

TAX REPORT

MARCH 2026

IN THIS ISSUE

- Page 3: **OBBBA: What's Changed & Moves That Matter**
- Page 5: **Roth Catch-Up Final Rules**
- Page 6: **Tax-Loss Harvesting Without Wash-Sale Surprises**

2026 TAX PLANNING

GORDON WOLLMAN

MS-Financial Planning, CFP®

FOUNDER & CEO, CFS
WEALTH ADVISOR, RJFS



In 2026, shifts in income thresholds, retirement contribution limits, surtaxes, and timing rules can create surprisingly large ripple effects in what you keep and how flexible your financial plan remains.

For many households, the most valuable tax planning isn't about a complex strategy. It's about making the **right moves, in the right amount, at the right time**. A single large gain or stacking multiple "normal" events in one year can push income higher than expected and create a tax outcome that wasn't on your radar.

That's why this tax report is designed to help you spot opportunities, understand what's changing, and make decisions with more clarity.

The 2026 tax-law landscape after OBBBA

The IRS has noted that the One Big Beautiful Bill Act (Public Law 119-21) has a significant impact on federal taxes, credits, and deductions. So this year is a good year to verify assumptions instead of relying on last year's playbook.

SECURE 2.0 Roth catch-up final rules

Final regulations were issued to help workplace plans implement the Roth catch-up rule and other SECURE 2.0 provisions. If catch-up contributions are part of your plan, it's worth confirming how your employer plan is treating those dollars before you assume 2026 elections will work the same way.

Tax-loss harvesting + wash-sale pitfalls

Tax-loss harvesting can be useful in taxable portfolios, until a wash sale disallows a loss (sometimes because of automatic reinvestment). We've included a simple checklist to help you avoid that frustration.

For the "scanners" among you, you'll see **Most Relevant if You're:** tags near select sections—so you can quickly focus on what applies to you. And keep an eye out for the three arrows or **CFS GUIDANCE** throughout the report.

If questions come up, please reach out. And if your tax professional needs investment information or distribution details, our team is happy to coordinate.

2026 Federal Income Tax Brackets

Tax bracket	Single	Married filing jointly	Head of household	Married filing separately
10%	\$0–\$12,400	\$0–\$24,800	\$0–\$17,700	\$0–\$12,400
12%	\$12,401–\$50,400	\$24,801–\$100,800	\$17,701–\$67,450	\$12,401–\$50,400
22%	\$50,401–\$105,700	\$100,801–\$211,400	\$67,451–\$105,700	\$50,401–\$105,700
24%	\$105,701– \$201,775	\$211,401–\$403,550	\$105,701– \$201,750	\$105,701–\$201,775
32%	\$201,776–\$256,225	\$403,551–\$512,450	\$201,751–\$256,200	\$201,776–\$256,225
35%	\$256,226–\$640,600	\$512,451–\$768,700	\$256,201–\$640,600	\$256,226–\$384,350
37%	\$640,601+	\$768,701+	\$640,601+	\$384,351+

Please note: The tax brackets above are for the 2026 tax year. They are not used to calculate 2025 taxes.

Standard Deduction

Filing Status	Deduction Amount
Single	\$16,100
Married Filing Jointly	\$32,200
Head of Household	\$24,150

Watch Market & Tax Outlook 2026
the recording of our February Education event.

Look for the “Ed Event Recording” tab on our website or type in <https://mycfsgroup.com/market-tax-outlook-2026/>.





Most Relevant if You're:

- Receiving income from 3+ sources (IRA + brokerage + Social Security, etc.)
- Planning a large one-time event in 2026 (sale, big rebalance, Roth conversion, large gift)
- Trying to avoid Medicare premium surprises or surtaxes

Income Stack → Timing Choices → Tax Outcome

Most retirees don't have one single paycheck. Income often comes from a blend of sources such as retirement accounts, brokerage income, Social Security, rental income, or a one-time event like selling land or a business interest.

Additionally, Roth conversions, capital gains, and even large required minimum distributions can increase taxable income. That's why broad tax-law updates may matter more for higher-investment households: stacking events in the same year can create avoidable spikes.

1. Rebuild your 2026 “income stack” before the year builds it for you

Changes to your income stack can affect your tax bracket, whether surtaxes apply, and how much room you'll have for future planning.

