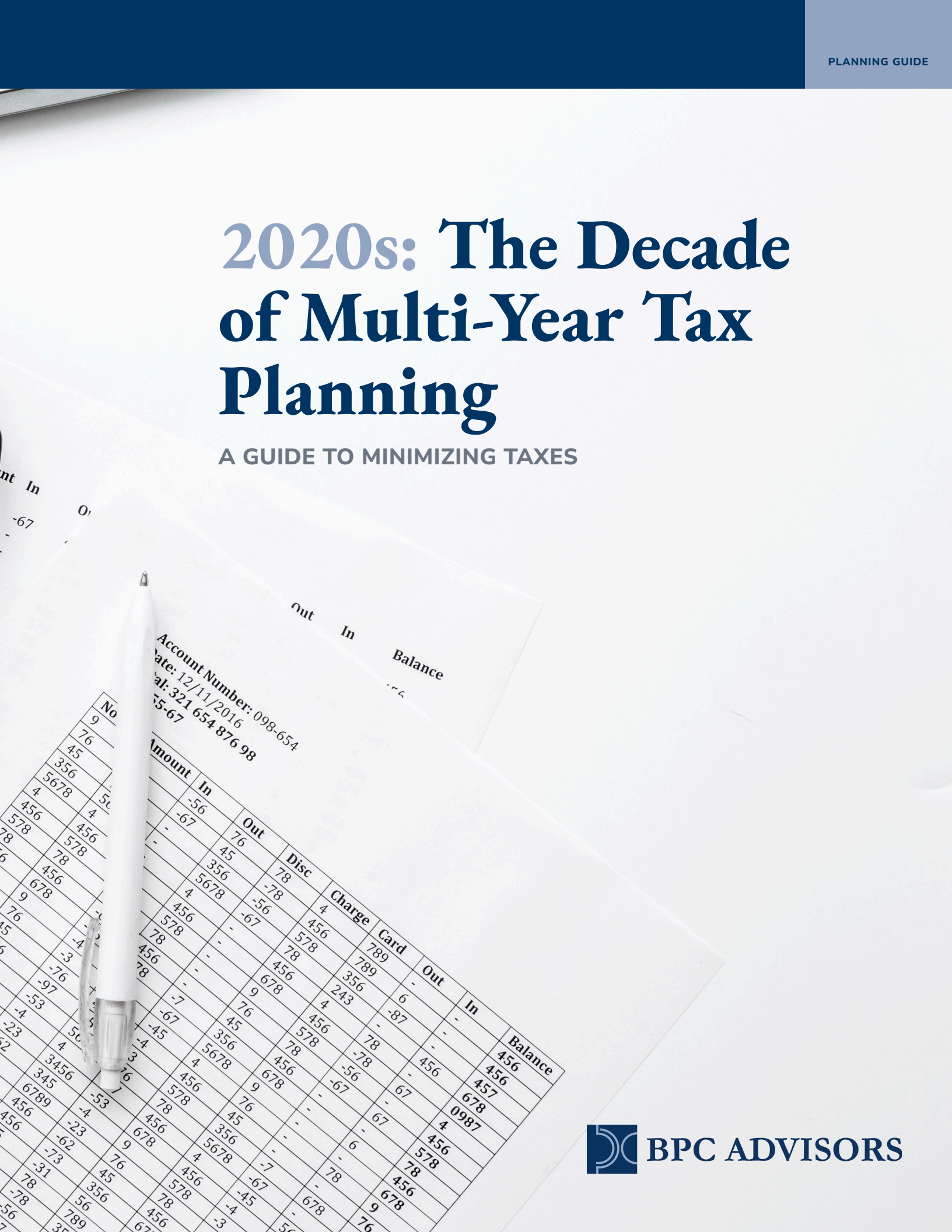
2020s: The Decade of Multi-Year Tax Planning

A GUIDE TO MINIMIZING TAXES



BPC ADVISORS

Introduction

You may be missing out on one of the biggest opportunities in financial planning that can save you thousands of dollars per year. As an industry, financial planning has evolved from providing pure investment management services to comprehensive, goals-based advice. However, one area which many planners do not address is Multi-Year Tax Planning (MYTP). As part of financial planning, MYTP focuses on projecting future taxable income and controlling the expected tax liability to take advantage of low taxable income years. Strategic planning now can help boost your financial success and after-tax return in the critical age window of 59.5 to 73 (75 for those born in 1960 or later). It can also have a meaningful impact during other stages of life or when tax laws change.

If this is not a topic you have explored previously, know you are not alone. We have written this guide to be an information source covering key concepts and identifying planning opportunities. Examples will be given to show how MYTP can quantitatively add value to investors' after-tax returns and help improve planning outcomes. The following pages reveal the techniques we use at BPC Advisors to help our clients improve their after-tax investment returns.

In the age of short fragmented articles, we believe this in-depth piece is worth your time; potentially saving you thousands of dollars. Just consider the potential savings per page. Let's dive in!

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Which Sections Apply to You?

This guide is written as a reference. The first eleven pages explain how Multi-Year Tax Planning works and what has changed in the tax law. The strategy pages that follow each stand on their own. Most readers will find that three or four of them apply to their situation. Use the table below to find yours.

Your situation	What to look at	Pages
Retired or retiring soon, not yet taking Social Security or RMDs	Roth IRA conversions in low-income years, timing Social Security, realizing gains at 0%	**8, 12, 13, 14**
Large Traditional IRA balance ($2 million or more)	Converting into the 24% bracket, Medicare IRMAA thresholds, the 10-year rule for heirs	**15, 21, 26**
Children or grandchildren	Roth IRAs for children with earned income, 529 plans, Trump Accounts	**16, 19, 20**
Children in a higher tax bracket than you	Accelerating Roth IRA conversions so the account passes tax-free	**25, 26, 27**
Charitable giving is part of your plan	Appreciated stock, Donor Advised Funds, Qualified Charitable Distributions after 70.5	**22, 23, 24**
Turning 63 to 65	Medicare premiums are set by income from two years earlier	**21**
New York resident with an estate near $7 million	The New York estate tax cliff, no spousal portability, lifetime gifting	**29**
Recently widowed, or planning for a surviving spouse	The single tax brackets, and why the married years are the time to act	**28**
Working, covered by a 401(k), above the IRA income limits	Non-deductible IRA contributions and the backdoor Roth	**18**
Expecting a high-income year (business sale, bonus, stock options)	Bunching charitable gifts, deferring other income, state tax planning	**17, 23**
Just want to understand the basics	What MYTP is, the key ages, what changed in the tax law	**5, 7, 9, 10, 11**

Many of these strategies work together. Delaying Social Security opens the window for Roth IRA conversions; Roth IRA conversions reduce future RMDs; smaller RMDs keep Medicare premiums down and leave less for children to inherit in a high tax bracket. The last section of this guide, *Integrating Tax Planning into Financial Planning*, explains how we put them together.

What Is Multi-Year Tax Planning?

Multi-Year Tax Planning is a strategy of estimating future tax returns and identifying any spikes or declines in tax rates. By leveling out the peaks and valleys, lifetime tax obligations can be reduced. For many retirees, taxable income can be controlled between the ages of 59.5 and 73 (75 for those born in 1960 or later). This flexibility often provides several years of low taxable income followed by higher taxable income later in retirement. MYTP takes advantage of these low taxable income years by deliberately paying taxes earlier than required, but at a lower tax rate.

MYTP might seem counterintuitive as individuals are usually trying to defer taxes as long as possible. However, by planning ahead, an individual can save on total expected tax obligations and increase their after-tax return on their investments.

Multi-Year Tax Planning is distinctly different than tax preparation. Tax preparation is completed after the tax year has occurred and many tax saving opportunities are no longer available. Multi-Year Tax Planning proactively identifies actionable tax-saving opportunities for current and future tax years.

Definitions

Below is a list of financial account types and concepts that will be necessary for understanding the remainder of this guide. Please use this as a reference when reading through the material.

Stock – A share of ownership in a company.

Bond – A loan an investor makes in exchange for fixed interest payments.

Municipal Bond – A type of bond issued by a state or locality that receives a special tax treatment. The interest is often not taxed at the federal and/or state level.

Mutual Fund – A managed bundle of investments such as stocks or bonds that can be purchased by an investor.

Exchange-Traded Funds (ETFs) – A bundle of investments which trade throughout the trading day like a stock.

Brokerage Account – An investment account which allows individuals to save after-tax funds. Income, dividends, and capital gains are taxed when incurred.

Tax-Deferred Investment – An investment that receives specialized tax treatment by the IRS. This includes Traditional IRAs, 401(k)s, and annuities.

Traditional IRA – An Individual Retirement Account (IRA) is a tax-deferred investment generally consisting of money invested prior to paying taxes. Traditional IRA account owners will pay taxes upon distribution.

Roth IRA – A Roth Individual Retirement Account (IRA) is a retirement account consisting of money that has already been taxed before contribution. These funds grow tax-free and are not taxed when withdrawn after age 59.5, once a Roth IRA has been open for five years.

401(k)/403(b)/457 – Employer or organization sponsored retirement accounts for investors where contributions are tax-deferred. Each type has unique limits, distributions and penalty regulations.

Trump Account – A new tax-deferred account for children, created by the One Big Beautiful Bill Act of 2025. Contributions began in July 2026 and can be made through the year the child turns 17. Beginning in the year the child turns 18, the account follows most Traditional IRA rules and may be converted to a Roth IRA.

Required Minimum Distribution (RMD) – The minimum amount of money that must be withdrawn at a specific age. A distribution is required from a Traditional IRA, 401(k), 403(b) upon reaching age 73, or age 75 for individuals born in 1960 or later. (Prior to 2023 this age was 72). The RMD is based on an age table set by the IRS so that tax deferral does not happen indefinitely.

Qualified Charitable Distribution (QCD) – A direct transfer from an IRA to a charity, available at age 70.5 or older, that can satisfy an RMD without being included in taxable income.

Donor Advised Fund (DAF) – An investment account for assets that have been allocated to charity for tax purposes, but not necessarily distributed to any particular charity.

