

Investment Year-End Tax Planning



Your Green® with
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As we end one year and begin another, there are things you need to think about doing to maximize your retirement assets, gain any available tax benefit, and/or avoid any tax penalty that may be linked to your investments. Here are some things you should consider:

IRA (Individual Retirement Account): Make sure you have maximized your IRA contributions to take advantage of the tax benefits they offer. Contributions for 2025 may be made through April 15, 2026, and contributions for 2026 may be made as early as January 1, 2026. Note: *Filing an extension on your tax return does not*

extend the deadline for making your IRA contributions.

The 2026 maximums are \$7,500 for IRA contributions for those under age 50 (\$8,600 for those 50 or older). Make sure your contribution amount takes into consideration any prior contributions you have made for the tax year 2025, so you do not exceed this maximum.

Previously, traditional IRA contributions were not permitted after RMD age. However, the SECURE Act repealed the age restriction, and now anyone with earned income can make Traditional IRA and Roth contributions at any age.

If you are eligible for an employer-sponsored retirement plan, such as a 401(k), your income may determine how much you can deduct for your IRA contribution. For 2025, these income limitations begin at \$79,000 for singles/\$126,000 for married filing jointly, increasing to \$81,000/\$129,000 in 2026. You lose the ability to deduct any portion of your IRA contribution once you reach \$89,000 single/\$146,000 joint in 2025 and \$91,000 single and \$149,000/joint in 2026. An IRA calculator to help you determine if you qualify is available under the [Resources](#) tab at [RogerSGreen.com](#).

The rules can be complex, and they change, so it is wise to contact a financial or tax professional to discuss your specific situation. We rarely recommend traditional IRA contributions if they are not fully deductible, or cannot wisely be converted to a Roth IRA.

Roth IRAs: Although there are no *immediate* tax benefits, for those who are eligible, a Roth IRA might be the way to go because it provides tax-free withdrawal of contributions later. RMDs are not required, so you can leave amounts in your Roth IRA as long as you live. Your earned income *does* impact your eligibility to contribute to a Roth.

Spousal Roth/IRAs: Many are not aware of this provision allowing a non-working spouse to contribute to a Roth IRA, based on the income of the working spouse. If you qualify, you can open a Roth IRA in your name and have your working spouse contribute to it from income/assets. The Roth IRA allows you to make withdrawals during retirement that are not subject to income taxes (if you are over age 59½ and after a five-year holding period), increasing the portion of your money you may have to live on in retirement. There are more restrictive guidelines for making the same type of Spousal contribution into a traditional IRA account, where contributions would reduce your taxable income for the tax year; and withdrawals would then be taxable as income in retirement.

Irrevocable Roth conversions: IRS guidelines allow for the irrevocable conversion of existing assets from a traditional IRA to a Roth IRA regardless of your Adjusted Gross Income. A Roth conversion can lower your future tax bill; if you anticipate higher future tax rates. Keep in mind, however, that converting normally results in a taxable event. The decision to convert can be complex, and you must consider many factors such as assumed future tax brackets, other assets available for retirement, and whether you have the assets to pay for the conversion income taxes. The decision to convert assets to a Roth is irrevocable and cannot be undone.

401(k)/403(b), most 457 Plans, and Solo K contributions: The maximum contribution is \$24,500 in 2026, up from \$23,500 in 2025. For those age 50

or older, an additional \$8,000 catch-up contribution is permitted for 2026. **Starting in 2025:** If you turn 60-63 during the calendar year, the IRS announced a “Super Catch-up” contribution limit of \$11,250 will be permitted (includes the catch-up limit for those over 50). This is in addition to the standard \$24,500 annual contribution limit. For 2026, this higher catch-up contribution limit remains \$11,250 instead of the \$8,000. Maximize your contributions, as this is how many people get started on investing for their future.

If your company matches employee contributions into your 401(k), make sure you are contributing at minimum an amount that earns you the full employer match. Failure to do so equates to refusing free money from your employer. Your 401(k) contributions, unlike IRA contributions, must be made by December 31st each year. There is a provision limiting the matching money paid by employers into the 401k for those earning higher incomes. For 2025 that income limit is \$350,000, and it is going up to \$360,000 for 2026.

SEP IRAs: For the self-employed, the amount they can save in a SEP IRA was \$70,000 in 2025 and is increasing to \$72,000 for 2026. There are income restrictions of \$350,000 for 2025 and \$360,000 for 2026 on these plans as well.

Qualified Charitable Distributions (QCDs) - You can direct money to charity from your IRA, as long as you are 70½ years old or older (*different than the RMD age*). Each eligible person can contribute up to \$108,000 in QCDs for 2025, rising to \$111,000 in 2026. If you are at the age where you must take RMDs, you can use your RMD to make QCD donations directly to your favorite charities. This allows you to satisfy your RMD requirements while also reducing the taxable amount of the IRA distribution. This may reduce your AGI and taxable income.

Required Minimum Distributions (RMDs): The age that you must begin taking RMDs is now age 73. When you reach the age of 73 you must take a Required Minimum Distribution (RMD) from impacted retirement accounts (traditional IRAs and 401k type plans) each calendar year. If you reached age 73 in 2025, the required beginning date for your first RMD is April 1, 2026. **Failure to take an RMD results in a 25% IRS excise penalty on the amount of the distribution.**

Annual Gift Tax Exclusion: The tax code allows you to gift cash or property, up to \$19,000 in 2025 and 2026, without a gift tax return or a gift tax. This exclusion can be used to help you bless others without a tax penalty. I’ve seen the joy my clients have received from helping a family member take a trip, buy their first home, renovate a home, fund an adult child’s Spousal Roth IRA, or just helping them meet their living expenses during a difficult time. Gifting limits *do not* pertain to gifts to your spouse, which are unlimited.

Gifting for Education and Medical Expenses: Unlimited gifts in the form of tuition and other qualified educational and medical expenses are permitted; *if you pay the care provider or learning institution directly.*

Because of the eligibility requirements and variables impacting many of these decisions, the input of a financial advisor and a tax professional is recommended. **To inquire about your individual situation, or about setting up an individual IRA or a 401k for your small business, please contact us at 770.931.1414 or visit our website at [RogerSGreen.com](#) for information about how to schedule a no-cost consultation.**

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