

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
\$ 0	\$ 0	10%	\$ 0	10%	\$ 0	10%
12,400	1,240	12%				
17,700			2,480	12%	1,770	12%
24,800					7,740	22%
50,400	5,800	22%			16,155	24%
67,450					39,207	32%
100,800			11,600	22%		
105,700	17,966	24%				
201,750						
201,775	41,024	32%				
211,400			35,932	24%		
256,200					56,631	35%
256,225	58,448	35%				
403,550						
512,450			82,048	32%		
640,600	192,979.25	37%			116,896	35%
768,700					191,171.50	37%
					206,583.50	37%

"Taxable Income" is your total income minus deductions for business expenses, contributions to retirement plans and other "adjustments," from which you subtract the standard deduction or itemized deductions, whichever is larger. Net long-term capital gains (on assets held more than 12 months) and dividends are taxed at a maximum of 20% for taxpayers in the 37% tax bracket; 15% for taxpayers in the 22%, 24%, 32% and 35% tax brackets; and 0% for taxpayers in the 10% and 12% tax brackets. High-income taxpayers are also subject to a 3.8% tax on net investment income. Taxpayers must compute regular taxes and also "alternative minimum tax" and pay whichever is more.

Four Time-Tested Ways To Reduce Your Income Tax

- DEDUCT** as much as tax laws allow. Strive to itemize deductions rather than use the standard deduction. Establish tax credits where possible. Bunch deductions in a year of high income, perhaps by preparing some of the coming year's expenses. Maximize charitable contribution deductions, including new above-the-line charitable deduction of cash.
- CONVERT** fully taxed investment income (such as taxable interest) to income that is tax-free (such as municipal bonds) or taxed at a maximum rate of 20% (qualified dividends and long-term capital gains).
- DIVERT** investment income to a family member who is in a lower tax bracket than you through gifts of investments or by establishing trusts. Note: Investment income in excess of \$2,700 is unchanged for 2026 of a child under 19 or a full-time student under age 24 will be taxed at their parents' highest tax rate.
- DEFER** receiving some income until a time when you are in a lower income tax bracket. A common example is contributing to a qualified retirement savings plan that allows you a current income tax deduction and postpones tax until you retire.

Equivalent Yields of Municipal Bonds Compared to Taxable Investments

Bond Yield	12% Bracket	22% Bracket	24% Bracket	32% Bracket	35% Bracket	37% Bracket
2.5%	2.8%	3.2%	3.3%	3.7%	3.8%	4.0%
3.0	3.4	3.8	3.9	4.4	4.6	4.8
3.5	4.0	4.5	4.6	5.1	5.4	5.6
4.0	4.5	5.1	5.3	5.9	6.2	6.3
4.5	5.1	5.8	5.9	6.6	6.9	7.1

THE RULE OF 72: How Fast Will an Investment Double?

To estimate how many years it will take for an investment to double in value, divide 72 by the annual interest rate you expect to receive (assuming tax-free compounding annually).

$$\frac{72}{\text{Interest Rate}} = \text{Number of years money will take to double in value}$$

What Annual Investments of \$1,000 Will Grow To Over Time*

Years	4%	5%	6%	8%	10%	12%
1	\$1,040	\$1,050	\$1,060	\$1,080	\$1,100	\$1,120
2	2,122	2,153	2,184	2,246	2,310	2,374
3	3,246	3,310	3,375	3,506	3,641	3,779
4	4,416	4,526	4,637	4,867	5,105	5,353
5	5,633	5,802	5,975	6,336	6,716	7,115
6	6,898	7,142	7,394	7,923	8,487	9,089
7	8,214	8,549	8,897	9,637	10,436	11,300
8	9,583	10,027	10,491	11,488	12,579	13,776
9	11,006	11,578	12,181	13,487	14,937	16,549
10	12,486	13,207	13,972	15,645	17,531	19,655
11	14,026	14,917	15,870	17,977	20,384	23,133
12	15,627	16,713	17,882	20,495	23,523	27,029
13	17,292	18,599	20,015	23,215	26,975	31,393
14	19,024	20,579	22,276	26,152	30,772	36,280
15	20,825	22,657	24,673	29,324	34,950	41,753
16	22,698	24,840	27,213	32,750	39,545	47,774
17	24,645	27,132	29,906	36,450	44,599	54,750
18	26,671	29,539	32,760	40,446	50,159	62,440
19	28,778	32,066	35,786	44,762	56,275	71,052
20	30,969	34,719	38,993	49,423	63,002	80,699
21	33,248	37,505	42,392	54,457	70,403	91,503
22	35,618	40,430	45,996	59,893	78,543	103,603
23	38,083	43,502	49,816	65,765	87,497	117,155
24	40,646	46,727	53,864	72,106	97,347	132,334
25	43,312	50,113	58,156	78,954	108,182	149,334
26	46,084	53,669	62,706	86,351	120,100	168,374
27	48,968	57,403	67,528	94,339	133,210	189,699
28	51,966	61,323	72,640	102,966	147,631	213,583
29	55,085	65,439	78,058	112,283	163,494	240,333
30	58,328	69,761	83,802	122,346	180,943	270,293

* Assuming tax-free growth of principal with investments made at the start of each year.