IRMAA – The Income-Related Monthly Adjustment Amount. A surcharge added to Medicare Part B and Part D premiums for individuals with higher incomes, based on modified adjusted gross income (MAGI) from 2 years prior.

Taxable Income – The amount of income on which individuals pay taxes. This is different than a salary or adjusted gross income (AGI) as it takes into account tax deductions and other situations.

Tax Bracket – A range of taxable incomes where all amounts in that range are taxed at the same rate. See “Tax Bracket History” section.

Marginal Tax Rate – The highest tax bracket for an individual with a certain level of income. The next dollar of taxable income is taxed at this rate. As of 2026, if a married couple has a taxable income of $150,000, their marginal tax rate is 22%.

Effective Tax Rate – The average tax rate paid. If a married couple has a taxable income of $150,000 and owes a total of $22,424 in taxes, their effective tax rate is 15%.

Key Ages for Multi-Year Tax Planning

The US tax system has several key ages that are important as they are the trigger points for many MYTP strategies. Below is a list of important tax planning ages:

59.5 years old – The age where Traditional IRA withdrawals can be made without penalty. Withdrawals at a younger age generally incur a 10% federal tax penalty, with limited exceptions. Many state retiree tax incentives are also based upon this age.

62 years old – The earliest age where Social Security payments can be received.

65 years old – The age where individuals qualify for Medicare health insurance. Medicare premiums are based on income from 2 years prior.

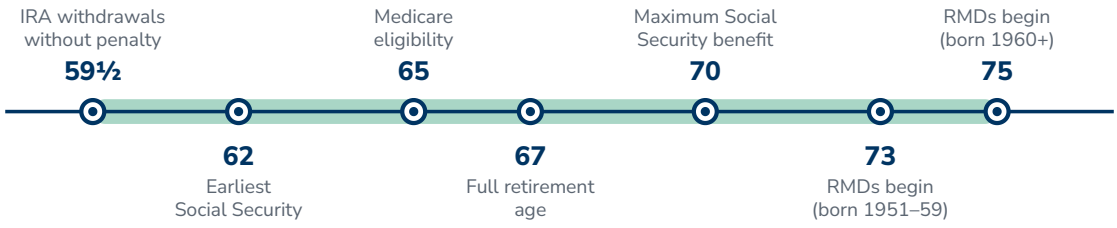
67 years old – Full Retirement Age (FRA) for Social Security recipients. For individuals born prior to 1960, the FRA may be earlier than age 67.

70 years old – The age where Social Security benefits stop increasing. There is no benefit to delaying past age 70.

73 years old – The age Required Minimum Distributions from Traditional IRA, 401(k), and similar accounts must begin for individuals born between 1951 and 1959.

75 years old – The age Required Minimum Distributions must begin for individuals born in 1960 or later.

Key Ages Timeline



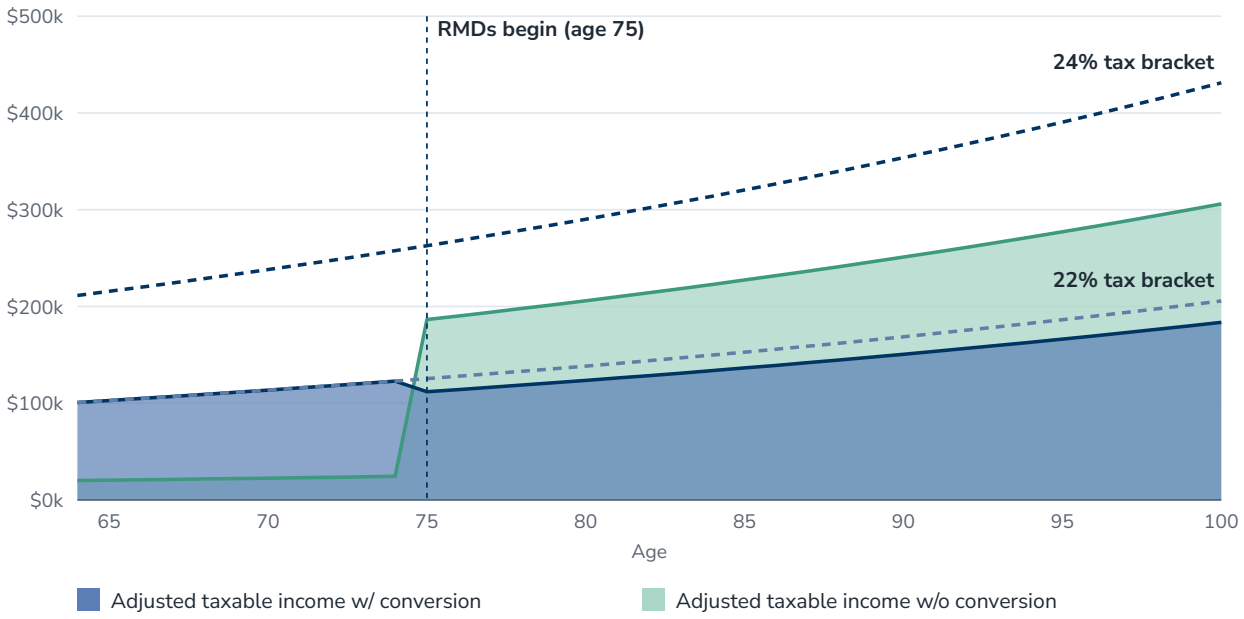
There is flexibility in retirement account distribution (start between age 59.5 and age 73 or 75) and Social Security benefits (start between age 62 and age 70). Leveraging this flexibility to reduce your tax burden during your retirement years is the key strategy to Multi-Year Tax Planning. During these periods, it is assumed that investors can support or supplement their lifestyles using other sources of wealth (e.g. bank accounts and brokerage funds).

Other times when MYTP can be beneficial is when an individual has an expected change in income, such as a business sale or job change.

Multi-Year Tax Planning - A Visual Example

The graph below illustrates the MYTP concept. Age over time can be seen on the horizontal axis where taxable income can be seen on the vertical axis. The green shaded portion is a projection of taxable income over time with no MYTP. The blue shaded portion is a projection of taxable income over time with MYTP. The 22% and 24% tax brackets are plotted as dotted lines. The lines slope upward because the tax brackets are adjusted for inflation each year.

As seen in the graph, taxable income can be shifted from a higher 22% tax rate (which takes place at age 75) to a lower 10%-12% tax rate in earlier years of retirement (age 64-74). Conversions are made right up to the top of the 12% bracket, but not over it. In this example, about $80,000/year of income is shifted into a lower tax bracket. The tax rate on that income drops by 10 percentage points, saving $8,000/year for 11 years, an estimated $88,000 in total tax payments.



Illustrative only. Assumes a married couple filing jointly and 2% annual inflation adjustment of the tax brackets. Actual results depend on income mix, account balances, and prevailing tax law. RMDs are shown beginning at age 75, which applies to individuals born in 1960 or later (age 73 for those born 1951 to 1959).

New Tax Legislation

Legislation has been passed within the last several years that has altered the Multi-Year Tax Planning environment for the better. While the detailed laws span hundreds of pages, below are some key changes individual investors should be aware of when considering Multi-Year Tax Planning.

2017 TAX CUTS AND JOBS ACT (TCJA)

TCJA was a major overhaul of our current tax system affecting individuals in five key areas:

Lower Income Tax Brackets – a reduction in most income tax bracket rates.

Changes to Family Benefits – the removal of the personal exemption and the expansion of the child tax credit.

Changes to Standard and Itemized Deductions – an increase in the standard deduction and a limit on state and local tax deductions.

Changes to Capital Gains, Dividends, and the Alternative Minimum Tax – the 0%, 15% and 20% rates on long-term gains and dividends were kept, and the AMT exemption was raised and phases out at higher income levels.

Changes to the Estate Tax – estate tax exemptions doubled to $11.18 million per person in 2018.

Almost all of the provisions above were scheduled to sunset after the year 2025. The One Big Beautiful Bill Act of 2025 made most of these provisions permanent, with some changes (see next page). A summary table of the current tax law can be found in the appendix.

2019 SETTING EVERY COMMUNITY UP FOR RETIREMENT ENHANCEMENT ACT (SECURE ACT)

The SECURE Act changed the age for Required Minimum Distributions (RMDs) from retirement accounts (IRAs, SEP IRAs, Simple IRAs, 401(k)s, 457 plans, 403(b) plans) from age 70.5 to age 72 for individuals born on or after July 1, 1949. In addition, the SECURE Act eliminated the “Stretch IRA” for most non-spouse beneficiaries and replaced it with a 10-year distribution timeline.

2020 CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT (CARES ACT)

The CARES Act waived 2020 tax year Required Minimum Distributions (RMDs) from retirement accounts (IRAs, SEP IRAs, Simple IRAs, 401(k)s, 457 plans, 403(b) plans, Inherited IRAs).

New Tax Legislation (continued)

2022 SECURE 2.0 ACT

SECURE 2.0 contains over 90 provisions. The key changes for Multi-Year Tax Planning are:

RMD Age Increased – the age for Required Minimum Distributions was raised to age 73 for individuals born between 1951 and 1959, and to age 75 for individuals born in 1960 or later. This widens the low taxable income window before RMDs begin.

Reduced RMD Penalty – the penalty for a missed RMD was reduced from 50% to 25% (10% if corrected promptly).

No RMDs on Roth 401(k)s – beginning in 2024, Roth 401(k) accounts are no longer subject to lifetime RMDs, the same as Roth IRAs.

529 to Roth IRA Rollovers – unused 529 plan funds can be rolled into a Roth IRA for the beneficiary, up to a $35,000 lifetime limit. Each year's rollover is limited to the annual Roth IRA contribution limit and the beneficiary's earned income, and the 529 must have been open more than 15 years.

Higher Catch-Up Contributions – individuals age 60 to 63 can make larger catch-up contributions to employer plans ($11,250 in 2026 and $11,750 in 2027). Beginning in 2026, catch-up contributions must be made on a Roth basis for employees whose prior-year wages from that employer exceeded $150,000.

