

2026 Federal Tax Pocket Guide

CHARITABLE GIFT ANNUITY DEDUCTIONS (PER \$10,000 CONTRIBUTED)

Age	Payout Rate*	Deduction (5.0% AFR)	Age	Payout Rate*	Deduction (5.0% AFR)	Age	Payout Rate*	Deduction (5.0% AFR)
55	4.8%	\$3,231	70	6.3%	\$3,658	85	9.1%	\$5,260
56	4.9	3,201	71	6.4	3,758	86	9.3	5,434
57	4.9	3,314	72	6.6	3,774	87	9.5	5,610
58	5.0	3,296	73	6.7	3,895	88	9.7	5,786
59	5.1	3,286	74	6.8	4,025	89	9.9	5,961
60	5.2	3,284	75	7.0	4,078	90	10.1	6,286
61	5.3	3,291	76	7.2	4,146	91	10.1	6,373
62	5.4	3,307	77	7.4	4,228	92	10.1	6,600
63	5.4	3,453	78	7.6	4,324	93	10.1	6,813
64	5.6	3,366	79	7.8	4,433	94	10.1	7,013
65	5.7	3,409	80	8.1	4,485	95	10.1	7,199
66	5.8	3,462	81	8.3	4,621	96	10.1	7,373
67	5.9	3,523	82	8.5	4,767	97	10.1	7,533
68	6.1	3,485	83	8.7	4,923	98	10.1	7,681
69	6.2	3,567	84	8.9	5,090	99	10.1	7,818

*Payout Rates are rates recommended by the American Council on Gift Annuities. Charities historically have employed the Council's payout rates but may pay higher or lower rates. Deductions assume quarterly payments.

CHARITABLE REMAINDER ANNUITY TRUST DEDUCTIONS ONE-LIFE TRUST FUNDED WITH \$100,000 (5.0% AFR)

Age of Beneficiary	\$5,000 Payout	\$6,000 Payout	\$7,000 Payout	\$8,000 Payout	\$9,000 Payout
60	\$35,427	None*	None*	None*	None*
65	42,188	\$30,677	None*	None*	None*
70	49,667	39,604	None*	None*	None*
75	57,700	49,239	\$40,910	None*	None*
80	65,958	59,150	52,354	\$45,798	None*
85	73,957	68,748	63,539	58,360	\$53,347
90	80,854	77,025	73,196	69,368	65,561

*Annuity trusts are disqualified under the IRS's 5% probability test (Rev. Rul. 70-452, 1970-2 CB 199) if the probability that noncharitable beneficiaries will survive to the exhaustion of the trust fund exceeds 5%. Note that the deductions shown reflect quarterly payments and a 5.0% applicable federal rate (AFR). Lower AFRs increase the risk of failing the 5% probability test. The 5% probability test can be ignored if early termination language is included, pursuant to Rev. Proc. 2016-42.

TERM OF YEARS ANNUITY TRUST FACTORS (5.0% AFR)

Years	Annuity	Years	Annuity	Years	Annuity
1	0.9524	6	5.0757	11	8.3064
2	1.8594	7	5.7864	12	8.8633
3	2.7232	8	6.4632	13	9.3936
4	3.5460	9	7.1078	14	9.8986
5	4.3295	10	7.2717	15	10.3797
				20	12.4622

Deductions for charitable remainder annuity trusts lasting for a term of years (maximum of 20 years) are computed under annuity factors found in Table B, IRS Pub. 1457, according to the "applicable federal rate." Using the tables above (5.0% AFR), a 12-year annuity trust making annual payments would have an annuity factor of 8.8633. If the trust is funded with \$100,000 and pays \$5,000 annually, the value of the income interest is \$5,000 x 8.8633, or \$44,317, and charity's remainder interest is \$55,683. (The computation must be adjusted slightly if payouts are other than annual; see Table K, IRS Pub. 1457.)

CHARITABLE LEAD TRUSTS: Deductions for charitable lead annuity trusts also are calculated with reference to Tables B and K, but the portion contributed is the income interest, not the remainder interest.