Years Until Exhaustion of \$100,000 in Retirement Savings

Monthly Withdrawal	Interest Rate on Savings									
	3%	4%	5%	6%	7%	8%	9%	10%		
\$ 400	32	43	*	*	*	*	*	*	*	*
500	23	27	34	62	*	*	*	*	*	*
600	18	20	23	29	*	*	*	*	*	*
700	14	16	18	20	25	*	*	*	*	*
800	12	13	14	16	18	22	30	*	*	*
900	10	11	12	13	14	16	19	26	*	*
1,000	9	10	11	12	13	15	17			
1,200	7	8	9	9	10	10	10	11		
1,400	6	6	7	7	8	9	9	9		
1,600	5	5	6	6	6	6	7	7		

* The asterisk shows withdrawals that can be made without time limitation.

Social Security Benefits

How much will you receive in retirement benefits? Call your local Social Security office for assistance, or you can use the "Retirement Estimator" at <https://www.ssa.gov/prepare/plan-retirement> for an estimate of future retirement benefits.

How will part-time employment affect retirement benefits?

Retirees under the full retirement age can earn up to \$24,480 in 2026 without loss of Social Security benefits; above \$24,480 they lose \$1 in benefits for every \$2 of earnings. There is no cutback in Social Security benefits for retirees who continue to have earnings from employment after full retirement age.

What portion of Social Security benefits can be taxed?

Up to half of Social Security benefits is taxable for single people with "provisional income" over \$25,000 (\$32,000 for joint returns). Up to 85% is taxable if income exceeds \$34,000 (singles) or \$44,000 (joint returns).

Life Expectancy Tables

Age	Male	Female	Age	Male	Female	Age	Male	Female
41	35.7	40.2	56	23.4	26.9	71	13.1	15.3
42	34.9	39.2	57	22.6	26.1	72	12.4	14.6
43	34.0	38.3	58	21.9	25.3	73	11.8	13.9
44	33.2	37.4	59	21.1	24.5	74	11.2	13.2
45	32.3	36.5	60	20.4	23.7	75	10.6	12.5
46	31.5	35.6	61	19.7	22.9	76	10.1	11.8
47	30.6	34.7	62	19.0	22.1	77	9.5	11.2
48	29.8	33.8	63	18.3	21.3	78	9.0	10.6
49	28.9	33.0	64	17.6	20.5	79	8.4	10.0
50	28.1	32.1	65	17.0	19.8	80	7.9	9.4

Rate Your Estate Plan

Here is a quick way to rate the effectiveness of your current estate plan. Add up your score and rate yourself on the plans you have made for disposing of your estate and protecting your beneficiaries' security.

Will/Living Trust. Score 10 points if you have a will or living trust. People who have revocable living trusts still need wills (to dispose of assets not placed in the trust and to name executors or guardians). Add 5 points if you have stored your will or trust document in a fire-safe place and notified responsible people of the location. Add 5 points if you review your will or trust every year to ensure it remains up to date.

Life Insurance. Do you have enough protection for your beneficiaries? Does your life insurance still serve its original purpose? Score 5 points if you have reviewed your life insurance coverage in the last year.

Health Care Decisions. Give yourself 5 points if you have a living will or health care power of attorney (arrangements for making health care decisions if you are incapacitated).

Disability. Add 5 points if you have established a trust or general durable power of attorney that allows others to make financial decisions for you if you become incapacitated.

Special Beneficiaries. Subtract 5 points if you have not established trusts or other arrangements to provide for beneficiaries (if any) who need special care.

Business Interests. Subtract 5 points if you have not arranged for an orderly transfer of business interests (if any) at death, including payment of "death taxes."

Net Worth. Add 5 points if you can estimate, within \$20,000, your current net worth. Subtract 5 points if you have not determined whether your estate will be affected by state or federal "death taxes."

Worthwhile Causes. Give yourself 2 bonus points if you have arranged through your will, trust or life insurance to continue your support for worthwhile causes and institutions after death.