A simple, high-value step is listing what's likely to happen in 2026, such as:

- Planned IRA/401(k) distributions
- Social Security start or changes
- Required distributions (if applicable)
- Dividend/interest expectations
- Known sales (property, concentrated stock, business/land)

EXAMPLE:

A couple is planning a sizable charitable gift and also wants to rebalance investments. Looked at separately, both are reasonable. Together, the timing may push their income higher than expected. A one-page projection can help them time decisions without creating a stacked-income year.

Keeping tabs on your income stack allows you to ask yourself two questions before making any moves:

1. What does this do to my income stack this year?
2. Is this the best *account* to do it in?

The same investment action can have very different tax outcomes depending on whether it happens in a brokerage account, IRA, or Roth.

2. Recheck your assumptions about credits, deductions, and thresholds

OBBB Quick Reference - Effective for 2025 (and indexed thereafter)

Topic	At a Glance	What Changed	Why It Matters	CFS Guidance
Estate & Gift Tax Exemption	Higher exemption levels - could impact legacy planning decisions	Estate & gift exclusion resets to \$15M per person / \$30M per couple (with portability) . GSTT increases to \$15M (not portable).	Planning opportunities may expand for larger estates, but beneficiary choices + trust language still drive real outcomes.	Review beneficiary + trust alignment
Senior Deduction (temporary)	Extra deduction (65+)	New additional \$6,000 deduction per person age 65+ (up to \$12,000 MFJ). Phases out above \$75k single / \$150k MFJ , ends at \$175k / \$250k . Expires after 2028 .	May reduce taxable income for retirees, but phaseouts can make timing conversions, distributions, and gains more important.	Coordinate Roth withdrawals & conversions
SALT Deduction Limit (temporary increase)	Higher temporary cap + phaseouts	SALT cap increases to \$40,000 and rises 1% annually until 2030 (then reverts). Phases out for incomes starting at \$500k (details in law summary).	Itemizing and charitable giving strategies (like “bunching”) may prove valuable.	Use projections in big-income years
Charitable Deduction for Non-Itemizers (effective 2026)	New small charitable write-off	Standard-deduction filers can deduct charitable gifts up to \$1,000 single / \$2,000 MFJ .	Creates a small benefit worth capturing if you’re giving anyway.	Track gifts; ask about QCDs
“Trump Accounts” / Child Savings Accounts	New child savings program	New tax-advantaged accounts for children born 2025–2028 . One-time \$1,000 government deposit. Families can contribute up to \$5,000/year total; employers can contribute within limits. Earnings tax-deferred; withdrawals after age 18 taxed as ordinary income.	New option for families helping kids or grandkids start saving. Rules are specific and may not beat other choices in every case.	Compare options before opening (education funding vs flexible savings).

New regulations can sometimes surprise you - a deduction you assumed, a threshold you crossed unintentionally, or a planning move that worked last year but backfires this year.

OBBBA includes multiple provisions across credits/deductions/eligibility categories, and guidance continues to roll out. A few topics relevant to retirees are listed above, but it’s a massive piece of legislation. Talk with your tax preparer about your individual situation. If your plan relies on a repeatable pattern (“we always qualify for X” / “this deduction always applies”), 2026 is a smart year to verify rather than assume.

EXAMPLE: Medicare Surtax

The 3.8% net investment income tax applies when modified adjusted gross income (MAGI) exceeds certain thresholds. It can surprise retirees because it's often triggered by a mix of items (capital gains, dividends, rental income, etc.).

Most Common Thresholds:

- Married filing jointly: \$250,000
- Single: \$200,000
- Married filing separately: \$125,000

An income projection, sometimes called a “tax map,” often reveals the handful of decisions that can create the biggest difference and reveal pressure points before they become expensive. What you should include:

- expected income sources including distributions, gains, Roth strategy
- expected distributions, including charitable goals
- any planned sales (land, business, concentrated stock)
- and a target range for taxable income



How OBBBA Can Impact Retirement Account Planning

<https://mycfsgroup.com/how-obbba-can-impact-retirement-account-planning/>



CFS GUIDANCE:

If you have more than one income source, ask your tax preparer:

“What does our 2026 income stack look like? What decisions should we time differently?”



Most Relevant if You're:

- Taking distributions now
- Retiring before age 60 (using a “bridge year” strategy)
- Retiring in the next 3–10 years

Retirement Accounts & Roth Decisions

A Roth IRA is one of the most valuable tools in retirement planning, but the rules can be more specific than you realize.