APPROXIMATE INCOME TAX DEDUCTIONS FOR TWO-LIFE ANNUITY TRUST FUNDED WITH \$100,000

Joint Beneficiaries (5.0% AFR)*					
Deduction if Beneficiaries Receive					
Ages of Beneficiaries	\$5,000 Annually	\$6,000 Annually	\$7,000 Annually	\$8,000 Annually	\$9,000 Annually
65/65	\$31,398	\$17,780	None**	None**	None**
70/70	38,691	26,437	None**	None**	None**
75/75	46,971	36,365	None**	None**	None**
80/80	55,982	47,178	\$38,399	None**	None**
85/85	65,200	58,240	51,280	\$44,317	None**
90/90	73,636	68,363	63,091	57,819	\$52,591

*The deductions illustrated are only approximations. They are based on IRS tables employing a 5.0% AFR.

**Annuity trusts are disqualified under the IRS's 5% probability test (Rev. Rul. 70-452, 1970-2 CB 199) if the probability that noncharitable beneficiaries will survive to the exhaustion of the trust fund exceeds 5%. The 5% probability test can be ignored if early termination language is included, pursuant to Rev. Proc. 2016-42.

CHARITABLE REMAINDER UNITRUSTS (5.0% AFR)

Payout Rate/Percent of Gift Deductible						
Age	5.0%	6.0%	7.0%	8.0%	9.0%	10.0%
55	.30187	.24533	.20171	.16780	.14123	.12023
56	.31287	.25571	.21132	.17659	.14921	.12744
57	.32418	.26646	.22132	.18578	.15759	.13505
58	.33579	.27756	.23171	.19538	.16638	.14307
59	.34772	.28903	.24251	.20541	.17562	.15153
60	.35997	.30089	.25374	.21590	.18532	.16047
61	.37256	.31315	.26543	.22687	.19553	.16991
62	.38549	.32583	.27758	.23835	.20627	.17989
63	.39878	.33894	.29022	.25036	.21757	.19045
64	.41241	.35248	.30336	.26292	.22944	.20160
65	.42637	.36642	.31698	.27600	.24189	.21334
66	.44061	.38074	.33103	.28958	.25486	.22565
67	.45508	.39537	.34547	.30360	.26833	.23848
68	.46981	.41034	.36033	.31811	.28233	.25188
69	.48478	.42565	.37561	.33310	.29686	.26585
70	.50002	.44133	.39135	.34863	.31200	.28048
71	.51552	.45737	.40753	.36469	.32773	.29576
72	.53124	.47374	.42415	.38126	.34406	.31168
73	.54714	.49038	.44113	.39829	.36091	.32821
74	.56319	.50727	.45846	.41575	.37828	.34531
75	.57934	.52436	.47609	.43361	.39613	.36297
76	.59564	.54170	.49408	.45192	.41451	.38126
77	.61199	.55921	.51232	.47058	.43335	.40008
78	.62843	.57689	.53085	.48964	.45268	.41948
79	.64477	.59456	.54945	.50886	.47226	.43921
80	.66110	.61230	.56822	.52835	.49221	.45942
81	.67731	.63000	.58704	.54798	.51240	.47995
82	.69341	.64767	.60592	.56776	.53284	.50083
83	.70933	.66523	.62477	.58762	.55344	.52197
84	.72518	.68279	.64372	.60767	.57435	.54353
85	.74046	.69980	.66215	.62723	.59483	.56472
86	.75533	.71643	.68023	.64652	.61510	.58577
87	.76966	.73250	.69778	.66531	.63491	.60643
88	.78340	.74798	.71475	.68353	.65420	.62660
89	.79654	.76283	.73107	.70113	.67288	.64621

To calculate the approximate deduction for a transfer to a one-life charitable remainder unitrust, determine the age of the income beneficiary, then find the deductible percentage in the appropriate payout rate column. For example, a donor who establishes a unitrust paying 6% for the life of a 65-year-old beneficiary could deduct 36.642 (36.642%) of the amount transferred in trust. A \$100,000 transfer would create a charitable deduction of \$36,642. The above tables assume an applicable federal rate of 5.0% (rates change every month) and quarterly payments to the beneficiary. For different applicable federal rates and payment frequencies, refer to Tables U and F, IRS Pub. 1458.

