Individual and Family Tax and Wealth Planning

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Live Webinar: Oct 29th, 2026

AAF
Wealth Management

Meet The Speakers



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Meet The Speakers



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2026 Individual Tax Update

Daniel Seaman
CPA
Tax Partner

2026 Tax Brackets

Tax Rate	For Single Filers	For Married Individuals Filing Joint Returns	For Heads of Households
10%	$0 to $12,400	$0 to $24,800	$0 to $17,700
12%	$12,401 to $50,400	$24,801 to $100,800	$17,701 to $67,450
22%	$50,401 to $105,700	$100,801 to $211,400	$67,451 to $105,700
24%	$105,701 to $201,775	$211,401 to $403,550	$105,701 to $201,775
32%	$201,776 to $256,225	$403,551 to $512,450	$201,776 to $256,200
35%	$256,226 to $640,600	$512,451 to $768,700	$256,201 to $640,600
37%	$640,601 or more	$768,701 or more	$640,601 or more

2026 Standard Deduction

Single	$16,100
Married Filing Jointly	$32,200
Head of Household	$24,150
Married Filing Separately	$16,100
Qualifying Widow(er)	$32,200

Increased State and Local Tax Cap

- Previously under the TCJA, a taxpayer was only able to deduct $10,000 of state and local taxes (property taxes, state income taxes, sales tax, etc.).
- One Big Beautiful Bill Act (OBBBA) increased this for tax years 2025-2029 to $40,000 (subject to inflation—and is $40,400 in 2026).
- Important! Once your Modified Adjusted Gross Income (MAGI) is over $505,000, it begins to phase out back to the original $10,000.

Increased State and Local Tax Cap

- How does it phase out?
  - Phases out starting at $505,000 by 30% up until $606,300, at which point it will go back down to the $10,000 deduction.
  - For example, a taxpayer with $540,000 of MAGI will have a total deduction of $29,900 ($35,000 *30% = $10,500 phase out) ($40,400 - $10,500 = $29,900).
  - This $505,000-$606,300 phase out is the same for a single person and a person filing *married filing joint.*

Deduction For Seniors

- Effective for 2025 through 2028.
- Individuals over age 65 and older can claim an additional $6,000 deduction. (This is in addition to the current additional standard deduction.)
- Phase out begins at Modified Adjusted Gross Income over $75K for single and $150K for joint.
- Phases out at 6% rate. (Completely phases out at $175K single and $250K married.)

Other Change with OBBBA

- Increases the Child Tax Credit from $2,000 to $2,200 and is now indexed for inflation.

- In 2026, AMT exemptions will fall to their pre-2018 level ($500K down from $626K for single and $1 million down from $1,252,700). This can potentially lead to more people being subject, so something to keep an eye out for.

Charitable Deduction Changes in 2026

- NEW!! One-half of one percent (0.5%) of your Adjusted Gross Income (AGI) floor for charitable.
  - For example, if we assume that the taxpayer has AGI of $500,000, the first $2,500 of their total donations would not be deductible. So, for someone with $15,000 of donations, only $12,500 would be deductible.

- For non itemizers in 2026, you are able to deduct up to $2,000 for MFJ and $1,000 for individual for donations made. (Donor Advised Fund contributions do not count.)

Charitable Deduction Changes in 2026

- Also, in 2026, taxpayers in the 37% bracket (taxable income of $768,700 MFJ and $640,600 single), will see their charitable deduction benefit capped at 35% (and all other itemized deductions).
  - For example, a $5,000 donation above would provide a benefit of $1,850 to a person in the 37% tax bracket. That will now be capped at $1,750 ($5,000 x 35%).

- What can taxpayers do?
  - Qualified Charitable Distributions

Qualified Charitable Distribution (QCD)

- Allows the donor to distribute up to $111,000 directly from IRA.
- Must be 70½ years old—regardless of Required Minimum Distribution (RMD) age.
- Counts toward your RMD.
- Distribution does not count as taxable income to the donor.

Qualified Charitable Distribution (QCD)

- Funds must go directly to charity.
- Keep track of these donations and give them to your tax advisor.
- They should start being reported on the 1099R*.

Qualified Charitable Distribution (QCD)

- For married couples, each spouse may make $111,000 contribution ($222,000 in total).
- To qualify, the entire contribution needs to be considered tax deductible.