The good news: Many Roth distributions are tax-free.

The risk: Assuming **all** distributions are always tax-free in every situation.

Here's the simplest way to think about it: **Roth distributions can include three types of dollars, and IRS “ordering rules” matter because withdrawals are treated in this order:**

1. Contributions (what you put in)
2. Converted amounts (money moved from a traditional IRA to Roth)
3. Earnings (growth)

Where tax “surprises” can show up:

- If earnings are withdrawn **before the distribution is qualified** (generally, meeting the 5-year rule and age requirements), earnings may be taxable.
- Converted funds may be subject to a **10% early distribution penalty** if withdrawn too soon and you're under 59½ (depending on conversion timing and exceptions).



Common Mistake: Using a Roth IRA as a short-term “bridge account” without confirming whether the dollars being withdrawn are contributions, conversions, or earnings.

EXAMPLE: Someone retires at 58 and pulls from a Roth to cover a gap year. If most of the Roth balance came from recent conversions, the timing matters—and the wrong sequence can trigger an unnecessary tax/penalty.



CFS GUIDANCE:

Before pulling from a Roth, confirm what dollars are *actually coming out* and how that affects this year's taxes and flexibility for future years—especially if Medicare thresholds or RMD planning are in play.



Most Relevant if You're:

- Retiring in the next 3 – 10 years
- Helping parents or adult kids (if you're helping them make workplace plan choices)

Secure 2.0 Roth Catch-Up Final Rules

Catch-up contributions are one of the most powerful tools in the “last stretch” before retirement. But SECURE 2.0 added a detail that can change how catch-up contributions are treated for certain earners and the IRS issued final regulations to support plan implementation.

The rule is simple on paper. The implementation is where people get tripped up.

Roth Catch-Up Defined: For certain plan participants, catch-up contributions may need to be made on a Roth basis (after-tax), depending on compensation and plan rules. Many summaries reference a wage threshold (indexed) tied to this requirement.

Final IRS/Treasury regulations provide guidance for plan administrators to implement and comply with the Roth catch-up rule and other related SECURE 2.0 provisions.

Why this matters for retirement planning:

- A catch-up that shifts from pre-tax to Roth changes your current-year taxable income picture.
- It can also change how you coordinate other moves: Roth conversions, distribution timing, or capital gain planning.
- Implementation varies by plan—so the right next step is often confirming your employer plan’s readiness.



Your 2026 Roth Catch-Up Checklist:

1. Ask your plan administrator: “Does the plan accept Roth catch-up contributions?”
2. Confirm how your plan determines eligibility (HR/payroll can clarify the wage test used).
3. Verify your 2026 election is coded correctly (transition years are when mistakes happen).
4. If you're age 60–63, confirm whether higher catch-up limits apply and whether your plan supports them.
5. Coordinate the decision with your bigger plan (Roth strategy, distributions, and gains should be viewed together).



CFS GUIDANCE:

Workplace plan rules can change faster than most people expect. If catch-up contributions are part of your retirement plan, confirm how your employer plan is handling 2026 implementation before you count on an outcome.

Ask HR or your plan rep if your 2026 catch-up is being treated pre-tax or Roth. If you'd like, we can help you frame the questions for your plan provider and coordinate planning implications with your tax professional.

Prefer a quick video-based overview?



Watch: Retirement Tax Mistakes to Avoid
<https://mycfsgroup.com/retirement-tax-mistakes-to-avoid-a-free-educational-video-resource/>

DO YOU KNOW SOMEONE WHO COULD USE OUR HELP?

Not all financial planners review annual tax returns to coordinate investments, financial planning, and tax-strategy.

Feel free to let your friends and family know it's a valuable service they should get from their financial planner. Or have them contact us for a complimentary, no-obligation strategy session.

2026 Retirement Contribution Limits

Account Type	2026 Limit	50+ Catch Up	"Super Catch-Up" Ages 60-63*	Deadline
401(k) / 403(b) / 457 / SAR-SEP	\$24,500	\$8,000	11,250*	Dec. 31, 2026
Thrift Savings Plan (Fed. Govt.)	\$24,500	\$8,000	\$11,250	Dec. 31, 2026
Traditional or Roth IRA	\$7,500	\$1,100	N/A	Apr. 15, 2027
SIMPLE IRA	\$17,000 or \$18,100**	\$4,000***	\$5,250	For employee deferrals: No later than 30 days after the end of the month in which they would have received them in cash.