UNITRUST TERM OF YEARS REMAINDER FACTORS (5.0% AFR)

Number of Years	5.0%	6.0%	7.0%	8.0%	9.0%
1	.95150	.94180	.93210	.92240	.91269

FEDERAL INDIVIDUAL INCOME TAX RATES

Col. 1	Single Individuals		Joint Returns & Surviving Spouses		Heads of Household		
	Taxable Income	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess	Tax on Col. 1	Rate on Excess
\$ 0	\$ 0	10%	\$ 0	10%	\$ 0	10%	
12,400	1,240	12%			1,770	12%	
17,700			2,480	12%			
24,800					7,740	22%	
50,400	5,800	22%			11,600	22%	
67,450						16,155	24%
100,800						39,207	32%
105,700	17,966	24%					
201,750							
201,775	41,024	32%					
211,400							
256,200							
256,225	58,448	35%					
403,550							
512,450							
640,600	192,979.25	37%					
768,700							
			82,048	32%			
			116,896	35%			
					191,171.50	37%	
					206,583.50	37%	

INCOME TAX RATES ON ESTATES AND TRUSTS

Taxable Income		Tax on Col. 1		Rate on Excess	
From (Col. 1)	To	From (Col. 1)	To	From (Col. 1)	To
\$ 0	\$ 3,300	\$ 0		10%	
3,301	11,700	330		24	
11,701	16,000	2,346		35	
16,001	Infinity	3,851		37	

STANDARD DEDUCTIONS

Filing Status	Base Standard Deduction (OBBA)	Normal Extra Deduction for 65 year old	New Bonus Deduction*	Total Deduction for 65-year-old Under OBBA for 2026
Single	\$16,100	\$2,050	\$6,000	\$24,150
Head of Household	\$24,150	\$2,050	\$6,000	\$32,200
Married Filing Jointly	\$32,200	\$3,200 (both 65)	\$12,000 (both 65)	\$47,400 (both 65)
		\$1,650 (one 65)	\$6,000 (one 65)	\$39,850 (one 65)

*There is an additional standard deduction for being blind of \$2,050 if filing either as Single or Head of Household; \$1,650 per person if Married Filing Jointly or Married Filing Separately.

Taxpayers may "itemize" deductions when deductions total more than the standard deductions shown. The deduction is indexed for inflation using the chained consumer price index.

ITEMIZED DEDUCTIONS INCLUDE:

- State and local taxes. Subject to phaseout, taxpayers can deduct up to \$40,000 for state income or sales tax and real estate taxes (available for tax years 2025 through 2028).
- Mortgage interest. The interest on up to \$750,000 of total acquisition indebtedness is allowed on a first and second home.
- Medical expenses. Medical expenses are deductible to the extent they exceed 7.5% of AGI.

■ Charitable gifts. Cash gifts to charity are deductible up to 60% of AGI; gifts of appreciated assets are deductible up to 30% of AGI. Excess deductions may be carried over for up to five additional years. Beginning in 2026, taxpayers in the 37% bracket will have their deductions capped at 35%.

■ Beginning in 2026, non-itemizers have a universal deduction of \$1,000 for single taxpayers (\$2,000 for Married Filing Jointly), and charitable contributions are deductible to the extent they exceed 0.5% of AGI.

FEDERAL INCOME TAX ON CAPITAL GAINS

Net long-term capital gains on assets held more than 12 months are taxed generally at a maximum rate of 20% for filers in the 37% tax bracket; 15% for taxpayers in the 22%, 24%, 32% and 35% brackets; and 0% for 10% and 12% bracket taxpayers except for children under age 19, or 24 if full-time college students, whose net unearned income exceeds \$2,700. Taxpayers with AGI in excess of \$200,000 (unmarried filers and heads of household) or \$250,000 (joint filers) are subject to an additional 3.8% tax on net investment income. A 28% top rate applies to long-term gains on collectibles. A 25% top rate applies to long-term gains on real estate attributed to depreciation claimed in past years (unrecaptured \$1250 gain). Short-term gains are taxed at the taxpayer's highest ordinary income tax rates. Net short-term and long-term losses are deductible dollar-for-dollar against ordinary income up to \$3,000, with unlimited carryover for excess loss deductions.