Charitable Contributions

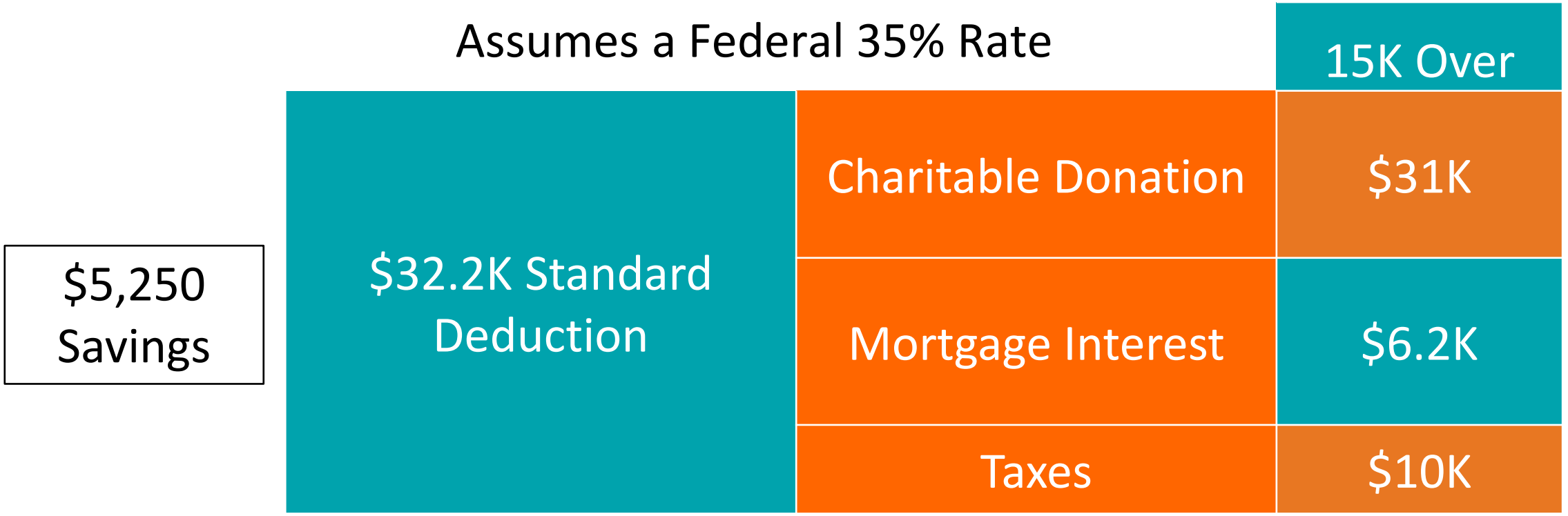
Given the substantial increase in standard deductions and changes, people who may have itemized in the past may not do so anymore.

This could lead to those people receiving no benefit for charitable contributions.

One way around this would be to “stack” donations.

Use of Donor Advised Funds.

How a Higher Standard Deduction Affects the Deductibility of Charitable Donations



How a Higher Standard Deduction Affects the Deductibility of Charitable Donations

Assumes a Federal 35% Rate

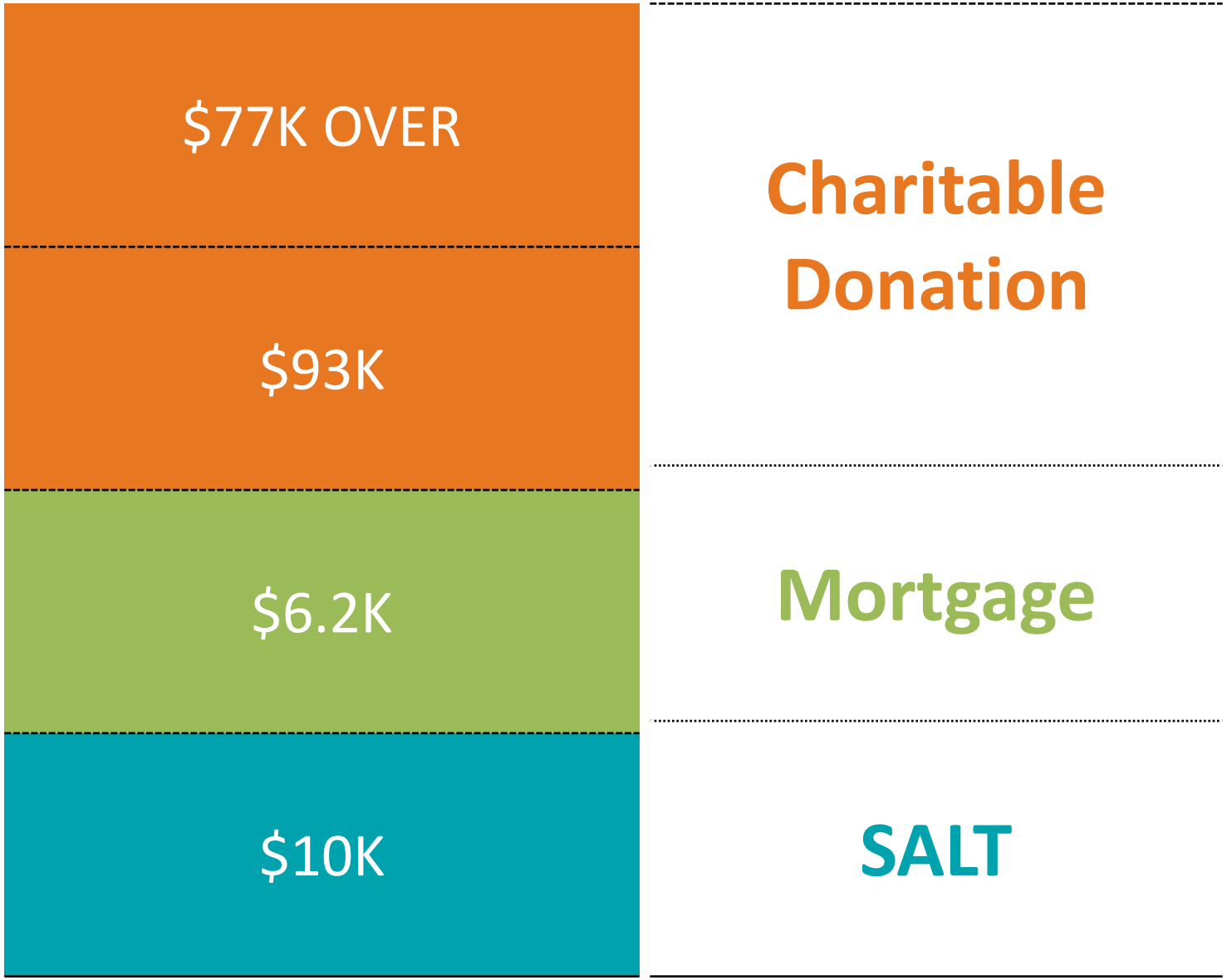
		2026	2027	2028
		15K over	15K over	15K over
$32.2K Standard Deduction	Charitable Donation	$31K	$31K	$31K
	Mortgage	$6.2K	$6.2K	$6.2K
	Taxes	$10K	$10K	$10K