Total Score:

35–42: Excellent

30–34: Good

25–29: Fair

Less than 25 (or if you had to subtract points):

See an estate planning advisor at an early opportunity!

Score _____

Total _____

Twelve-Step Estate Planning

- 1. Make an appointment with an attorney.** If you don't know one, ask a relative, friend or co-worker for a referral.
- 2. Inventory your assets.** Your attorney can help determine the most tax-effective way to distribute your property.
- 3. Choose your beneficiaries.** Reflect on the people and organizations you wish to benefit.
- 4. Calculate your gross estate.** State or federal estate tax may be a concern if your estate exceeds the amount sheltered by the applicable exemptions (\$15,000,000 for singles, \$30,000,000 for married couples for the federal estate tax).
- 5. Consider other estate planning documents.** You may need a living trust in addition to a will.
- 6. Plan for medical decisions.** Ask your advisor about a health care power of attorney and living will.
- 7. Write a letter of instruction to your executor.** In your letter, you can name specific individuals to receive certain personal assets.
- 8. Follow through on your estate planning.** Execute all necessary documents. Make sure that living trust assets are transferred into the trustee's name.
- 9. Store your will, living trust and other estate planning documents in a safe place.** These documents should be readily accessible by your executor.
- 10. Retain copies of income tax and gift tax returns.** These will assist your executor in filing income and estate tax returns.
- 11. Review your estate plans regularly.** Many events can make your plans obsolete: death of a spouse or beneficiary, a move to another state, a change in tax laws, to name a few.
- 12. Call our office for suggestions on incorporating gifts in your estate plans.** You can help us achieve worthwhile goals by providing for a charitable bequest that will perpetuate your thoughtful lifetime support.

Estimate Your Gross Estate

Add up the market value of your assets. Your assets will be taxed at their *date-of-death* value, so you might want to factor inflation into your estimate. If your assets will exceed \$15,000,000, consult an attorney about reducing these taxes.

Stocks and bonds	\$ _____
Notes and debts due to you	\$ _____
Real estate (home, etc.)	\$ _____
Bank accounts and cash	\$ _____
Business interests	\$ _____
Personal property	\$ _____
Life insurance (face value)	\$ _____
Retirement savings	\$ _____
Other taxable property	\$ _____
Total assets (gross estate)	\$ _____

State Inheritance and Estate Taxes

At last count, 16 states and the District of Columbia imposed an inheritance tax, state estate tax or both, in some cases. Note that taxes may be imposed on real estate or personal property that you own outside your home state. Keep in mind, state "death tax" laws change periodically, and you should consult your advisors for the current tax situation in states where any of your assets are located. Here is a listing of states with "death taxes" at time of publication:

Connecticut	Maryland	Oregon
District of Columbia	Massachusetts	Pennsylvania
Hawaii	Minnesota	Rhode Island
Illinois	Nebraska	Vermont
Kentucky	New Jersey	Washington
Maine	New York	

Your Bequest Can Memorialize Your Annual Contributions*

If your	\$ 100	You can	\$ 2,000
annual	\$ 200	perpetuate	\$ 4,000
gifts	\$ 300	them with	\$ 6,000
total:	\$ 500	a bequest	\$ 10,000
	\$ 1,000	of at least:	\$ 20,000
	\$ 2,000		\$ 40,000
	\$ 5,000		\$ 100,000

* A 5% annual return on your bequest, as represented in these tables, would ensure that you can always continue your thoughtful annual contributions.

Required Minimum Retirement Plan Distributions

Current Age	Distribution Period (Years)	Percent	Current Age	Distribution Period (Years)	Percent
73	26.5	3.77%	95	8.9	11.24%
74	25.5	3.92	96	8.4	11.90
75	24.6	4.07	97	7.8	12.82
76	23.7	4.22	98	7.3	13.70
77	22.9	4.37	99	6.8	14.71
78	22.0	4.55	100	6.4	15.63
79	21.1	4.74	101	6.0	16.67
80	20.2	4.95	102	5.6	17.86
81	19.4	5.15	103	5.2	19.23
82	18.5	5.40	104	4.9	20.41
83	17.7	5.65	105	4.6	21.74
84	16.8	5.95	106	4.3	23.26
85	16.0	6.25	107	4.1	24.39
86	15.2	6.58	108	3.9	25.64
87	14.4	6.94	109	3.7	27.03
88	13.7	7.30	110	3.5	28.57
89	12.9	7.75	111	3.4	29.41
90	12.2	8.20	112	3.3	30.30
91	11.5	8.70	113	3.1	32.26
92	10.8	9.26	114	3.0	33.33
93	10.1	9.90	115	2.9	34.48
94	9.5	10.53	116	2.8	35.71