2025 ONE BIG BEAUTIFUL BILL ACT (OBBBA)

OBBBA was signed into law on July 4, 2025 and made the TCJA tax rates permanent. Key changes for individuals are:

Tax Brackets Made Permanent – the 10%, 12%, 22%, 24%, 32%, 35% and 37% brackets no longer expire.

Larger Standard Deduction Made Permanent – $32,200 for a married couple and $16,100 for an individual in 2026 ($33,200 and $16,600 in 2027), plus a temporary $6,000 deduction per person age 65 or older (2025-2028, phased out at higher incomes).

SALT Deduction Cap Increased – the state and local tax deduction limit was raised from $10,000 to $40,000 in 2025 ($40,400 in 2026), indexed 1% per year through 2029. The limit phases down, but not below $10,000, for incomes above $500,000 ($505,000 in 2026). It returns to $10,000 in 2030.

Estate Tax Exemption Increased – $15 million per person ($30 million per couple) beginning in 2026, indexed for inflation ($15.48 million per person in 2027).

Charitable Deduction Changes – beginning in 2026, non-itemizers may deduct up to $1,000 ($2,000 for a couple) of cash gifts made directly to charities, while itemizers may only deduct gifts above 0.5% of AGI.

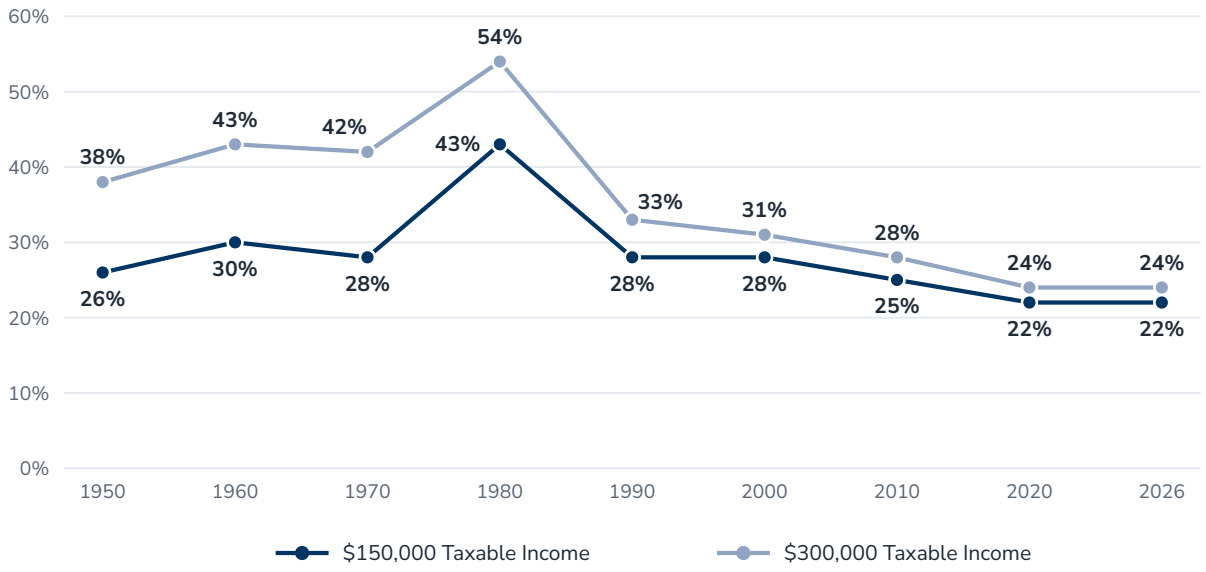
Trump Accounts – a new tax-advantaged savings account for children (see page 20).

Understanding Tax Bracket History

The United States taxation system is very complex and political. Over time, the country's view on social benefits and the necessary taxes changes significantly. It is important to understand where our current income taxation system is relative to history to maximize Multi-Year Tax Planning benefits.

The graph below shows a simplified example of how tax rates change over time. Using family taxable income of $150,000 and $300,000 (adjusted for inflation), we can determine the rate at which the next dollar of income would be taxed (Marginal Tax Rate). Notice that under the Tax Cuts and Jobs Act of 2017, now made permanent by the One Big Beautiful Bill Act of 2025, federal income tax rates at these income levels are the lowest of any year shown.

FEDERAL MARGINAL TAX RATE HISTORY



*Income levels are $150,000 and $300,000 in 2026 dollars for a married couple filing jointly. The Consumer Price Index (CPI-U) was used to determine equivalent purchasing power for each year. https://www.bls.gov/cpi/

**Historical tax bracket source. https://taxfoundation.org/data/all/federal/historical-income-tax-rates-brackets/. 2026 figures from IRS Revenue Procedure 2025-32. Rates shown are the statutory bracket rates and do not reflect the temporary tax reduction in 1950 or the surtax in 1970.

***The figures above represent taxable income. Credits and deductions over time can affect the level of taxes that an individual pays.

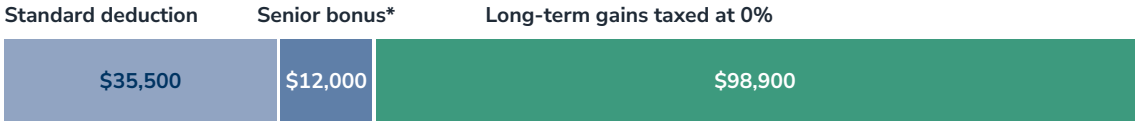
Multi-Year Tax Planning Strategies

Realizing Capital Gains

In an after-tax brokerage account, gains that are realized in a given tax year can be subject to federal and state income taxes. Gains are usually realized on a stock, ETF, or mutual fund when the holding is sold. By planning the year when a holding is sold, an individual can minimize or eliminate the taxes paid on any gains. For the 2026 tax year, federal long-term capital gains (on holdings owned more than one year) are taxed at a 0% rate for taxable income at or below $49,450 for individuals or $98,900 for joint taxpayers. For the 2027 tax year, these limits increase to $51,050 and $102,100.

Example: *Maria (64) owns stock in Apple (AAPL) that she purchased several years ago for $10,000 and it is now worth $15,000. Maria is living off her after-tax brokerage account and does not have significant taxable retirement income now, but she will once she starts taking Social Security and has Required Minimum Distributions (RMDs). If Maria were to sell her position in AAPL now and realize the $5,000 in capital gains, it would be taxed at a 0% federal tax rate and she would owe no federal taxes. She could immediately repurchase AAPL if she would like to. In contrast, if Maria held her position in AAPL until age 75 when she would have a higher taxable income, she would pay at least 15% federal taxes on the $5,000 gains. By realizing the capital gain in a low-tax year, Maria could save $750 in taxes.*

How Much Can Be Realized at 0%? – Married Couple, Both Age 65+ (2026)



About $146,400 of income with no federal tax on long-term capital gains (2026)

Long-term gains "stack" on top of ordinary income; the 0% rate applies to the portion of taxable income below the $98,900 threshold. Standard deduction includes the additional $1,650 per person for age 65+. *The $6,000 per person senior bonus deduction is temporary (2025–2028) and phases out above $150,000 of joint income ($75,000 single), fully disappearing at $250,000 ($175,000 single).

Traditional to Roth IRA Conversions

A Traditional IRA (pre-tax money) to Roth IRA (after-tax money) conversion realizes taxable IRA income in a given tax year without losing the tax deferred benefits of an IRA account. The goal of Traditional IRA to Roth IRA conversions is to realize income in a lower tax bracket than you will if you take the money out in the future. The best time for Traditional IRA to Roth IRA conversions typically happens between retirement and age 73 or 75, before Social Security and Required Minimum Distributions (RMDs) begin. When completing a Traditional IRA to Roth IRA conversion, taxes for the Traditional IRA income will be due. The ideal situation is when these taxes can be paid from an after-tax brokerage account. Currently, Traditional IRA to Roth IRA conversions do not have an income threshold and are available to all taxpayers.

Example: *José (65) and Janelle (68) are currently meeting their income needs from their after-tax brokerage accounts and have not started their Social Security benefit. With their current low-taxable income, José and Janelle can earn $50,000 more of income and still pay taxes at a 12% rate. Once José and Janelle begin Social Security and Required Minimum Distributions (RMDs) from their Traditional IRAs, that income will drive them into the 22% tax bracket. By completing $50,000 of Traditional IRA to Roth IRA conversions this year, José and Janelle will have a $6,000 tax burden on the conversion, rather than a future $11,000 tax burden. They will save $5,000 by Multi-Year Tax Planning.*

The Roth Conversion Window



The years between retirement and the start of RMDs are often the lowest taxable income years of a lifetime.

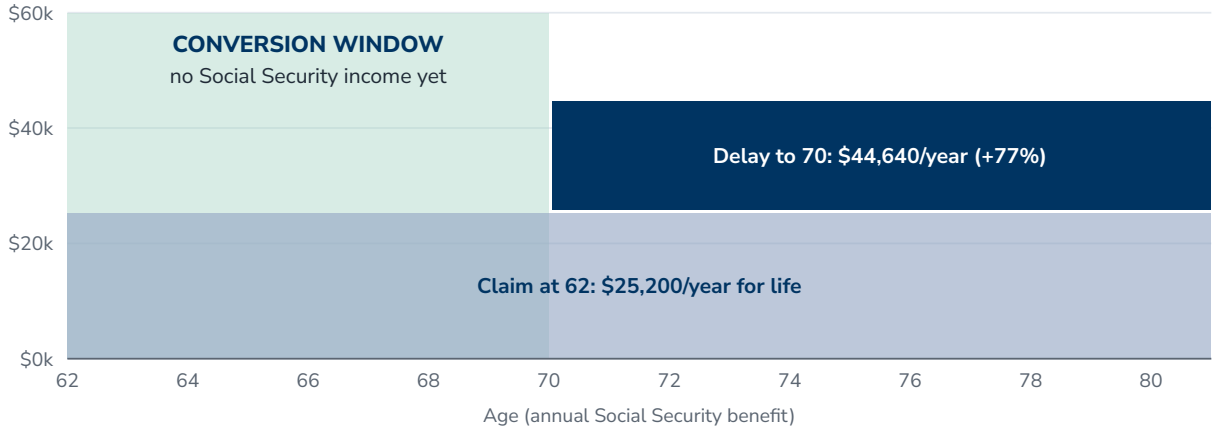
Social Security Timing

Social Security can be started as early as age 62, and the monthly benefit increases for every year of delay until age 70. For someone with a full retirement age of 67, starting at 62 reduces the benefit by 30%. Waiting until 70 increases it by 24%, or 8% for every year of delay past 67. Most people treat this as a question of how long they expect to live. It is also a Multi-Year Tax Planning question.

