	35%
	\$626,350	\$640,600	-	-	37%	37%

* brackets will be indexed for inflation, rates are set to increase in 2026 with the expiration of the rate cuts in the Tax Cut and Jobs Act (TCJA)

Important Thresholds and Limits

Type	Limitation	
	2025	2026
Standard Deduction (Single/Married Filing Jointly)	\$15,750 /\$31,500	\$16,100 /\$32,200
Additional Standard Deduction Age 65+ or Blind (Single/MFJ)	\$1,950 /\$1,600	\$2,050 /\$1,650
Maximum elective deferral to retirement plans	\$23,500	\$24,500
Catch-up contribution limit for 401(k), 403(b), and certain 457 plans (age 50-59 and 64+)	\$7,500	\$8,000
Catch-up contribution limit for 401(k), 403(b), and certain 457 plans (age 60-63)	\$11,250	\$11,250
Limit on annual additions to defined contribution and SEP plans	*SEP contributions limited to lesser of 25% of business income or annual limit. \$70,000	\$72,000
Maximum annual compensation taken into account for contributions to retirement plans		
Health flexible spending account (FSA) maximum salary reduction contribution	*Maximum carryover amount for 2026 is \$680	
Health savings account (HSA) maximum salary reduction contribution (Individual coverage / family coverage)	\$3,300 /\$8,550	\$3,400 /\$8,750
HSA Catch-up contribution limit (over age 55)	\$1,000	\$1,000
Senior Deduction	*Phase out begins at \$75,000 AGI (\$150,000 MFJ). See "bonus info" section. \$6,000	

Tax on LT Capital Gains and Qualified Dividends*

	If Qualified Income					
	Is over	But not over	The marginal tax rate is			
	2025	2026	2025	2026	2025	2026
Married filing jointly and qualifying widow(er)s	-	-	\$96,700	\$98,900	0%	0%
	\$96,701	\$98,900	\$600,050	\$613,700	15%	15%
	\$600,050	\$613,700	-	-	20%	20%
	-	-	\$48,350	\$49,450	0%	0%
	\$48,351	\$49,450	\$533,400	\$545,500	15%	15%
	\$533,400	\$545,500	-	-	20%	20%
Single						

*TCJA did not change the long-term capital gains rates. The income brackets are adjusted for inflation each year, however based on current tax law there will be no change in the rates when other TCJA changes expire.

Additional 3.8% federal net investment income (NII) tax applies to individuals on the lesser of NII or modified AGI in excess of \$200,000 (single) or \$250,000 (married/filing jointly and qualifying widow(er)s).

Social Security

Base amount of combined income causing Social Security benefits to be taxable (no change from 2024)

Type	Up to 50% Taxable	Up to 85% Taxable
Married filing jointly	\$32,001 - \$44,000	>\$44,000
Single	\$25,001 - \$34,000	>\$34,000

Medicare - Part B Premium (IRMAA)

	If Modified AGI					
	Is over	But not over	The monthly premium is			
	2025	2026	2025	2026	2025	2026
Married filing jointly and qualifying widow(er)s	-	-	\$212,000	\$218,000	\$185.00	\$202.90
	\$212,001	\$218,000	\$266,000	\$274,000	\$259.00	\$284.10
	\$266,001	\$274,000	\$334,000	\$342,000	\$370.00	\$405.80
	\$334,001	\$342,000	\$400,000	\$410,000	\$480.90	\$527.50
	\$400,001	\$410,000	\$750,000	\$750,000	\$591.90	\$649.20
	\$750,000	\$750,000	-	-	\$628.90	\$689.80
Single	-	-	\$106,000	\$109,000	\$185.00	\$202.90
	\$106,001	\$109,000	\$133,000	\$137,000	\$259.00	\$284.10
	\$133,001	\$137,000	\$167,000	\$171,000	\$370.00	\$405.80
	\$167,001	\$171,000	\$200,000	\$205,000	\$480.90	\$527.50
	\$200,001	\$205,000	\$500,000	\$500,000	\$591.90	\$649.20
	\$500,000	\$500,000	-	-	\$628.90	\$689.80

