

A Complimentary Financial Guide

Tax Planning Guide

Your Roadmap to Reduced Taxes
This Year and in the Future



Sneller
Financial
Services, LLC.

Introduction

After the many changes to the financial landscape that came over the last few years, filing your taxes this year could be complicated. Maybe you stopped working, realized investment losses, created an estate plan, or went from itemizing to claiming the standard deduction or vice versa. There are many factors that can impact how your tax level may change and if you need to rethink your tax strategy.

We believe it's important that you look to employ "tax diversity" in your retirement plan. Different types of investments can impact your taxes differently. Having accounts that receive varying tax treatments is a key strategy. You should work with a qualified professional to help determine exactly how much you should have in each tax "bucket" to help minimize your overall tax burden in retirement.

While the tax code can be incredibly complex, you still need to stick to the basics when it comes to filing and preparing your tax returns. So, here are our 5 tips to help you better prepare for tax filing this year.

5 Helpful Tax Planning Tips

1. Get Organized and Prepare to File Last Year's Taxes
2. Understand Your Income Tax Brackets
3. Know What Deductions You Could Claim
4. Ways to Reduce Taxes and Avoid Penalties
5. Learn Strategies to Help Lower Your Tax Bill

1. Get Organized and Prepare to File Your Taxes

This may seem like a no-brainer, but the sooner you get your W-2, receipts, and other information together, the easier the process will be. Make sure you take into account home improvements, charitable donations, business expenses, and many other expenditures that could qualify you for a lower tax level. A Certified Public Accountant (CPA) will be able to help you with your individual tax situation.

Know Your Tax Terms

First, you'll want to make sure you understand what some of the basic tax terms really mean, such as tax credits, tax deductions, tax deferrals, and the term "tax-free."

A tax credit is a dollar-for-dollar benefit that you can subtract from your tax liability directly. If you generate more tax credits than your tax bill, you'll see a refund check.¹

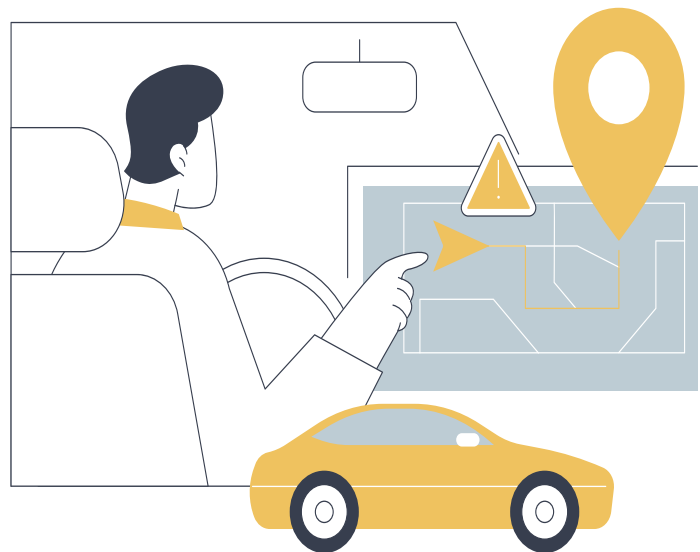
A tax deduction is usually referred to as a deduction from the source your tax is calculated from. So, an expense tax deduction refers to the ability to exempt an expense from the sales tax, therefore reducing your tax burden.²

Tax deferrals are taxes that you push to a later year. You may see these with accounts like a 401(k), where you pay taxes on your contributions or withdrawals at a later date.³

Tax-free means you owe no tax on the referenced expense or financial action.⁴

Be Safe and Secure

The last part of the organization process includes certain precautionary safety measures. Tax identity theft is a significant threat and has been at the forefront of our minds, given the recent security breaches and cyberattacks of major commercial organizations. Online tax filings allow for greater convenience but also leave us more vulnerable to Cybersecurity threats if we're not careful. You are likely being targeted for a scam or hack if you receive a notice or letter regarding a tax return, tax bill, or income that does not apply to you, or if you get an unsolicited email or call asking for your bank account number, Social Security number, or other personal information or documents. Be cautious if you receive a spam robocall insisting that you must call back and settle your tax bill. The IRS does not demand immediate payment over the phone, threaten to arrest you or demand your personal information, including credit, debit, or bank account numbers.⁵



2. Understand Your Income Tax Brackets⁶

There are no structural changes to the tax brackets this year. There are still seven tax brackets, and the seven marginal tax rates—10%, 12%, 22%, 24%, 32%, 35%, and 37%—remain unchanged.