The years between retirement and the start of Social Security are low taxable income years. These are the years to complete Traditional IRA to Roth IRA conversions. Once Social Security begins, up to 85% of the benefit is added to taxable income and the room in the lower tax brackets shrinks. Delaying Social Security keeps that room open longer, and the conversions lower future RMDs by reducing the Traditional IRA balance before RMDs begin.

Example: *Paul (62) and Karen (61) are retired and have $1,000,000 in Traditional IRAs. Paul's Social Security benefit at full retirement age is $3,000/month. If Paul starts at 62, he receives $25,200/year. If Paul waits until 70, he receives $44,640/year for the rest of his life. For the eight years in between, Paul and Karen live off their after-tax brokerage account and convert $130,000/year from their Traditional IRAs to Roth IRAs. Assuming no other taxable income, the conversions stay within the 12% tax bracket after the standard deduction and cost about $11,200/year in federal taxes, less than 9% of the amount converted. By age 70, most of their Traditional IRA balance has been converted. Their RMDs, which begin at age 75, are small and the majority of their retirement income is tax-free Roth IRA withdrawals and Social Security.*

Delaying Social Security Opens an Eight-Year Conversion Window



Benefit amounts assume a $3,000/month benefit at full retirement age (67). Spousal benefits, survivor benefits, health, and other income sources all affect the decision.

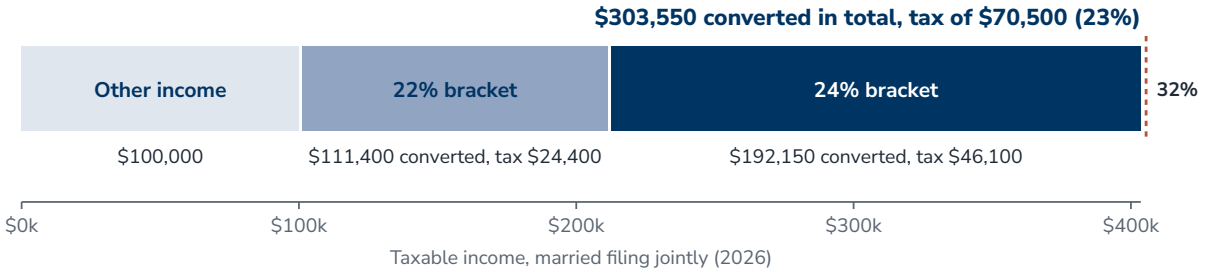
Converting into the 24% Bracket

The examples in this guide complete Traditional IRA to Roth IRA conversions up to the top of the 12% or 22% tax bracket. For investors with large Traditional IRA balances, stopping at the top of the 22% bracket is often not enough. The 24% bracket for a married couple covers taxable income from $211,400 to $403,550 in 2026 ($218,250 to $416,650 in 2027). That is nearly $200,000 of additional room at a tax rate only 2 percentage points higher.

The question is what tax rate the money will be taxed at if it is left in the Traditional IRA. For a large balance, the RMDs alone will often push a couple into the 24% bracket. A surviving spouse filing single, or a child who inherits the account, will likely pay 32% or more. In these situations, paying 24% now avoids a higher rate later.

Example: *David (65) and Ellen (64) have $3,000,000 in Traditional IRAs and $100,000 of other taxable income. If they do nothing, the Traditional IRAs grow to about $4,900,000 by age 75, when RMDs begin, and their first RMD is about $199,000. If they convert to the top of the 22% bracket ($111,400/year), the Traditional IRAs are still about $3,400,000 at age 75. If they instead convert to the top of the 24% bracket ($303,550/year), the tax on the conversion is about $70,500/year, a blended rate of 23%. After ten years, the Traditional IRAs are down to about $900,000 and the RMDs are manageable. If David passes away first, Ellen is not pushed into the 32% bracket or higher as a single filer.*

Filling the 22% Bracket vs. Filling the 24% Bracket



Assumes 5% annual growth, conversions at the start of each year, and 2026 tax brackets. Tax figures do not include Medicare premiums. Large conversions also raise income for Medicare IRMAA purposes (see page 21). The 32% bracket, which begins at $403,550 for a married couple in 2026, is usually the point to stop.

529 College Savings Contributions

When paying for future college expenses is a goal, a 529 College Savings Plan provides an excellent way to both save for college and reduce tax liability. 529 plans allow individuals to receive tax-free growth on funds used for education costs. In addition to the tax-free growth, many states provide tax incentives for individuals/families to use a 529 plan in that state. For wealthy taxpayers above the estate tax limit, 529 plans also provide a unique opportunity to remove assets from a taxable estate while still maintaining a level of long-term control.

Recent legislation has made 529 plans more flexible. Under SECURE 2.0, unused 529 funds can be rolled into a Roth IRA for the beneficiary (up to a $35,000 lifetime limit if the account has been open more than 15 years). Under OBBBA, up to $20,000 per student per year can be used for K-12 expenses beginning in 2026. New York does not treat K-12 tuition as a qualified expense, so New York residents may owe state tax on those withdrawals.



Example: *Robert (45) and Michelle (44) live in New York state and plan to pay for a portion of their children's college education costs. NY provides a state tax deduction up to $10,000 for a couple for 529 college savings plan contributions. If Robert and Michelle contribute $10,000 and are in the 6.85% state tax bracket, they will pay $685 less in state taxes. This is an advantageous incentive to save for college. In addition, if that $10,000 grows to $15,000 by the time the money is used for education expenses, the $5,000 will not have any federal or state tax requirements. In comparison, if this money was saved in an after-tax brokerage account, there would be $5,000 in realized capital gains taxed at a minimum of 15% federal and 6.85% state, costing Robert and Michelle an unnecessary extra $1,092.50 in taxes.*

State Income Tax Deductions

In addition to the federal tax system, most states have their own income taxation rules and benefits for retirees. State specific rules should be implemented to maximize after-tax retirement income.

Example: *John (62) and Jane (65) are both residents of New York state and need to take out $40,000/year from their combined Traditional IRA accounts to meet their living expenses and have no other pension income sources. Both have Traditional IRA balances of $500,000. NY has a benefit of allowing each retiree over the age of 59.5 to take out up to $20,000/year of retirement income state tax free. If John withdrew all of the $40,000 from his account, $20,000 of that money would be taxed by the state. If John and Jane each withdrew $20,000 from their respective accounts, no state tax would be owed on those distributions. Assuming John and Jane are in the 5.4% New York tax bracket for 2026, by taking distributions out of the correct accounts, John and Jane avoided $1,080 in unnecessary taxes.*

Non-Deductible IRA Contributions

When taxpayers do not qualify for deductible IRA contributions (i.e. are covered by an employer's retirement plan and surpass the income thresholds for deductibility or for Roth contributions), one tax planning technique is to make non-deductible contributions to Traditional IRAs. Although the contribution does not offer an immediate tax benefit, non-deductible contributions put into a Traditional IRA are not taxed again when withdrawn or converted, only the earnings are. For investors who do not have other pre-tax IRAs outstanding (which would make part of any conversion taxable under the IRS pro-rata rule), these funds can then be converted to a Roth IRA with little or no tax. The 2026 annual funding limit would be $7,500 for IRA contributions inclusive of Roth IRA contributions (for individuals under age 50, unchanged for 2027), but this value could be significant over time. Current contribution and income limits are listed in the appendix.



Example: *Jack (45) owns a business with the majority of his investment assets held inside the company 401(k). He maximizes contributions to his employer sponsored plan, but makes too much money to qualify for an IRA deduction or a Roth IRA contribution. His wife Jill (44) stays at home with their one daughter, Joy (18). Because he and his wife do not have any outside Traditional IRAs, they have the ability to contribute $7,500 each to a Traditional IRA without a tax deduction. At a later date, Jack and Jill could complete a Traditional IRA to Roth IRA conversion so the $7,500 contributions would not be taxed again and future growth in the Roth IRA would be tax-free.*

Funding Roth IRAs for (Grand) Children

If your children or grandchildren are not already fully funding Roth IRAs for themselves and have earned income, you can help. Annually gifting assets to maximize the child's or grandchild's Roth IRA account will allow for long-term tax-free growth. The 2026 annual funding limit would be $7,500 for Roth IRA contributions (for individuals under age 50, unchanged for 2027). Annual gifts to individuals greater than $19,000 ($20,000 in 2027) require additional tax forms and reporting.

The main requirement is that the child or grandchild has earned income from a job or self-employment at least equal to the contribution. The money contributed does not have to be their own. A grandparent can make the contribution as a gift as long as the grandchild earned at least that much during the year. Contributions can be withdrawn at any time without tax or penalty, so the account does not lock the money away.