$15,750 Savings

Bunching Strategies Using a Donor Advised Fund

Assumes a Federal 35% Rate

$26,950
Savings



Ways to Fund a Donor Advised Fund



Appreciated Assets (Stock!)



Cash

“Back Door” Roth IRA Contributions



If you are subject to the income limitations and not able to contribute directly to a Roth, consider doing a “back door” Roth.

- Set up a traditional IRA.
- Make a non-deductible contribution.
- Convert the amount to a Roth IRA.
- This only works well if you don’t have other IRAs.



Massachusetts Charitable Contributions

- MA continues to allow for charitable contributions.
- Must be used on Part B income and cannot be used against Part A or Part C income.
- Part A Income: Interest, Dividends
- Part C Income: Capital Gains

Massachusetts Millionaires Tax

Only taxable income that exceeds $1 million is subject to the additional tax. For example, if your MA taxable income is $1.5 million, then $500,000 is subject to 9% tax while the first million will be subject to 5%.

The $1 million limit will be adjusted for inflation using the same method as the IRS (currently $1,107,750).



Year End Wealth Planning Considerations

Jonathan Bloom
CFP®, AIF®
Partner & Wealth Advisor

Case Study:
Peter & Paula Professor

- Peter is 66 years old. Paula is 69.
- They are charitably inclined.
- Paula is self-employed.
- They are both currently on Medicare.

Sample-client scenario. Source: supplied 2026 tax report.

Year-End Planning

2026 Tax Report for Peter Professor and Paula Professor

Scenario: Tax Year 2026

KEY FIGURES

Total Income	$277,150
Adjusted Gross Income (AGI)	$273,413
Itemized Deductions	$45,133
Total Deductions	$58,702
Taxable Income	$218,448
Total Tax	$40,132

Filing Status	Married Filing Jointly
Marginal Bracket	22.0%
Average Rate	14.5%
2026 Safe Harbor	$32,996