However, the income ranges for each bracket have been adjusted for inflation. So, with that in mind, here’s a guide for this year’s tax brackets:

Figure 1. 2026 Tax Bracket

Tax Rate	Single Filers	Married Filing Jointly
10%	\$0 - \$12,400	\$0 - \$24,800
12%	\$12,401 - \$50,400	\$24,801 - \$100,800
22%	\$50,401 - \$105,700	\$100,801 - \$211,400
24%	\$105,701 - \$201,775	\$211,401 - \$403,550
32%	\$201,776 - \$256,225	\$403,551 - \$512,450
35%	\$256,226 - \$640,600	\$512,451 - \$768,700
37%	\$640,601+	\$768,701+

Tax Rate	Married Filing Separately	Head of Household
10%	\$0 - \$12,400	\$0 - \$17,700
12%	\$12,401 - \$50,400	\$17,001 - \$67,450
22%	\$50,401 - \$105,700	\$67,451 - \$105,700
24%	\$105,701 - \$201,775	\$105,701 - \$201,750
32%	\$201,776 - \$256,225	\$201,751 - \$256,200
35%	\$256,226 - \$384,350	\$256,201 - \$640,600
37%	\$384,351+	\$640,601+

Figure 2. 2025 Tax Bracket

Tax Rate	Single Filers	Married Filing Jointly
10%	\$0 - \$11,925	\$0 - \$23,850
12%	\$11,926 - \$48,475	\$23,851 - \$96,950
22%	\$48,476 - \$103,350	\$96,951 - \$206,700
24%	\$103,351 - \$197,300	\$206,701 - \$394,600
32%	\$197,301 - \$250,525	\$394,601 - \$501,050
35%	\$250,526 - \$626,350	\$501,051 - \$751,600
37%	\$626,351+	\$751,601+

Tax Rate	Married Filing Separately	Head of Household
10%	\$0 - \$11,925	\$0 - \$17,000
12%	\$11,926 - \$48,475	\$17,001 - \$64,850
22%	\$48,476 - \$103,350	\$64,851 - \$103,350
24%	\$103,351 - \$197,300	\$103,351 - \$197,300
32%	\$197,301 - \$250,525	\$197,301 - \$250,500
35%	\$250,526 - \$375,800	\$250,501 - \$626,350
37%	\$375,801+	\$626,350+

Finally, a few types of income, particularly qualified dividends and long-term capital gains, are taxed according to capital gains rates: 0%, 15%, and 20%. And for high-income taxpayers, an additional Net Investment Income Tax (NIIT) may be applied to certain portions of their income. Similar to the income tax, the capital gains tax is applied progressively, but it includes a

few distinct factors, such as your income level, your profit from the sale, or how long you held the investment, and it may not even apply to certain types of earnings from an investment. As such, there are various tax strategies and timelines to consider when it comes to what you do with your investments, when and how to sell them, and how you manage your capital gains taxes.⁷

Talk to your financial professional for more information on how your assets can be strategized to reduce your capital gains taxes.

3. Know What Deductions You Could Claim⁸

Standard deductions are a segment of income that is tax-exempt and can be utilized to decrease your tax liability. If you opt not to itemize your taxes, you can claim the standard deduction by using a Schedule A of Form 1040. However, the standard deduction amounts vary based on your tax filing status, your age, your disability status, or if you're claimed as a dependent on another individual's tax return. Here are the standard deduction amounts for 2026:

Figure 3. 2026 Standard Tax Deductions

Single	Married Filing Separately	Married Filing Jointly	Head of Household
\$16,100	\$16,100	\$32,200	\$24,150
NEW Senior Single		NEW Senior Married Filing Jointly	
\$6,000		\$12,000	

Note: This deduction is added to your existing deduction and is slated to be in effect until 2028.

Note on Itemized Deductions

A taxpayer must choose either the itemized deduction or the standard deduction. They cannot elect to take both. Itemized deductions can help some people lower their tax bill, but in order for it to be lower than the standard deduction, they have to have careful knowledge of the current year's itemized deductions and properly file them. A tax and financial professional may have the necessary knowledge to help you choose whether to itemize or go for the standard deduction. Itemized deductions include several categories, like medical expenses, mortgage interest, and charitable donations. Other common itemized deductions include state income taxes, local income taxes, personal property taxes, and disaster losses. Itemizing most often makes sense for higher-income earners who also have many large expenses to deduct.⁹

Note on Deductions for the Self-Employed¹⁰

While deductions for small businesses and the self-employed have existed for a while, the One Big Beautiful Bill Act (OBBBA) introduces substantial and lasting tax benefits for self-employed individuals and small businesses. The OBBBA makes the popular Qualified Business Income deduction permanent and enhances a key provision that allows businesses to immediately deduct the cost of new equipment. Furthermore, it restores a valuable 100% immediate deduction for qualifying asset purchases. In a move to specifically help workers in service industries, the bill introduces a temporary deduction for tip income that also exempts those tips from self-employment taxes. Finally, the OBBBA reduces the administrative burden by significantly raising the required reporting thresholds for several common tax forms used for contractor and payment reporting.