Example: *Arun (45) and Joan (44) have one daughter, Joy (18). Joy currently works a part-time job while in college and earns over $7,500/year. Arun and Joan can gift Joy $7,500 and transfer that money into her Roth IRA to grow tax-free for the rest of Joy's life. If Joy's grandparents also want to help, they can gift Joy up to $19,000 each per year with no gift tax reporting, but Joy's Roth IRA contribution is still limited to the lesser of $7,500 or her earned income. At a 7% return, a single $7,500 contribution at age 18 grows to about $180,000 by age 65, tax-free.*

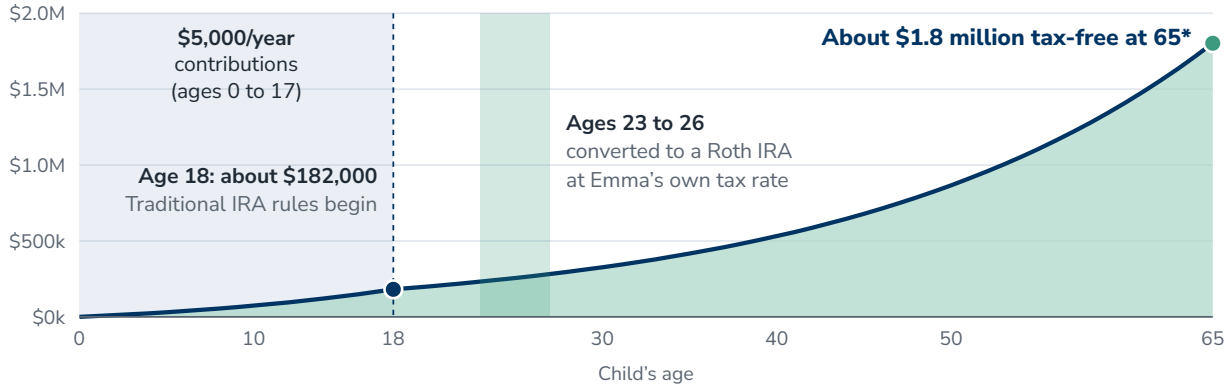
Trump Accounts for (Grand) Children

The One Big Beautiful Bill Act of 2025 created a new savings account for children called a Trump Account. A child with a Social Security number is eligible until the year they turn 18. Contributions began July 4, 2026 and are limited to $5,000 per year from family and employers combined. Unlike a Roth IRA, the child does not need earned income, so an account can be funded from birth. Children who are U.S. citizens born from 2025 through 2028 also receive a one-time $1,000 deposit from the federal government once the account is opened or claimed. Funds are invested in low-cost U.S. stock index funds and cannot be withdrawn before the year the child turns 18. From that year on, the account follows most Traditional IRA rules and can be converted to a Roth IRA.

For families with the means, a Trump Account can be used as a long-term Roth IRA for a child or grandchild. Contributions from family are made with after-tax money, so they are not taxed again when the account is converted to a Roth IRA. The growth, the $1,000 federal deposit and any employer contributions are taxable. The timing of the conversion matters. Under the "kiddie tax" rules, most of the taxable amount is taxed at the parents' tax rate while the child is 18, or a full-time student under age 24, and does not earn more than half of their own support. After that, it is taxed at the child's own tax rate, which is usually much lower.

Example: *Walter (60) and Ruth (59) contribute $5,000 per year to a Trump Account for their newborn granddaughter, Emma, through the year she turns 17. At a 7% return, the account is worth about $182,000 at age 18 and Emma leaves it invested through college. At 23, Emma is working, supports herself and earns $50,000/year. She converts the account to a Roth IRA over four years. The $90,000 of contributions is not taxed again. The growth, about $160,000 by the time the conversions are complete, is taxed at Emma's own 12% and 22% tax rates, about $29,000 in total, paid from outside the account. At a 5% return after age 18, the Roth IRA could grow to about $1.8 million by the time Emma is 65, all tax-free, for a total family outlay of about $119,000.*

A Trump Account as a Long-Term Roth IRA



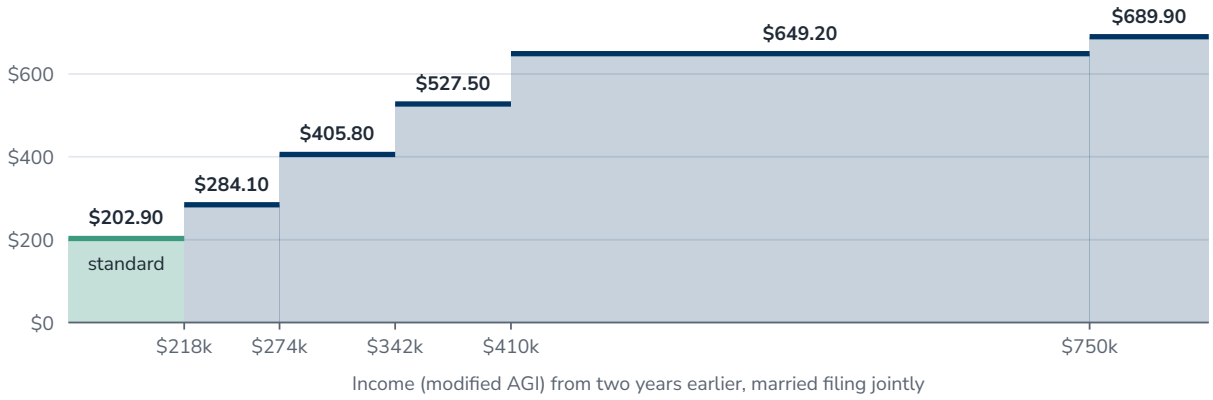
*Illustrative only. Assumes contributions at the start of each year, 7% annual growth to age 18, 5% thereafter, and 2026 single tax brackets, and does not include the $1,000 federal deposit. The kiddie tax generally applies at age 18, and through age 23 for full-time students, unless the child's earned income is more than half of their support. Detailed IRS rules on converting a Trump Account to a Roth IRA had not been issued at the time of writing.

Managing Medicare Premiums (IRMAA)

Medicare recipients with higher incomes pay an Income-Related Monthly Adjustment Amount (IRMAA), a surcharge added to Part B and Part D premiums. Two features make IRMAA important for Multi-Year Tax Planning. First, it is based on modified adjusted gross income (MAGI) from 2 years prior, so income this year sets Medicare premiums two years from now. Second, it is a cliff. Crossing a threshold by one dollar triggers the full surcharge for that tier. The years from age 63 to 65, before Medicare begins, are a good time to complete Roth IRA conversions up to, but not over, the first IRMAA threshold.

Example: *George (64) and Nancy (64) have about $150,000 of other income and want to convert $130,000 from a Traditional IRA to a Roth IRA. Done in a single year, the conversion would raise their income to about $280,000, which is over both the $218,000 and $274,000 joint thresholds. Two years later, each spouse's Part B premium would increase from $202.90 to $405.80 per month and a Part D surcharge of $37.50 per month would be added, costing the couple about $5,770 of added premiums in that year, in addition to the income tax. By splitting the conversion into two $65,000 pieces and keeping income near $215,000 each year, just under the first threshold, George and Nancy complete the same Roth IRA conversion with no IRMAA surcharge.*

2026 Medicare Part B Premium by Income Tier (Married Filing Jointly)



The standard 2026 Part B premium is $202.90/month. With the IRMAA surcharge, the premium increases in steps to $689.90/month. Part D adds a further $14.50 to $91.00/month. The income thresholds are adjusted for inflation each year, except the top threshold, which is fixed until 2028. 2027 premiums had not been published at the time of writing, so the examples in this guide use the 2026 thresholds and premiums. Source: Centers for Medicare & Medicaid Services. Tools to manage income include spreading Roth IRA conversions across years, tax-loss harvesting, and Qualified Charitable Distributions for those age 70.5 and older.

Optimize Charitable Giving

For many, charitable giving is a goal and there are several tools that can be used to maximize the after-tax value of the gift. While cash donations are the easiest to implement, optimizing large donations with the use of appreciated assets or Qualified Charitable Distributions (QCD) can provide an even greater level of benefit to the charity. Donating appreciated assets, or assets that have grown, allows tax avoidance on the gains from the sale and would also allow for an income tax deduction. Qualified Charitable Distributions send money directly from an IRA to a charity. They count toward the Required Minimum Distribution (RMD) and are not taxed (up to $111,000 per person in 2026). In addition, if an individual is in a high-income tax bracket with charitable intentions, but has not decided on a charity to support, a Donor Advised Fund (DAF) may be used. A DAF allows you to donate money in the current tax year and decide later how you would like that money to be given to charity (see next page). There are annual limits for charitable deductions so planning charitable intentions over many years can create a significant tax savings. Beginning in 2026, itemized charitable deductions are only allowed for gifts above 0.5% of AGI, and the value of the deduction is capped at 35% for taxpayers in the 37% bracket, which makes multi-year planning even more valuable.



EXAMPLE:

Alexander (66) and Gabrielle (67) are high income earners, in the 37% income tax bracket, and are considering gifting $100,000 in Apple (AAPL) stock to charity that was originally purchased for $10,000. They would like to know what the "actual cost" of the donation would be in terms of their own personal spending.

The Apple (AAPL) stock position has $90,000 in unrealized gains. If Alexander and Gabrielle were to sell this prior to gifting, they would owe taxes on that growth. The current tax law allows for donating appreciated assets without paying capital gains. Because they are in the 37% bracket, their long-term capital gains rate is 20% plus the 3.8% net investment income tax.

Capital gains tax avoided – ($100,000-$10,000) * (20% federal, 3.8% net investment income tax and 7% state) = $27,720

In addition to avoiding capital gains taxes, Alexander and Gabrielle would also get a current year tax deduction on their income tax return. There are limitations to this deduction, but for Alexander and Gabrielle, they are able to reduce their current year taxable income. Beginning in 2026, the first 0.5% of AGI given to charity is not deductible. With an AGI of $900,000, that is $4,500.

Savings from charitable income tax deduction - ($100,000-$4,500) * (35% federal and 7% state) = $40,110

Between the capital gains tax avoidance and the reduction in current year taxable income, Alexander and Gabrielle's "actual cost" of a $100,000 gift to charity is $32,170.

The example assumes Alexander and Gabrielle already itemize. State tax savings vary. New York, for example, allows only half of itemized deductions for New York AGI between $525,000 and $1,000,000, and limits them further above $1,000,000.

Donor Advised Funds

A Donor Advised Fund (DAF) is a charitable account. Contributions to a DAF are deductible in the year they are made. The money is invested and grows tax-free, and grants are sent to charities from the DAF whenever the donor chooses, this year or many years from now. For Multi-Year Tax Planning, the DAF separates the timing of the tax deduction from the timing of the gift.