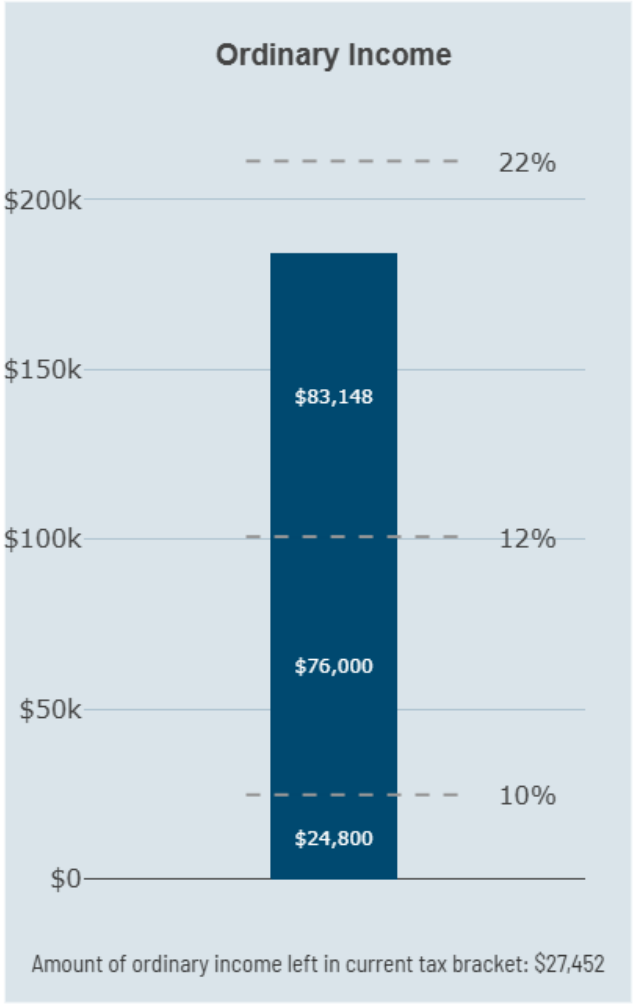
Qualified/Ordinary Dividends	$15,000 / $20,000
ST/LT Capital Gains	$2,500 / $19,500
Carryforward Loss	$0
Total/Taxable Social Security	$50,000 / $42,500
Credits Claimed	$3,900

Sample-client scenario. Source: supplied 2026 tax report.

Marginal Tax Brackets: Ordinary Income

The marginal tax rate for your ordinary income is as follows:

Marginal Rate	Ordinary Income Threshold	Ordinary Income	Tax
10%	$0 to $24,800	$24,800	$2,480
12%	$24,800 to $100,800	$76,000	$9,120
22%	**$100,800 to $211,400**	**$83,148**	**$18,293**
24%	$211,400 to $403,550	$0	$0
32%	$403,550 to $512,450	$0	$0
35%	$512,450 to $768,700	$0	$0
37%	$768,700 and above	$0	$0
Total		**$183,948**	**$29,893**



Source: supplied report scenario. For illustration only.

