Investment Year-End Tax Planning



Your Green® with
Roger Green, MSFS, CFP©

As we change years, there are things you need to do to maximize your retirement assets, gain tax benefits and/or avoid investment tax penalties. Here are a few:

IRA (Individual Retirement Account): Make sure you have maximized your IRA contributions to take advantage of the tax benefits they offer. Make contributions for 2026 through April 15, 2027, and contributions for 2027 as early as January 1, 2027. Note: *Filing an extension on your tax return does not extend the deadline for your IRA contributions.*

The 2027 maximums remain $7,500 for IRA contributions for those under age 50 ($8,600 for those 50 or older). If you make periodic contributions during the year, make sure you don't exceed the maximums. **Previously, traditional IRA contributions were not permitted after RMD age. That changed, and now anyone with earned income can make Traditional IRA and Roth contributions at any age.** If eligible for an employer-sponsored retirement plan, such as a 401(k), your income determines how much you can deduct for your IRA contribution. For 2026, these income limitations begin at $81,000 for singles/$129,000 for married filing jointly, increasing to $83,000/$133,000 in 2027. You lose the ability to deduct any portion of your IRA contribution once you reach $91,000 single/$149,000 joint in 2026 and $93,000 single/$153,000 joint in 2027. An IRA calculator to help you determine if you qualify is available under the Resources tab at RogerSGreen.com. 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 that a non-working spouse can 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 from income/assets. The Roth IRA allows for withdrawals during retirement that are not subject to income taxes (if over age 59½ and after a 5-year holding period). There are more restrictive guidelines for making a Spousal contribution into a traditional IRA account; where contributions would reduce your taxable income for the current tax year; with withdrawals then taxable as income in retirement.

Irrevocable Roth conversions: IRS guidelines allow for the irrevocable (cannot be undone) 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; however, converting may result in added taxes in the year of conversion. The decision to convert can be complex, and you must consider many factors such as current and assumed future tax brackets, other assets available for retirement, and whether you have the money to pay any conversion income taxes.

401(k)/403(b), most 457 Plans, and Solo K contributions: Maximize your contributions, as this is how many people get started on investing for their future. **Make sure you are contributing *at minimum an amount that earns you the full employer match, if available*. Failure to do so is 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 2026 that income limit is $360,000, increasing to $375,000 for 2027.

401k/403b/some 457/Solo K Plans Maximum Contributions			
Under 50		Age 50+ Catch-Up	Turn 60-63 Super Catch-Up
2026	$24,500	$24,500 + $8,000 **$32,500**	$24,500 + $11,250 **$35,750**
2027	$25,500	$25,500 + $8,500 **$34,000**	$25,500 + $11,750 **$37,250**

SEP IRAs: For the self-employed, the contribution max in a SEP IRA is $72,000 in 2026, increasing to $75,000 for 2027. There are income restrictions of $360,000 for 2026 and $375,000 for 2027 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 $111,000 in QCDs for 2026, rising to $114,000 in 2027. 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, and that lower AGI may even impact your Medicare premiums.

Required Minimum Distributions (RMDs): 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 2026, the required beginning date for your first RMD is April 1, 2027. **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 2026 and $20,000 in 2027, 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/renovate a home, fund an adult child's Spousal Roth IRA, or just helping them meet their living expenses. 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, and changes to the rules over time, the input of a financial advisor and a tax professional is recommended. **To inquire about your situation, or about setting up an individual IRA or a 401k for your small business, call us at 770.931.1414 or visit www.RogerSGreen.com for information about how to schedule a no-cost consultation.**

This information is not intended to be tax or legal advice, and it may not be relied upon to avoid any federal or state tax penalties. Roger S. Green is an Investment Advisor Representative offering securities and advisory services through Cetera Advisors LLC, a Registered Investment Advisor and Broker/Dealer, member FINRA, SIPC. Cetera is under separate ownership than any named entity. Since 1997, Roger's office has been located at 3700 Crestwood Parkway, Suite 140, Duluth, GA 30096.