This matters because most taxpayers no longer itemize. With a $32,200 standard deduction for a married couple, $20,000 of annual charitable gifts often produces little or no tax benefit. (Beginning in 2026, taxpayers who do not itemize may deduct up to $1,000 of cash gifts made directly to charities, or $2,000 for a couple. Gifts to a Donor Advised Fund do not count.) By "bunching" several years of gifts into a DAF in one year, the donor itemizes in that year and takes the standard deduction in the others. A DAF is also the easiest way to donate appreciated stock, which avoids the capital gains tax as described on the previous page. Beginning in 2026, only gifts above 0.5% of AGI are deductible for itemizers, so bunching into a single large gift is even more valuable.

Example: *Mark (58) and Lisa (57) have an AGI of $300,000 and are in the 24% tax bracket. They give $20,000/year to charity and have $12,000 of other itemized deductions, so they take the $32,200 standard deduction. Other than the $2,000 allowed for cash gifts, their giving does not reduce their taxes. This year, Mark and Lisa instead contribute $80,000 of appreciated stock to a DAF, four years of gifts at once. They itemize this year with $90,500 of deductions and take the standard deduction for the next three years. Over the four years, their deductions are about $50,000 higher and they save about $12,000 in federal taxes. They also avoid the capital gains tax on the stock. The DAF sends $20,000/year to their charities on the same schedule as before. The savings are even larger in a high-income year, such as the year a business is sold.*

Bunching Four Years of Gifts into One



Year 1 deductions: $80,000 gift plus $12,000 of other deductions, less the 0.5% of AGI floor ($1,500). Gifts of appreciated stock are deductible up to 30% of AGI. A DAF contribution is irrevocable.

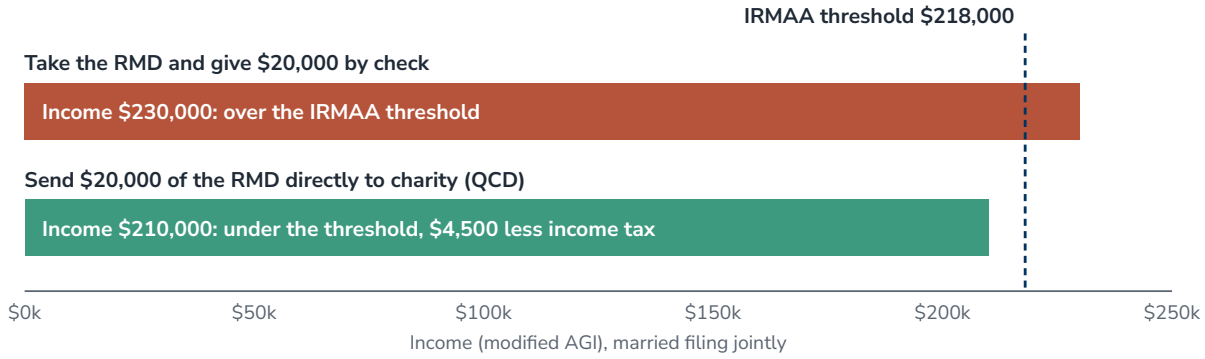
Qualified Charitable Distributions

For investors age 70.5 and older with charitable intentions, a Qualified Charitable Distribution (QCD) is usually the most tax-efficient way to give. A QCD is a direct transfer from a Traditional IRA to a charity. It counts toward the Required Minimum Distribution for the year, up to $111,000 per person in 2026 ($114,000 in 2027), and is never included in taxable income. Most retirees take the standard deduction, and for them a cash donation from a checking account is only deductible up to $1,000 ($2,000 for a couple).

Keeping the RMD out of taxable income has benefits beyond the income tax savings. Medicare IRMAA premiums, the taxable portion of Social Security, the senior bonus deduction, and the 3.8% net investment income tax are all based on income. A QCD lowers that income, which can reduce Medicare premiums and the tax on Social Security and investment income, and preserve more of the senior bonus deduction.

Example: *Frank (75) and Carol (74) take the standard deduction and give $20,000/year to their church. Their combined RMDs are $60,000 and their income is $230,000, just above the $218,000 IRMAA threshold for a married couple. If Frank sends $20,000 of his RMD directly to the church as a QCD, their taxable income drops by about $20,400 and they save about $4,500 in federal taxes. Their income also drops to $210,000, below the IRMAA threshold, saving another $2,300 in Medicare premiums two years later. The church receives the same $20,000. If Frank had written a check instead, only $2,000 of the gift would have been deductible.*

A $20,000 Gift, Two Ways



Federal tax savings: 22% of the $20,000, plus a larger senior bonus deduction at the lower income, less the $2,000 deduction for a gift by check. QCDs must go directly from the IRA custodian to the charity and cannot be made to a Donor Advised Fund. QCDs can begin at age 70.5, before RMDs are required, and reduce the IRA balance that future RMDs are based on.

Beneficiary Income Tax Rate

When considering assets that could transfer to the next generation, Multi-Year Tax Planning looks beyond the expected future tax rates for an individual/couple and examines the beneficiary's tax rates. For parents with low taxable income that have high taxable income children, it may make sense to complete Traditional IRA to Roth IRA conversions at an accelerated pace. In the opposite situation, for parents with a high taxable income that have low taxable income children, the best Multi-Year Tax Planning strategy would be to keep the assets in a Traditional IRA.

Example: *Marco (65) and Julia (68) have $1,000,000 invested in their Traditional IRA (pre-tax) that they are not planning to spend and want to give this to their children. Both children are physicians with federal taxable incomes in the 35% bracket. Marco and Julia have an income that places them in the 24% tax bracket. When Marco and Julia pass away, both children would have to withdraw the inherited income within 10 years due to the SECURE Act (see next page). This would most likely also take place in the 35% tax bracket. If Marco and Julia were to plan ahead and annually complete Traditional IRA to Roth IRA conversions, their children could inherit more after-tax money. In this scenario, Marco and Julia would owe $240,000 in taxes on converting the current $1,000,000 balance compared to their children owing $350,000 in taxes on the required Inherited IRA withdrawals. Multi-Year Tax Planning could reduce the expected future tax bill by $110,000!*

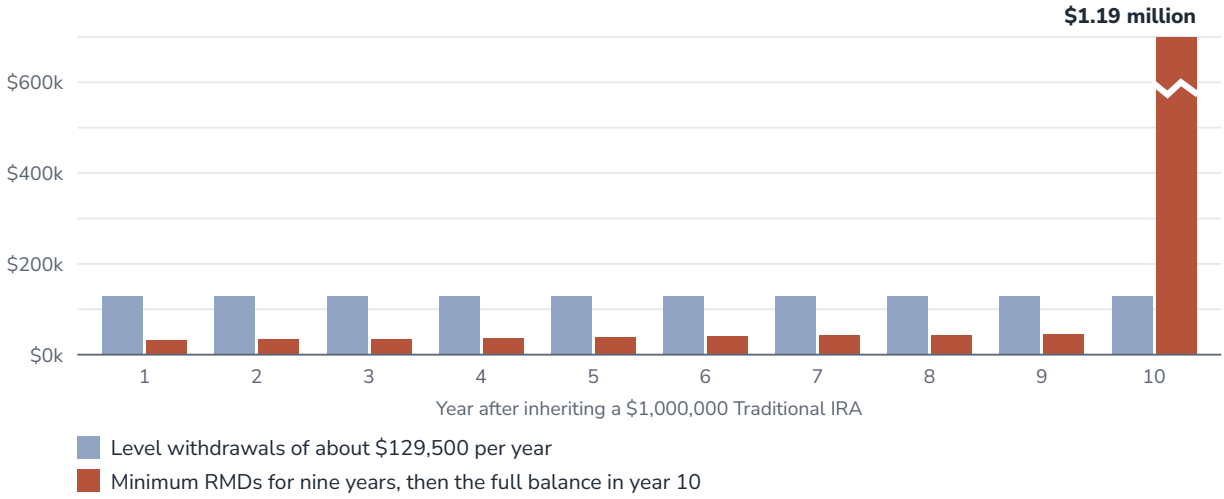
The Inherited IRA 10-Year Rule

Prior to 2020, a child who inherited a Traditional IRA could "stretch" the withdrawals over their own life expectancy, often 30 years or more. The SECURE Act eliminated the Stretch IRA for most non-spouse beneficiaries. The entire inherited IRA must now be withdrawn by the end of the 10th year following the year of the original owner's death. If the original owner had already started RMDs, the beneficiary must also take an annual RMD in years one through nine.

For most beneficiaries, the 10-year window falls during their peak earning years. A $1,000,000 Inherited IRA is added on top of a salary, not retirement income. How the withdrawals are timed within the 10 years makes a significant difference.

Example: *Sarah (52) inherits a $1,000,000 Traditional IRA from her father, who had already started RMDs. Sarah and her husband have $180,000 of taxable income and are in the 22% tax bracket. If Sarah takes only the required minimum each year, the account keeps growing and about $1,190,000 must be withdrawn in year ten. Most of that withdrawal is taxed at 35% and 37%. If Sarah instead withdraws about $129,500/year for ten years, the income stays in the 24% bracket every year. Taking level withdrawals leaves Sarah about $115,000 better off after taxes. The best result would have been for Sarah's father to convert the Traditional IRA to a Roth IRA during his own low-income years. Sarah would then inherit the account tax-free.*

Two Ways to Empty an Inherited IRA



Assumes 5% annual growth, 2026 tax brackets, and after-tax withdrawals reinvested at the same return. Surviving spouses, disabled or chronically ill beneficiaries, and beneficiaries not more than 10 years younger than the original owner are not subject to the 10-year rule. The owner's minor children are exempt until age 21, when the 10 years begin. Inherited Roth IRAs are subject to the 10-year rule, but have no annual RMDs and the withdrawals are generally tax-free.