Marginal Rates

How Tax Brackets Work

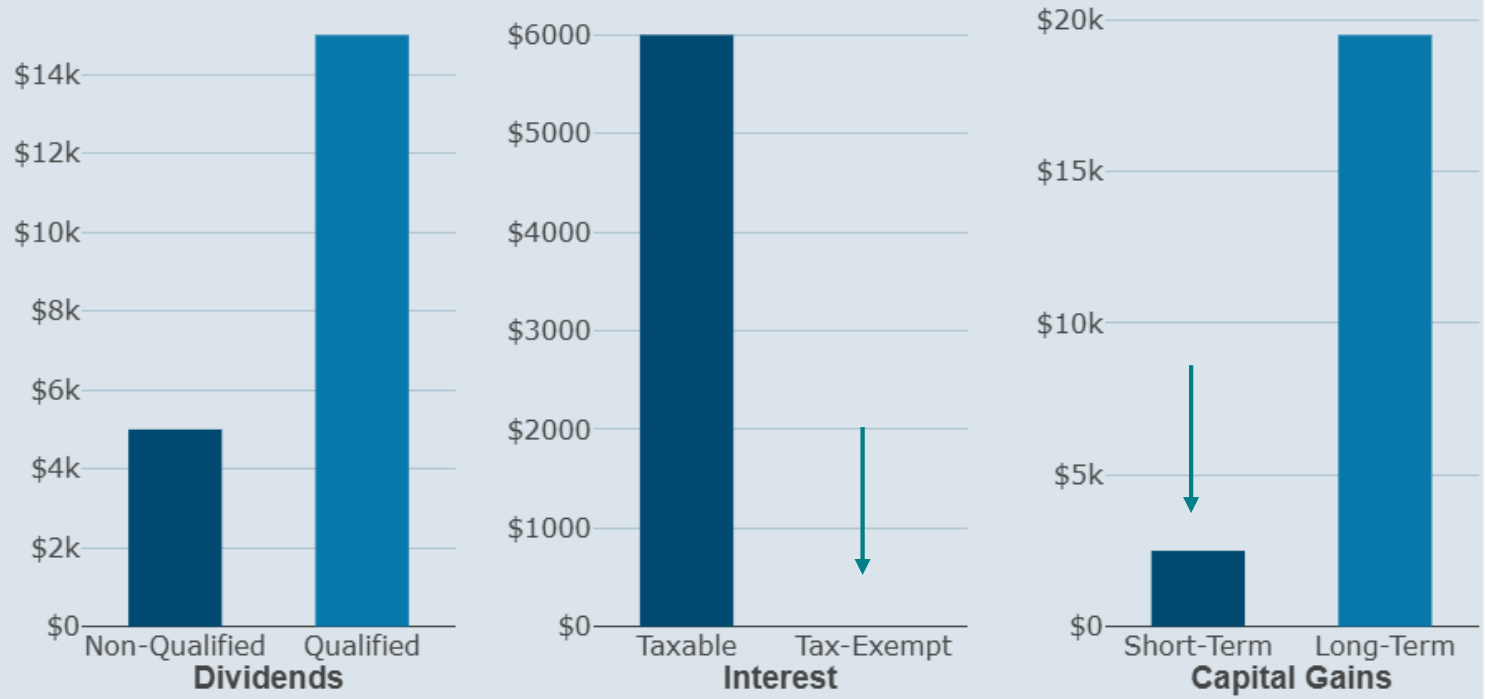
Discussion

Is low or no tax a good thing?

Potential opportunities?

Let's take a look at the tax efficiency of your investment income

Different types of investment income are taxed differently. For example, non-qualified dividends and short-term capital gains are taxed as ordinary income at higher rates, while qualified dividends and long-term capital gains are taxed at lower preferential rates. And depending on your marginal bracket, it may be more tax efficient to use tax-free income vehicles like municipal bonds/bond funds instead of taxable income options.



Source: supplied report scenario. For illustration only.

Portfolio Review

Investment Income Mix

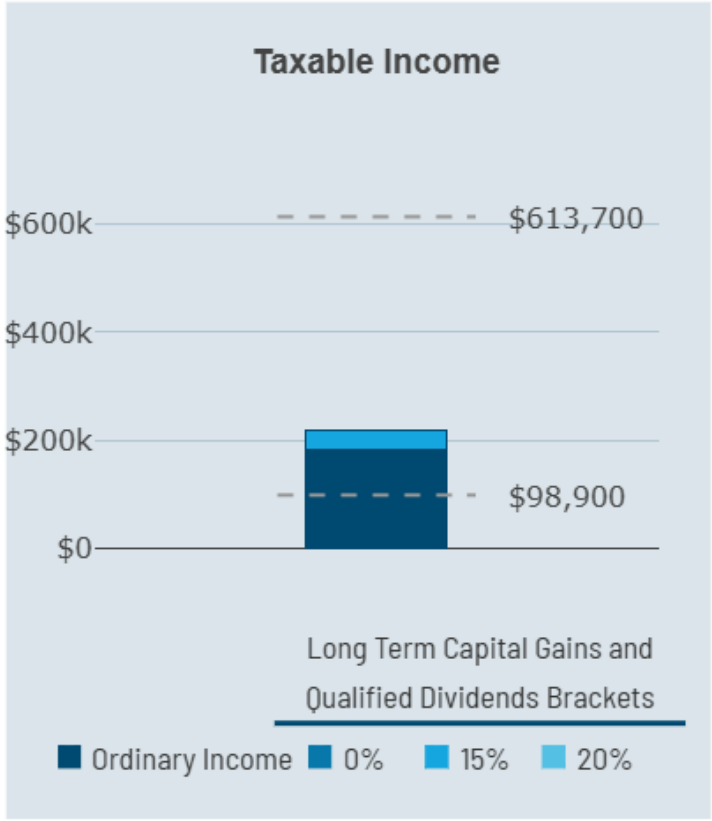
Discussion

How do account placement, investment type, and trading decisions fit the plan?

Marginal Tax Brackets: Long Term Capital Gains & Qualified Dividends

Your taxable income of $218,448 includes $34,500 of long-term gains and qualified dividends that are taxed at lower rates compared to ordinary income. Long-term gains are added on top of your ordinary income to determine the tax rates that apply.

Marginal Rate	Taxable Income Threshold	Taxable Income	Qualified Income	Tax
0.0%	$0 to $98,900		$0	$0
15.0%	$98,900 to $613,700	$218,448	$34,500	$5,175
20.0%	$613,700 and above		$0	$0
Total			$34,500	$5,175



Source: supplied report scenario. For illustration only.

Investment Taxes

Capital Gains and Dividends

Discussion

How does income type affect the planning conversation? Opportunities?

IRMAA

(Income-Related Monthly Adjustment Amount)

Medicare Part B/D Premiums for 2028

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income* (MAGI). Your MAGI is $273,413.

Amounts are monthly per person.