FEDERAL INCOME TAX ON DIVIDENDS

The maximum tax rate on qualified dividends paid by corporations, mutual funds and real estate investment trusts to individuals is 20% for filers in the 37% tax bracket; 15% for taxpayers in the 22%, 24%, 32% and 35% brackets; and 0% for taxpayers in the 10% and 12% ordinary income brackets. Taxpayers with AGI in excess of \$200,000 (unmarried filers and heads of household) or \$250,000 (joint filers) are subject to an additional 3.8% tax on investment income.

FEDERAL ALTERNATIVE MINIMUM TAX

Alternative Minimum Taxable Income		Tax on Col. 1		Rate on Excess	
From (Col. 1)	To	From (Col. 1)	To	From (Col. 1)	To
\$ 0	\$244,500	\$ 0		26%	
244,501	Infinity	63,750		28	

An alternative minimum tax (AMT) is imposed on "alternative minimum taxable income" over the applicable exemption amounts of \$88,100 for single taxpayers and heads of household, \$140,200 for joint returns, \$68,500 for married people filing separately and \$31,400 for estates and trusts. Through 2026, phase-out thresholds are increased to \$1,280,400 (married filers and surviving spouses) or \$680,200 for all other individuals. AMT is payable only so far as it exceeds a taxpayer's regular income tax. "Alternative minimum taxable income" is the sum of a taxpayer's regular taxable income and any preference amounts plus certain regular tax itemized deductions (not including charitable deductions), such as state and local taxes. Net operating losses not attributable to preferences are deductible. Examples of minimum tax preference items include amounts relating to depletion deductions, intangible drilling costs, incentive stock options, tax-exempt interest on nongovernmental-purpose bonds and accelerated depreciation on all property placed in service after 1986 that exceeds depreciation using the 150% declining balance method.

FEDERAL TAX ON TAXABLE CORPORATE INCOME

The tax rate for C corporations is a flat 21%. The corporate alternative minimum tax has been eliminated. Corporations are allowed a 50% deduction for dividends received from other domestic corporations (70% prior to 2018). There is a 65% deduction (previously 80%) for dividends received from a 20%-owned corporation. This is a corporation that is owned 20% or more by the taxpayer.

Bonus depreciation is 100% allowed for qualified property acquired after Jan. 19, 2025. Owners of pass-through business entities (S corporations, LLCs, partnerships, sole proprietorships) may deduct up to 20% of qualified business income. For certain service trades or businesses (e.g., accounting, athletics, financial services, health, law, brokerage services), the deduction is phased out when taxable income exceeds \$201,750 for single taxpayers and \$403,500 for joint filers.

FEDERAL GIFT TAX

Taxable Gift		Tentative Tax	
Col. 1 From	To	Tax on Col. 1	Rate on Excess
\$ 0	\$ 10,000	\$ 0	18%
10,000	20,000	1,800	20
20,000	40,000	3,800	22
40,000	60,000	8,200	24
60,000	80,000	13,000	26
80,000	100,000	18,200	28
100,000	150,000	23,800	30
150,000	250,000	38,800	32
250,000	500,000	70,800	34
500,000	750,000	155,800	37
750,000	1,000,000	248,300	39
1,000,000	Infinity	345,800	40

FEDERAL GIFT TAX FORMULA

- Aggregate of all prior and present taxable gifts* \$ _____
- Tentative gift tax on "A" (from current tax table) \$ _____
- Aggregate of all prior (only) taxable gifts* _____
- Tentative gift tax on "C" (from current tax table) _____
- Tentative gift tax on present gift ("B" less "D") \$ _____
- Gift tax credit _____
- Aggregate gift tax credit taken for prior post-1976 gifts (but not more than "C") _____
- Gift tax credit available for current gift ("F" less "G" but not more than "E") _____
- Gift tax payable for current gift ("E" less "H") \$ _____