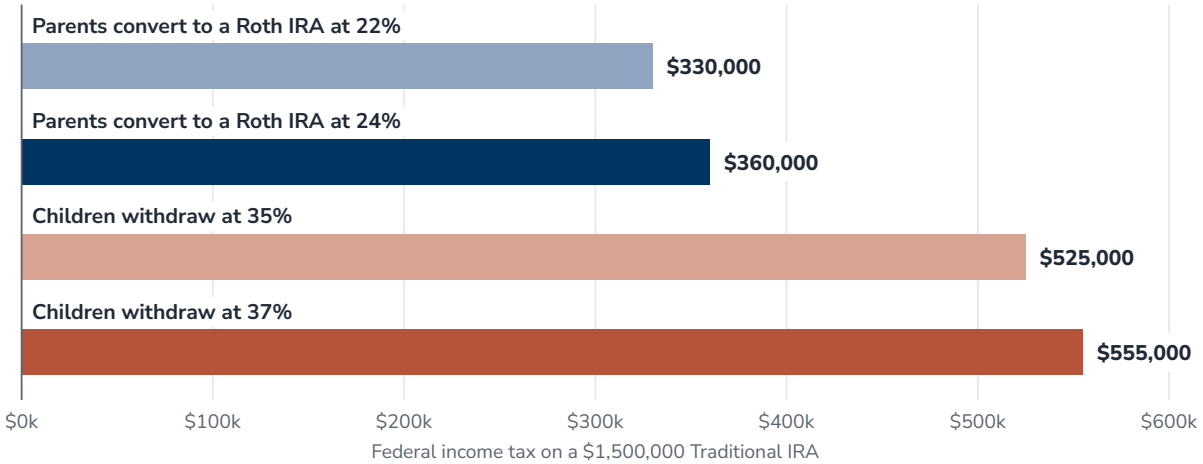
Children's Tax Rates vs. Parents' Tax Rates

For a Traditional IRA that will not be spent during the owner's lifetime, the tax rate that matters is not the parents' rate. It is the children's rate during the 10 years after they inherit the account. When the children are in a higher tax bracket than the parents, every dollar converted to a Roth IRA at the parents' rate avoids the children's higher rate later.

The number of children also matters. A Traditional IRA split between three children in the 22% bracket may be taxed at a lower rate than the parents would pay to convert it. The same IRA left to one child in the 37% bracket is a very different situation. The amount to convert each year depends on the children's tax rates, how many children there are, and the parents' life expectancy.

Example: *Richard (68) and Susan (66) have a $1,500,000 Traditional IRA they do not plan to spend. Their taxable income is $105,000, placing them in the 22% bracket. Their only child, Michael (40), is a surgeon in the 37% bracket and expects to remain there for the rest of his career. If Michael inherits the Traditional IRA, he will pay about $555,000 in federal taxes withdrawing it over 10 years. Every dollar Richard and Susan convert to a Roth IRA at 22% is a dollar Michael does not withdraw at 37%. On the full $1,500,000, that is $330,000 of tax instead of $555,000, a savings of $225,000. Converting $60,000/year keeps Richard and Susan in the 22% bracket and under the Medicare IRMAA threshold. Converting faster would use the 24% bracket, which is still well below Michael's rate. If Richard and Susan instead had three children in the 22% bracket, the conversions would save very little.*

Tax on a $1.5 Million Traditional IRA Depending on Who Pays It



Figures apply each tax rate to the current $1,500,000 balance and do not include future growth.

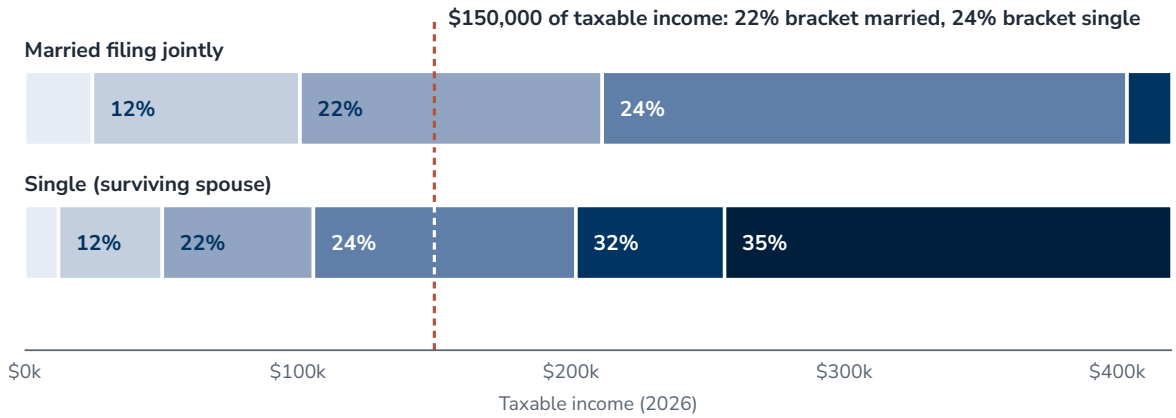
Married Filing Jointly to Single

When one spouse passes away, the surviving spouse files as a single taxpayer beginning the following year. The single tax brackets are about half the width of the married brackets, the standard deduction drops from $32,200 to $16,100, and the first Medicare IRMAA threshold drops from $218,000 to $109,000. At the same time, the surviving spouse usually keeps most of the household income: the larger Social Security benefit, the pension, and the RMDs from both Traditional IRAs. The result is more tax on less income. This is sometimes called the "widow's penalty."

For Multi-Year Tax Planning, the years while both spouses are alive are the most valuable years for Traditional IRA to Roth IRA conversions, realizing capital gains, and lifetime gifting. The married brackets are twice as wide and will not be available to the surviving spouse.

Example: *Tom (74) and Linda (72) have $190,000 of income from Social Security, a pension, and RMDs. Filing jointly, their taxable income after deductions is about $147,000. They are in the 22% bracket and pay about $21,800 in federal taxes. Tom passes away. Linda loses Tom's smaller Social Security benefit and her income drops to $170,000. Filing single, her deductions are less than half of what they were. Her taxable income is about $151,500 and she is now in the 24% bracket, paying about $29,000 in federal taxes. Linda has $20,000 less income and over $7,000 more tax. Her IRMAA threshold also dropped from $218,000 to $109,000, adding about $2,900/year in Medicare premiums. If Tom and Linda had completed Traditional IRA to Roth IRA conversions in the years before their RMDs began, Linda's RMDs would be smaller and much of her income would be tax-free.*

The Same Income, Two Sets of Tax Brackets (2026)



Deductions in the example include the standard deduction, the additional deduction for age 65+, and the senior bonus deduction, which phases out at higher incomes. A surviving spouse with a dependent child may continue to use the married brackets for two years after the year of death.

New York Estate and Gift Tax

In addition to the federal estate tax, New York has its own estate tax with much lower limits. While the federal estate tax exemption is $15 million per person in 2026 ($15.48 million in 2027), the New York exemption is only $7.35 million. New York's rules have three features that should be planned for:

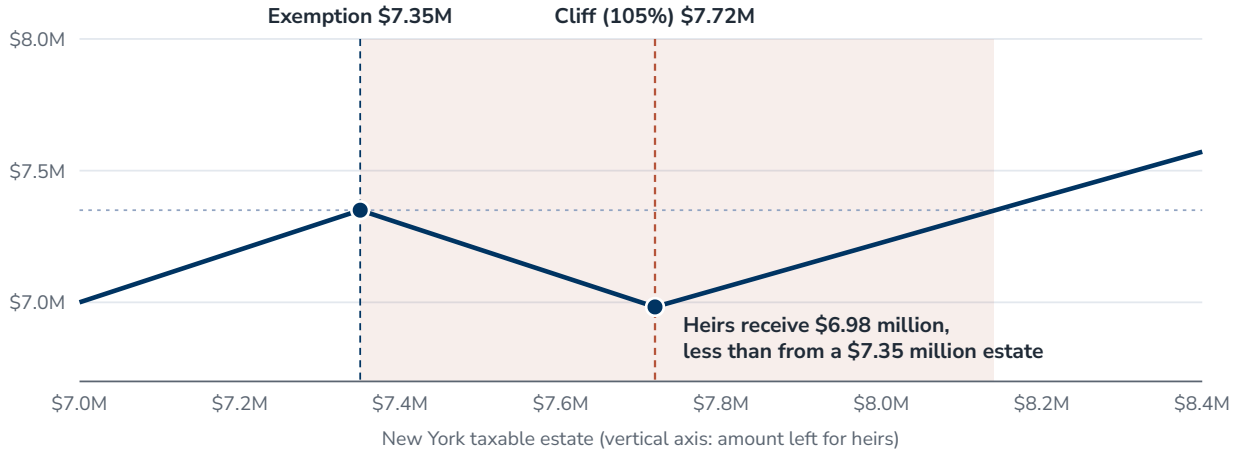
The Cliff – The New York exemption phases out as a taxable estate rises above it. Above 105% of the exemption (about $7.72 million in 2026), the exemption is lost entirely and the whole estate is taxed starting from the first dollar, at rates from 3.06% to 16%.

No Portability – Unlike the federal system, New York does not allow a surviving spouse to use a deceased spouse's unused exemption. Without a credit shelter trust, the first spouse's $7.35 million exemption is lost.

No Gift Tax, but a 3-Year Clawback – New York does not have a gift tax, so lifetime gifting can reduce a taxable estate. However, taxable gifts (those above the annual gift tax exclusion) made within three years of death are added back into the New York taxable estate.

Example: *A widower passes away in 2026 with a $7.72 million New York estate, just over the cliff. Because the estate exceeds 105% of the exemption, the entire estate is taxable, resulting in about $735,000 of New York estate tax and leaving his heirs about $6.98 million. Had his estate been $7.35 million, $370,000 smaller, it would have owed nothing and his heirs would have received the full $7.35 million. Annual exclusion gifts, larger gifts made more than three years before death, or a charitable bequest of the amount over the exemption could have eliminated the tax entirely.*

The New York Estate Tax Cliff – Net to Heirs (2026)



In the shaded zone, a larger estate can leave heirs less after tax. For married couples, a credit shelter trust preserves both spouses' exemptions (about $14.7 million combined). New York's exemption is adjusted for inflation each January.