*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	MAGI	Part B Premium	Part D Premium
$0 to $218,000		$202.90	Your Plan Premium
$218,000 to $274,000	**$273,413**	**$202.90 + $81.20 = $284.10**	**Your Plan Premium + $14.50**
$274,000 to $342,000		$202.90 + $202.90 = $405.80	Your Plan Premium + $37.50
$342,000 to $410,000		$202.90 + $324.60 = $527.50	Your Plan Premium + $60.40
$410,000 to $750,000		$202.90 + $446.30 = $649.20	Your Plan Premium + $83.30
$750,000 and above		$202.90 + $487.00 = $689.90	Your Plan Premium + $91.00

Source: supplied report scenario. Confirm future Medicare premiums before use.

Medicare

Income and Medicare Costs

Discussion

What happens if the professors had an extra $588 of income in 2026?

Their Part B & D Medicare premiums would increase $266.40 per month or $3,196.80

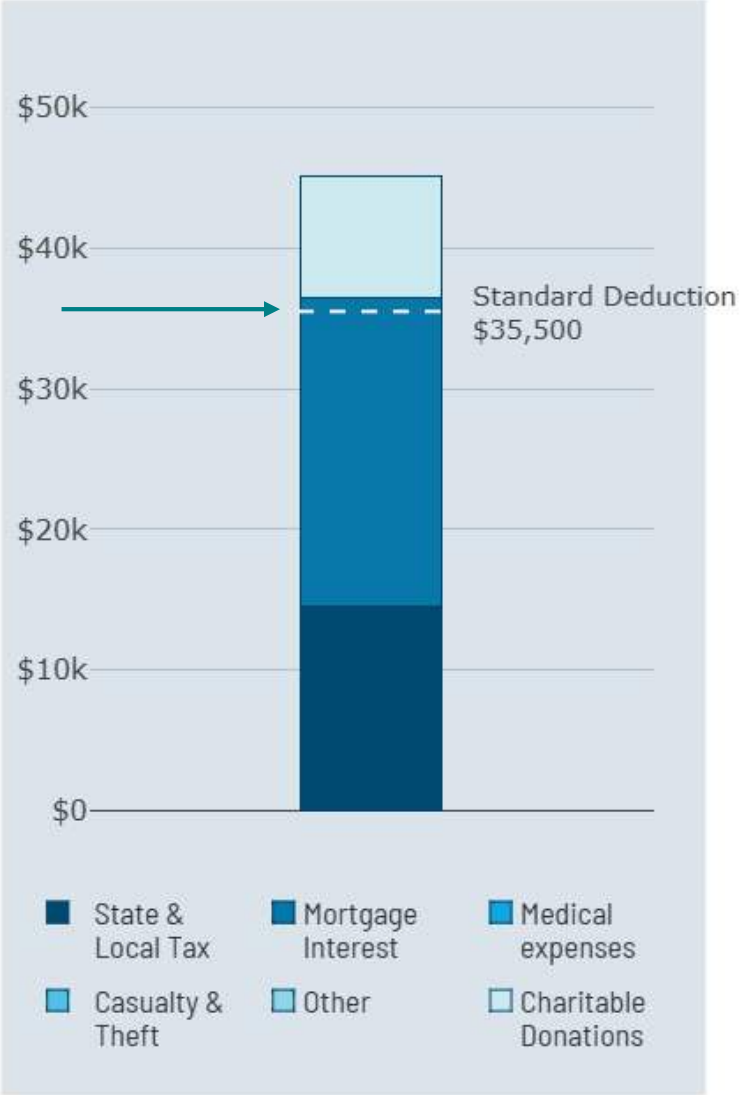
Schedule A

The tax return listed the following items on Schedule A:

ITEMIZED DEDUCTION SUMMARY

Deduction	Amount Claimed
Medical & Dental Expenses	$0
State & Local Taxes	$14,500
Mortgage & Investment Interest Expense	$22,000
Gifts To Charity	$8,633
Casualty & Theft Losses	$0
Other Itemized Deductions	$0
Total Itemized Deductions	$45,133

Your total itemized deductions exceeded the standard deduction plus any non-itemizer charitable deductions by $9,633



Source: supplied report scenario. For illustration only.

Deductions

The Itemized Deduction Picture

Discussion

How do charitable contributions fit with other deductions?

Modified Adjusted Gross Income (MAGI): Planning Considerations

Certain deductions and tax incentives phase out as income reaches certain levels. The definition of "income" for these phase outs can be different. The term "Modified Adjusted Income" (MAGI) is generally used, but there are several definitions of MAGI that are slightly different from each other.