Maximum Earnings Before Social Security Benefits are Reduced

Type	2025	2026
Under full retirement age	\$23,400	\$24,480
Full retirement age and over	No limit*	No limit*

*Interim annual limit of \$62,160 (for 2025) applies for month prior to attaining full retirement age during year individual reaches full retirement age (\$1 withheld for every \$3 above limit)

Traditional and Roth IRAs

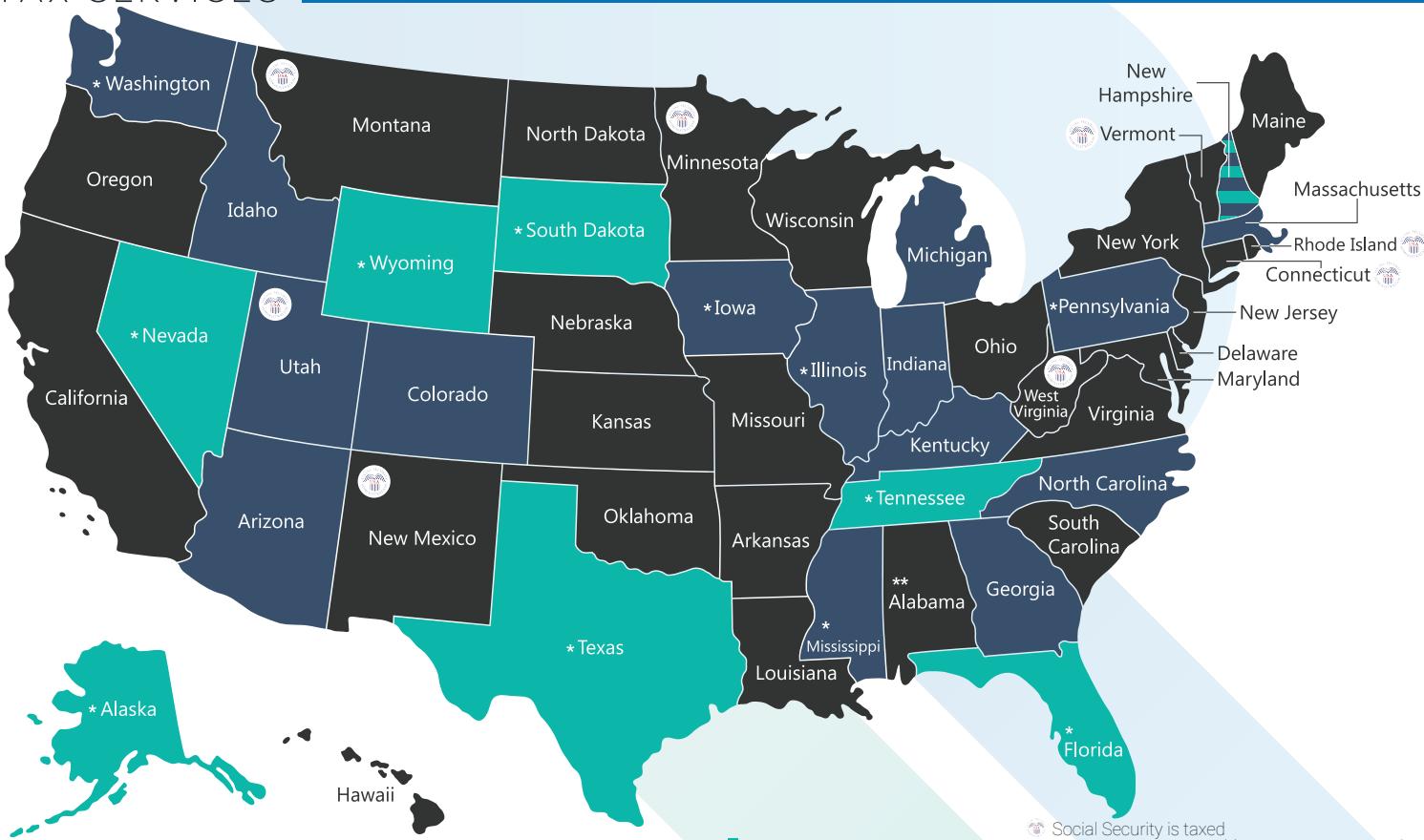
- Lesser of compensation or \$7,000
- Up to \$7,000 contribution can be made for nonworking spouse
- Catch-up contributions (age 50 and over): \$1,000