Future Expectation of Tax Rates

The federal tax system is ever changing based on the political climate and country's needs. While future tax rates are unknown, history can serve as a guide. The Tax Cuts and Jobs Act (TCJA) reduced the federal tax rates to recent historically low levels, and the One Big Beautiful Bill Act (OBBBA) made those rates permanent. Permanent means the rates will not expire on their own, but a future Congress can still change them. Based on an individual's views of the future, it may make sense to accelerate Traditional IRA to Roth IRA conversions or shift retirement contributions to a Roth IRA/Roth 401(k) option if they believe that taxes will increase in the future.



Example: *Henrik (63) and Elna (64) are both retired and expected to be in the same tax bracket throughout retirement. They are concerned about potential future tax rate increases and are considering Traditional IRA to Roth IRA conversions with the current historically low tax rates. Currently, Henrik and Elna are in the 22% tax bracket, but feel that tax rates could go higher in the future, leaving them in a 25% tax bracket. By accelerating Roth IRA conversions on $100,000 of Traditional IRA assets, Henrik and Elna would expect a $3,000 tax avoidance if tax rates do increase. If the current tax rates remain in place, Henrik and Elna would be no better or worse off. If tax rates in the future were even lower than 22%, Henrik and Elna would have paid more taxes than needed on the conversions.*

Integrating Tax Planning into Financial Planning – We Can Help!

We hope you recognize the incredible benefits that Multi-Year Tax Planning can provide. It is important to note that because of the nuances in tax law and the ever-changing legislation, there is a fine line between optimizing tax planning and making a significant tax planning mistake. This is compounded by understanding all of the other areas of financial planning (Investment Portfolio, Risk Tolerance, Statistical Probabilities, Pensions, Social Security, Medicare Premiums, Spousal Age Differences, and more). Without detailed knowledge of tax and financial planning, we would not recommend that most people manage MYTP on their own. That's why the team at BPC Advisors is here to help you implement these Multi-Year Tax Planning techniques. Just like doctors and legal services, a properly trained and fiduciary financial advisor can work in concert with your tax professional to help achieve the optimal plan, prevent mistakes and grow your wealth.

At BPC Advisors we know that tax and financial planning is not a one-time event. As life goes on and goals or situations change, tax and financial plans change as well. We view tax and financial planning as a cyclical or iterative process. We will collaborate with you to help you maintain a healthy financial life.

This guide is for educational purposes and reflects tax law as of November 2026. It is not individualized tax, legal, or investment advice. The examples are hypothetical, do not represent actual clients, and use assumed rates of return that are not guaranteed. Figures are drawn from IRS Revenue Procedures 2025-32 and 2026-35, IRS Notices 2025-67 and 2026-66, the Centers for Medicare & Medicaid Services, the One Big Beautiful Bill Act (Pub. L. 119-21), the SECURE 2.0 Act of 2022, and the New York State Department of Taxation and Finance. Tax law changes frequently; please consult your advisor before acting.

Appendix

Current tax law summary tables with figures for the 2026 and 2027 tax years.

TABLE 1

Individual Income Tax Brackets and Rates – Taxable Income

Tax Rate	Single 2026	Single 2027	Married Filing Jointly 2026	Married Filing Jointly 2027
10%	$0 – $12,400	$0 – $12,800	$0 – $24,800	$0 – $25,600
12%	$12,400 – $50,400	$12,800 – $52,025	$24,800 – $100,800	$25,600 – $104,050
22%	$50,400 – $105,700	$52,025 – $109,125	$100,800 – $211,400	$104,050 – $218,250
24%	$105,700 – $201,775	$109,125 – $208,325	$211,400 – $403,550	$218,250 – $416,650
32%	$201,775 – $256,225	$208,325 – $264,550	$403,550 – $512,450	$416,650 – $529,100
35%	$256,225 – $640,600	$264,550 – $661,375	$512,450 – $768,700	$529,100 – $793,650
37%	Over $640,600	Over $661,375	Over $768,700	Over $793,650

Source: IRS Revenue Procedures 2025-32 and 2026-35. Rates made permanent by OBBBA (Pub. L. 119-21).

TABLE 2

Standard Deduction and Family Benefits

Provision	2026	2027
Standard deduction – single	$16,100	$16,600
Standard deduction – married filing jointly	$32,200	$33,200
Standard deduction – head of household	$24,150	$24,925
Additional standard deduction, age 65 or older (per person)	$2,050 single / $1,650 married	$2,100 single / $1,700 married
Senior bonus deduction, age 65 or older (2025–2028, per person)	Up to $6,000; phases out above $75,000 single / $150,000 joint	Unchanged
Personal and dependent exemptions	$0 (repealed)	$0 (repealed)
Child tax credit (per child)	$2,200	$2,300

Source: IRS Revenue Procedures 2025-32 and 2026-35; OBBBA (Pub. L. 119-21).

TABLE 3

Itemized Deductions

Provision	Current Law
State and local tax deduction	Capped at $40,400 in 2026 and $40,804 in 2027 (phases down above $505,000 / $510,050 of income); returns to $10,000 in 2030
Mortgage interest deduction	Interest on up to $750,000 of acquisition debt is deductible ($1,000,000 for loans before December 16, 2017)
Medical expense deduction	Out-of-pocket medical expenses in excess of 7.5% of AGI are deductible
Charitable deduction	Itemizers deduct gifts above 0.5% of AGI (cash gifts up to 60% of AGI); non-itemizers may deduct $1,000 single / $2,000 joint of cash gifts made directly to charities
Overall limit on itemized deductions	Tax benefit capped at 35% for taxpayers in the 37% bracket

Source: OBBBA (Pub. L. 119-21); IRS Revenue Procedures 2025-32 and 2026-35.

Appendix (continued)

TABLE 4

Capital Gains and AMT

Provision	2026	2027
Long-term capital gains – 0% rate for taxable income up to	$49,450 single / $98,900 joint	$51,050 single / $102,100 joint
Long-term capital gains – 15% rate for taxable income up to (20% above)	$545,500 single / $613,700 joint	$563,200 single / $633,600 joint
Net investment income tax (NIIT)	3.8% on investment income once modified AGI exceeds $200,000 single / $250,000 joint	Unchanged
AMT exemption	$90,100 single / $140,200 joint	$93,000 single / $144,700 joint

Source: IRS Revenue Procedures 2025-32 and 2026-35. NIIT thresholds are set by statute and are not indexed.

TABLE 5

Retirement and Health Savings Account Limits

Provision	2026	2027
401(k), 403(b), 457 employee contribution	$24,500	$25,500
Catch-up, age 50+ (age 60–63)	$8,000 ($11,250)	$8,500 ($11,750)
Catch-up must be Roth if prior-year wages exceed	$150,000	$155,000
Total employee and employer contributions, including individual 401(k) and SEP IRA	$72,000	$75,000
SIMPLE IRA employee contribution	$17,000	$17,500
IRA contribution, Traditional or Roth (catch-up, age 50+)	$7,500 ($1,100)	$7,500 ($1,100)
Roth IRA contribution phases out at income of	$153,000 – $168,000 single $242,000 – $252,000 joint	$158,000 – $173,000 single $250,000 – $260,000 joint
Traditional IRA deduction phases out at income of (covered by a workplace plan)	$81,000 – $91,000 single $129,000 – $149,000 joint	$83,000 – $93,000 single $133,000 – $153,000 joint
Traditional IRA deduction, not covered but spouse is	$242,000 – $252,000 joint	$250,000 – $260,000 joint
Health Savings Account contribution (catch-up, age 55+)	$4,400 self-only / $8,750 family ($1,000)	$4,500 self-only / $9,000 family ($1,000)
Qualified Charitable Distribution limit (per person)	$111,000	$114,000

Source: IRS Notices 2025-67 and 2026-66; IRS Revenue Procedures 2025-19 and 2026-24. Income is modified adjusted gross income.

Appendix (continued)

TABLE 6

Estate and Gift Tax – Federal vs. New York

Provision	Federal	New York
Estate tax exemption (per person)	$15,000,000 in 2026; $15,480,000 in 2027	$7,350,000 in 2026 (adjusted each January)
Top estate tax rate	40%	16%
Spousal portability of unused exemption	Yes	No (credit shelter trust needed)
"Cliff" over the exemption	None	Exemption phases out above $7,350,000; entire estate taxed above 105% of the exemption ($7,717,500 in 2026)
Gift tax	Unified with estate tax; annual exclusion of $19,000 in 2026 and $20,000 in 2027	None, but taxable gifts within 3 years of death are added back

Source: OBBBA (Pub. L. 119-21); IRS Revenue Procedures 2025-32 and 2026-35; N.Y. Tax Law Article 26.

TABLE 7

Medicare Part B and Part D Premiums by Income (2026)

Income two years earlier – single	Income two years earlier – married filing jointly	Part B premium per month	Part D surcharge per month
$109,000 or less	$218,000 or less	$202.90	$0
$109,000 – $137,000	$218,000 – $274,000	$284.10	$14.50
$137,000 – $171,000	$274,000 – $342,000	$405.80	$37.50
$171,000 – $205,000	$342,000 – $410,000	$527.50	$60.40
$205,000 – $500,000	$410,000 – $750,000	$649.20	$83.30
$500,000 or more	$750,000 or more	$689.90	$91.00

Source: Centers for Medicare & Medicaid Services. Premiums are per person; income is modified adjusted gross income. 2027 premiums had not been published at the time of writing.

ABOUT THIS GUIDE

Multi-Year Tax Planning is a practice of projecting future taxable income and controlling the expected tax liability to take advantage of low taxable income years. Strategic planning now can help boost your financial success and after-tax return in the critical age window of 59.5 to 73 (75 for those born in 1960 or later). It can also have a meaningful impact during other stages of life or when tax laws change.

ABOUT BPC ADVISORS

Founded in 2016, BPC Advisors is a fiduciary Registered Investment Advisory (RIA) firm dedicated to helping clients achieve financial success through comprehensive financial planning and disciplined investment management.

To learn more about BPC Advisors, visit **www.bpcadvisors.com**.

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