MAGI Definition 1	**$273,413**	
Coverdell ESA	$190,000 - $220,000	Above
American Opportunity Credit	$160,000 - $180,000	Above
→ Child Tax Credit	$400,000 - $444,000	Under
Lifetime Learning Credit	$160,000 - $180,000	Above
Qualified Adoption Expenses Credit	$265,080 - $305,080	Phase Out
Savers Credit	$52,500 - $80,500	Above
→ Enhanced Deduction for Seniors	$150,000 - $250,000	Above
→ SALT Deduction Cap	$505,000 - $606,330	Under
Qualified Tips Deduction	$300,000 - $550,000	Under
Overtime Deduction	$300,000 - $550,000	Under
Car Loan Interest Deduction	$200,000 - $250,000	Above
MAGI Definition 2	**$273,413**	
→ Net Investment Income Tax	$0 - $250,000	Above
MAGI Definition 3	**$273,413**	
→ Roth IRA Contribution	$242,000 - $252,000	Above
MAGI Definition 4	**$273,413**	
→ Student Loan Interest Deduction	$175,000 - $205,000	Above

Source: supplied report scenario. For illustration only.

Income Thresholds

MAGI Planning Considerations

Discussion

Which income definition applies to each planning decision?

Year-End Planning Reminders

01 Harvest losses

02 Retirement or education plan contributions

03 Review portfolio drift and the financial plan

Planning considerations for discussion with your advisor and tax professional.

The Year-End Planning Checklist

A coordinated review with the client, wealth advisor, and tax professional

Now

Refresh the projection

- 2026 income and gains
- Retirement contributions
- Charitable contributions
- Payments already made

By December 31

Complete agreed actions

- Finalize any portfolio adjustments
- Complete Charitable transfers
- Process any modeled conversion
- Confirm Benefit elections

Educational sample, not individualized tax, legal, or investment advice. Confirm provider cutoffs, eligibility, and state rules.

AAF Wealth Management

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Modern Essentials of Estate Planning

Joshua England
LLM, Esq.
Partner & Tax Attorney

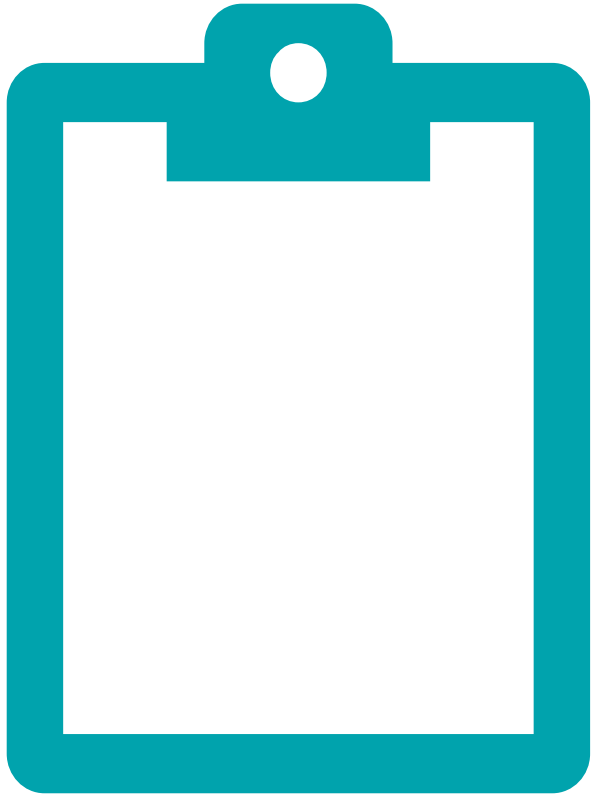
Big Beautiful Bill

Permanently locked in the federal estate tax exemption at:

- $15 million per individual
- $30 million for married couples
- $19,000 annual gift tax exemption

Documents That Everyone Needs

- Health Care Proxy
- Durable Power of Attorney
- Will
- Trust
- Designated Beneficiary Designations



What happens when your child turns 18?

Mandatory Pre-College Checklist!

- ✓ HIPAA Releases
- ✓ Health Care Proxy
- ✓ Durable Power of Attorney

The “Good”: What Trusts Do Well

1. Bypasses Probate
2. Guarantees Privacy
3. Incapacity Planning
4. Controlled Distribution

The “Bad”: Universal Downsides

1. Set-up and Maintenance Costs
2. Compressed Tax Brackets
3. Ongoing Complexity
4. The Funding Burden

Revocable vs. Irrevocable

	Revocable Living Trust	Irrevocable Trust
The Good	• Retain Total Control • Easy to Manage While Alive • Can Change Anytime	• Asset Protection • Estate Tax Reduction • Medicaid Planning • Incapacity Planning
The Bad	• Zero Asset Protection • Limited Estate Tax Savings	• Loss of Ownership • Cannot Change Terms • Compressed Tax Rates