*Super Catch-Up is for Eligible participants only, and is instead of the 50+ catch-up - not in addition

**Applies only to certain applicable SIMPLE retirement accounts (depending on plan size and employer contributions)

***\$3,850 for certain applicable SIMPLE plans (depending on plan size and employer contributions)



Most Relevant if You're:

- Taking distributions now
- Selling a business/land (higher gain years)

Tax-Loss Harvesting & Wash-Sale Pitfalls

A wash sale can disallow a loss if you buy the same (or substantially identical) investment within the 30-day window, even if the repurchase happens across calendar years. But.



CFS GUIDANCE:

Tax-loss harvesting can help offset gains and improve after-tax results in a taxable portfolio, but it's most useful when it's connected to your overall financial plan. The Cornerstone Advisor Team will discuss this with you if it's a strategy they recommend for your situation. If you're combining taxable investing decisions with retirement distributions, timing and account selection often matter as much as the investment decision so it's important to coordinate all the pieces of your financial life.

QUICK CHECK

- Did you buy this (or something very similar) in the last 30 days?
- Will any dividends reinvest before the window ends?
- Is your "replacement" clearly not substantially identical?

Two very common accidental wash-sale triggers

1. Dividend reinvestment: A reinvested dividend buys shares inside the window. You may benefit from temporarily turning off dividend reinvestment – check whether it's appropriate for the accounts involved.
2. "I bought something close enough" replacements: Certain funds/ETFs can create gray areas around "substantially identical."

Don't Leave a Tax Problem

Beneficiaries, Brackets, and After-Tax Inheritance

For families who've worked hard to build strong savings, the goal usually isn't just "pay less tax this year." It's: **Keep more in the family over time.**

A few realities in 2026 make planning more important than ever to avoid leaving your kids (or beneficiaries) a tax problem:

- Many retirement accounts pass to heirs with compressed timelines for taxation.
- Trust and beneficiary decisions can create unintended outcomes if they aren't aligned with current rules.
- "Equal" inheritances aren't always equal after taxes.

Three practical moves to consider:

1. Review beneficiaries across every account type (IRA, Roth, brokerage, bank, life insurance). Small errors can create big delays or mismatches with your estate documents.
2. Identify which assets are "tax-heavy" vs "tax-light." A traditional IRA can create taxable income for heirs; a Roth can create flexibility; brokerage assets may receive different treatment.
3. Create a simple family tax map to uncover planning opportunities that don't require complex strategies - just clear coordination between accounts, estate documents, and long-term intent.

Who is likely to be in a higher bracket later, parents or adult children? The answer can influence decisions about conversions, gifting, and which accounts you spend first.



Common Mistake: Assuming your will controls everything. Many assets transfer by beneficiary designation—and those designations should be reviewed like any other part of your plan.



CFS GUIDANCE:

When tax laws change, the goal usually isn't chasing every new provision. It's identifying where a rule change intersects with your plan and choosing the right strategy and timing.



Retirement Tax Mistakes to Avoid: A Free Educational Video Resource

<https://mycfsgroup.com/retirement-tax-education/>

Retirement taxes rarely create problems all at once. More often, they show up quietly — through missed opportunities, unexpected penalties, or decisions that couldn't be reversed.

Explore how retirement tax decisions evolve across different stages of life, why small missteps can have long-term consequences, the most common — and costly — retirement tax mistakes, and practical insights on how to avoid them in this free educational video resource.

Topics covered include:

- Tax-saving opportunities in your 50s, 60s, and 70s
- How to reduce RMD taxes and avoid Medicare IRMAA surcharges
- Common Roth conversion and rollover mistakes
- Why beneficiary forms — not wills — control IRA inheritance

This educational resource is shared by Gordon Wollman as part of ongoing retirement planning education.

CSP #968822

Scan to Watch



Free 40-Minute Special

Avoid Costly Retirement Tax Mistakes
From America's IRA Experts



Cornerstone team named to the **2026 Forbes Best-in-State Wealth Management Teams list**, reflecting disciplined planning, long-standing client relationships, and a commitment to excellence.

THANK YOU

This recognition is only possible because of your trust!

For many of you, this recognition confirms what you experience: a team built around careful planning, consistent follow-through, and a coordinated approach that helps align your plan with the life you're building.

For our team, recognition is not the goal. The work is. Our goal is always to simplify what feels complex, deliver a world-class experience, and build extraordinary relationships through consistency, clear communication, and client-first service.