Additional Considerations for Roth IRAs Contribution Eligibility

Type	Phase Out Begins		Phase Out Ends (no longer eligible)	
	2025	2026	2025	2026
Married filing jointly	\$236,000	\$242,000	\$246,000	\$252,000
Single	\$150,000	\$153,000	\$165,000	\$168,000

Bonus Information

- **Kiddie tax**
Child's unearned income above \$2,700 is subject to taxation at the parent's marginal tax rate.
- **Child Tax Credit**
Same as 2024. \$1,700 is the portion that may be refundable.
- **Estate/Gift Exemptions**
Annual gift tax exclusion is \$19,000
Combined lifetime gift tax and gross estate tax exemption is \$13,990,000 (estimated increase)
- **Senior Deduction**
Additional \$6,000 deduction for taxpayers over 65 years or older. The deduction phases out by reducing the deduction by 6% for every dollar AGI above \$75,000 (\$150,000 MFJ), fully phasing out at \$175,000 (\$250,000 MFJ).



Tax Rate Range	
Alabama	2%-5%
Alaska	None
Arizona	2.50%
Arkansas	2%-3.9%
California	1%-13.3%
Colorado	4.40%
Connecticut	2%-6.99%
Delaware	2.2%-6.6%
Florida	None
Georgia	5.19%
Hawaii	1.4%-11%
Idaho	5.3%
Illinois	4.95%
Indiana	3.00%
Iowa	3.80%
Kansas	5.2%-5.58%
Kentucky	4.00%
Louisiana	3.00%
Maine	5.8%-7.15%
Maryland	2%-6.5%
Massachusetts	5%-9%
Michigan	4.25%
Minnesota	5.35%-9.85%
Mississippi	4.4%
Missouri	2%-4.7%

Tax Rate Range	
Montana	4.7%-5.9%
Nebraska	2.46%-5.20%
Nevada	None
New Hampshire	None
New Jersey	1.4%-10.75%
New Mexico	1.5%-5.9%
New York	4%-10.9%
North Carolina	4.25%
North Dakota	0%-2.50%
Ohio	0%-3.125%
Oklahoma	0.25%-4.75%
Oregon	4.75%-9.9%
Pennsylvania	3.07%
Rhode Island	3.75%-5.99%
South Carolina	0%-6.2%
South Dakota	None
Tennessee	None
Texas	None
Utah	4.5%
Vermont	3.35%-8.75%
Virginia	2%-5.75%
Washington	7% capital gains income only
West Virginia	2.22%-4.82%
Wisconsin	3.5%-7.65%
Wyoming	None
D.C.	4%-10.75%

A FEW TAX REMINDERS FROM THE RTS TEAM

- Our favorite question to start conversations around specific tax planning opportunities is "what is your strategy for _____. What is your strategy for: not getting killed on taxes, for paying taxes during retirement, for avoiding IRMAA increases, for tax rates going up in 2026, to name a few.
- The amount of refund or payment at tax time is typically a distraction from what really counts, the amount of hard earned money the IRS kept during the year (line 24 of the tax return).
- Most people have never had someone walk through their tax return and explain where the amounts come from and how their total tax is calculated. Take the time to be that person for your clients.
- You don't have to memorize the tax code to deliver massive value on taxes to your clients. As long as you are committed to helping find the answer, whether you know it off the top of your head or not, you are in a position to provide tremendous help on a complicated and painful topic