Misconceptions About Trusts

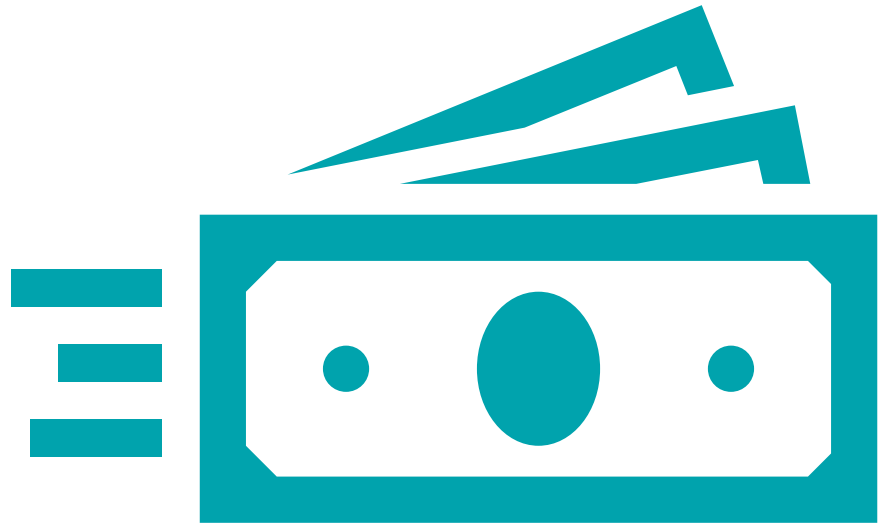
- All trusts protect your assets from lawsuits.
- Putting my assets in a trust avoids all taxes.
- Trusts are only for multi-millionaires.
- I can move my money into a trust right after getting sued.

Avoiding Suprises

- Loss in Step-Up in Basis
- Five-Year Medicaid Look-Back
- Insurance Coverage
- Refinance and Mortgages
- State and Federal Estate Tax

Greatest Wealth Transfer in History

- Spousal Lifetime Access Trust
- Medicaid Qualifying Trust
- Intentionally Defective Grantor Trust
- Upstream Trust
- Complex Trust





TaxTok vs. Tax Law

Tyler Champagne
CPA, MSA
Tax Director

TaxTok vs. Tax Law

Viral videos leave out critical disclaimers in favor of shock value.

- Missing facts make a claim appear impressive.
- Deductions don’t automatically make the decision a sound choice.
- Cost to implement strategies.
- Risks assumed by taxpayer and qualifying assumptions.

Today’s Key Takeaway: the rule may be real, but the missing facts are where taxpayers get hurt.

> I made $505,000 and got a $30,000 refund!

- Refund = payments and withholding minus actual tax
- A $30,000 refund does not tell us how much total tax the filer owed
- Large refunds have plenty of explanations
- Remember to ask yourself: “What was the actual tax liability?"
- What AAFCPAs keeps in mind for our clients
- Why did you choose $505,000?

> My S Corporation eliminates self-employment tax.

- S-corporation profit tends to avoid self-employment tax
- Working owners must receive reasonable compensation
- There is no universal "right" salary or income threshold
- What AAFCPAs keeps in mind for our clients:
  - Payroll
  - Compliance
  - Passthrough Entity Tax

A Family Affair, Tax Edition

- Rent your home: real business use and fair-market rent
- Hire your children: real work and reasonable wages
- Related-party transactions require stronger documentation
- What AAFCPAs keeps in mind for our clients:
  - Family Tree
  - Personal Balance Sheet

> I deducted my Porsche; it was basically free!

- Gross Vehicle Weight Rating (GVWR) vs. price or brand
- Only qualifying business use generates a business deduction
- A logo does not convert personal miles into business miles
- Accelerated deductions may require more than 50% business use
- A deduction is not a reimbursement, and recapture may follow

> Just put it in an LLC.

- An LLC is a legal entity
- Personal expenses are not business deductions
- Personally used property (i.e., boat, house) remains… personal-use property
- Liability protection has limits and does not replace insurance (piercing the veil)
- Use entities for a real legal, operational, or ownership purpose

Four Questions Before Trying a Viral Tax Strategy

1. Is there a real tax rule behind it?
2. Do my facts and circumstances satisfy the rule or justify my position?
3. What requirements, costs, or risks were omitted?
4. Would I still do this without the tax benefit?

Questions?

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2026 – 2027 Tax Planning Guide for Businesses & Individuals

We welcome the opportunity to help you map out a tax plan that takes full advantage of all strategies available to you.

[Download 2026-2027 Tax Guide >>]



Put AAFCPAs' tax expertise to work for you:

30 Sep.

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29 Oct.

Individual and Family Tax and Wealth Planning (Recorded Webinar Coming Soon)

Business Tax Strategies Webinar Coming Soon)

27 Oct.

(Recorded

Tax Strategies for Cannabis

12 Nov.

Upcoming Webinars: Save Your Seat

Tax Strategies for Cannabis
November 12 | 12:00 – 1:00 PM ET

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