The 2026 Forbes ranking of America's Best-In-State Wealth Management Teams, developed by SHOOK Research, is based on an algorithm of qualitative criteria, mostly gained through telephone and in-person due diligence interviews, and quantitative data. This ranking is based upon the period from 3/31/2024 to 3/31/2025 and was released on 01/07/2026. Advisor teams that are considered must have one advisor with a minimum of seven years of experience, have been in existence as a team for at least one year, have at least 5 team members, and have been nominated by their firm. The algorithm weights factors like revenue trends, assets under management, compliance records, industry experience and those that encompass best practices in their practices and approach to working with clients. Portfolio performance is not a criteria due to varying client objectives and lack of audited data. Out of approximately 12,787 team nominations, 6,149 advisor teams received the award based on thresholds. This ranking is not indicative of an advisor's future performance, is not an endorsement, and may not be representative of individual clients' experience. Neither Raymond James nor any of its Financial Advisors or RIA firms pay a fee in exchange for this award/rating. Compensation provided for using the rating. Raymond James is not affiliated with Forbes or Shook Research, LLC. Please see <https://www.forbes.com/lists/wealth-management-teams-best-in-state> for more info.

Connection. Celebration. #CornerstoneCommunity

Shred Month – May 2026
(All month | Both offices)

Complimentary shredding for clients—bring a few sheets or a few boxes.

Client Ambassador Thank You Dinner – June 4, 2026
Exclusively for clients who introduced a friend to the Cornerstone Team since our last dinner in October.

Diaper Drive – June 1, 2026
through the Client Appreciation Concert

Client Appreciation Concert!
June 16, 2026 – Sioux Falls
June 17, 2026 – Huron

Shaun Johnson is touring a brand-new band honoring the hitmakers of '90s country—from Alan Jackson to Tim McGraw, Travis Tritt to George Strait.

Blood Drive – June 12, 2026
9am - 12pm at both the Sioux Falls and Huron offices






SIoux FALLS OFFICE: 7408 S BITTERROOT PL | SIoux FALLS, SD 57108 | P: 605.357.8553
HURON OFFICE: 280 DAKOTA AVE S | HURON, SD 57350 | P: 605.352.9490

Securities offered through Raymond James Financial Services, Inc. Member FINRA/SIPC. Investment advisory services are offered through Raymond James Financial Services Advisors, Inc. Cornerstone Financial Solutions, Inc. is not a registered broker/dealer and is independent of Raymond James Financial Services. Raymond James does not provide tax or legal services. This information is not intended to be a substitute for specific individualized tax, legal, estate, or investment planning advice as individual situations will vary. Please discuss these matters with the appropriate professional. Opinions expressed are those of the author and are not necessarily those of Raymond James. All opinions are as of this date and are subject to change without notice. This information has been obtained from sources considered to be reliable, but Raymond James Financial Services, Inc. does not guarantee that these statements, opinions, or forecasts provided herein will prove to be correct.

Unless certain criteria are met, Roth IRA owners must be 59½ or older and have held the IRA for five years before tax-free withdrawals are permitted. Additionally, each converted amount may be subject to its own five-year holding period. Converting a traditional IRA into a Roth IRA has tax implications. Investors should consult a tax advisor before deciding to do a conversion.

Investing involves risk and you may incur a profit or loss regardless of strategy selected. This information is not a complete summary or statement of all available data necessary for making an investment decision and does not constitute a recommendation. Past performance does not guarantee future results. Future investment performance cannot be guaranteed, investment yields will fluctuate with market conditions. Forward looking data is subject to change at any time and there is no assurance that projections will be realized.

CFP® professionals must have several years of experience related to financial planning, complete education requirements including a six-hour exam, and adhere to a strict ethical standard as set by the Certified Financial Planner Board of Standards. Certified Financial Planner Board of Standards Inc. owns the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, CFP® (with plaque design) and CFP® (with flame design) in the U.S., which it awards to individuals who successfully complete CFP Board's initial and ongoing certification requirements.

Kingdom Advisors owns the Certified Kingdom Advisor® and CKA® marks, which it authorizes use of by individuals who have completed Kingdom Advisors initial and ongoing certification requirements. Kingdom Advisors grants to Certified Kingdom Advisor® designees only a limited, non-transferable, non-assignable license to use the Certified Kingdom Advisor® and CKA® marks.