*A "taxable gift" means a gross gift (other than charitable gift) less:

- unlimited gift tax marital deduction if gift is to spouse and/or
- lesser of gift amount or \$19,000 (\$38,000 if spouse joins in the gift and the gift is to a third party) per donee per year in which gift is made. Annual exclusion for pre-1982 gifts: \$3,000/\$6,000 for "split" gifts; \$10,000/\$20,000 for gifts between 1982 and 2001; \$11,000/\$22,000 for gifts between 2002 and 2005; \$13,000 for gifts between 2009 and 2012; \$14,000 for gifts between 2013 and 2017; \$15,000 for gifts in 2018 through 2021; \$16,000 for gifts in 2022; \$17,000 for gifts in 2023; \$18,000 for gifts in 2024; \$19,000 for gifts in 2025 per donee per year made by decedent (but not excluding any portions of joint gifts attributable to spouse)—plus

(2) the aggregate of gift taxes on such post-1976 gifts made during that period by deceased (and joining spouse).

- The "estate tax marital deduction," if applicable, is unlimited in amount.
- The "estate tax charitable deduction" for bequests to charity is unlimited.

²"Adjusted taxable gifts" means total amount of post-1976 taxable gifts (gross gifts less all available deductions including \$19,000 (\$3,000 for pre-1982 gifts; \$10,000 for gifts between 1982 and 2001; \$11,000 for gifts between 2002 and 2005; \$12,000 for gifts between 2006 and 2008; \$13,000 for gifts between 2009 and 2012; \$14,000 for gifts between 2013 and 2017; \$15,000 for gifts in 2018 through 2021; \$16,000 for gifts in 2022; \$17,000 for gifts in 2023; \$18,000 for gifts in 2024; \$19,000 for gifts in 2025) annual exclusion per donee (\$38,000 if spouse joins in gift), gift tax marital deduction and charitable gifts) other than such gifts that are included in the gross estate (see "1(a)(1)" above).

For gifts to a spouse who is a U.S. citizen, a 100% marital deduction is allowed (IRC §2523). The deduction is not available for gifts to a non-citizen spouse, but an annual exclusion of \$194,000 is permitted for 2026. Note: Gifts to a spouse that qualify for the gift tax marital deduction do not require the filing of a gift tax return.

In general, any gift deductible for income tax purposes is deductible for gift tax purposes (IRC §2522). A few charitable gifts (transfers to nongrantor charitable lead trusts or foreign charities, for example) may qualify for federal gift tax deductions but not income tax deductions. The gift tax charitable deduction is unlimited. The gift tax charitable deduction is not limited to domestic organizations or to gifts for use within the United States [Reg §25.2522(a)-1].

A \$5,945,800 gift tax credit shelters \$15,000,000 of taxable gifts in excess of the annual exclusion amounts.

Individuals must file gift tax returns (Form 709) for (1) gifts of present interests in property in excess of \$19,000; (2) gifts of future interests in any amount; (3) gifts on which spouses "split" gifts. Form 709 is required for all charitable remainder trusts and other "split-interest" gifts [IRC §6019(3)]. Filing deadline is same as income tax returns.

FEDERAL ESTATE TAX

Taxable Estate		Tentative Tax	
From (Col. 1)	To	From (Col. 1)	To
\$15,000,000	Infinity	\$5,945,800	40%
			(applicable credit amount)

FEDERAL ESTATE TAX FORMULA

- Amount of taxable estate* \$ _____
- Aggregate of all post-1976 adjusted taxable gifts² + _____
- Sum of "A" and "B" \$ _____
- Tentative estate tax on "C" (see above) \$ _____
- Aggregate of all gift taxes paid on post-1976 gifts³ - _____
- Tentative estate tax ("D" less "E") \$ _____
- Basic exclusion amount plus any deceased spouse unused exclusion \$ _____
- Estate tax credit (tentative tax on "G") - _____
- Estate tax payable ("F" less "H" and any credits for foreign death taxes or tax on prior transfers) \$ _____

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