4. Ways to Reduce Taxes and Avoid Penalties

The tax code has several rules that can make it complicated to decipher how your retirement savings will be taxed. To help avoid these common mistakes, it is important to discuss your options with a qualified tax professional.

RMDs or Required Minimum Distributions¹¹

Tax-deferred retirement accounts can be a useful tool at investors' disposal, but you can't let your money grow forever without incurring penalties. To avoid penalties, you have to follow the Required Minimum Distribution (RMD) rule, which is an IRS rule that says you need to start taking distributions from certain retirement accounts beginning at age 70 ½, 72, or 73, depending on how old you were when the SECURE Act of 2019 or the SECURE Act 2.0 of 2022 was instituted.

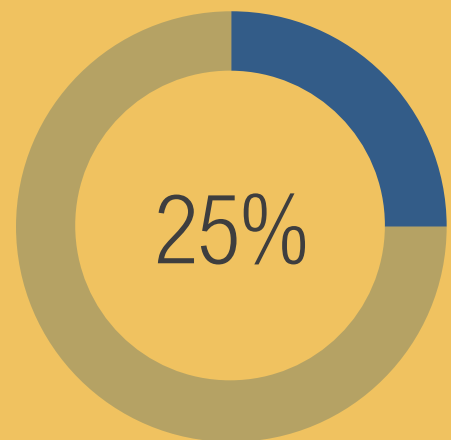
An RMD is a certain amount of money that the government requires you to withdraw from a 403(b), SEP IRA, 457(b), or traditional IRA every year. Even if you don't want or need the money, you are required to take it, or else the IRS can take 25% of what you were supposed to withdraw. The pre-tax money you put away over your career must be withdrawn and is thus subject to tax. The government has a specific method of calculating how much you must withdraw every year.



Figure 2. Required Minimum Distribution Table¹²

Age	Distribution Period in Years	Age	Distribution Period in Years
73	26.5	97	7.8
74	25.5	98	7.3
75	24.6	99	6.8
76	23.7	100	6.4
77	22.9	101	6.0
78	22.0	102	5.6
79	21.1	103	5.2
80	20.2	104	4.9
81	19.4	105	4.6
82	18.5	106	4.3
83	17.7	107	4.1
84	16.8	108	3.9
85	16.0	109	3.7
86	15.2	110	3.5
87	14.4	111	3.4
88	13.7	112	3.3
89	12.9	113	3.1
90	12.2	114	3.0
91	11.5	115	2.9
92	10.8	116	2.8
93	10.1	117	2.7
94	9.5	118	2.5
95	8.9	119	2.3
96	8.4	120 and over	2.0

RMDs can be calculated by taking the previous year-end value and dividing it by the distribution period associated with your age. Your first RMD is due by April 1st of the year after you turn 73 (or 72 if you turned 72 before December 31st of 2022). So, if you turned 73 in 2025, you won't need to take your first RMD until April 1st, 2026. Keep in mind that by pushing back the first RMD, you could end up having to take two RMDs in one year, since all RMDs after the first are due by December 31st. This could mean you'll have to withdraw more than you want, potentially resulting in a higher tax burden.



Even if you don't want or need the money, you are required to take it, or else the IRS can take 25% of what you were supposed to withdraw.

Qualified Charitable Distributions (QCDs)¹³

A QCD is a direct, tax-free donation made from your retirement account to a qualified charity. This option is available to individuals who are age 70 ½ or older. Making QCDs may help you lower your tax burden if your RMDs force you to take more taxable income than you wanted. QCDs work by transferring funds directly from your retirement account custodian to a qualified charity, and these can be counted towards satisfying your RMD. The amount donated is not subject to federal income taxes and is excluded from your taxable income. This can help reduce your taxable income and potentially lower your overall federal tax bill.

Making QCDs

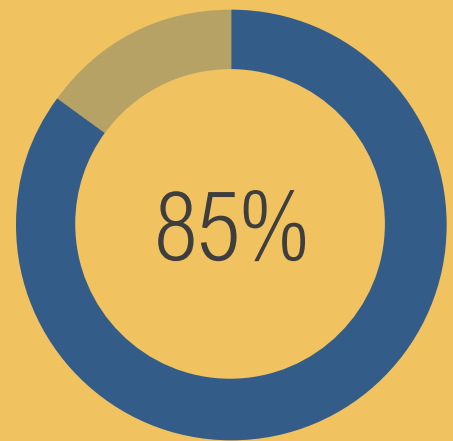
Even without RMDs, QCDs can help you donate to causes you care about while effectively lowering your tax burden through charitable giving deductions. However, you must also choose to itemize your deductions to be able to claim charitable gifts as tax-deductible.

It's important to note that there is a maximum annual limit of \$100,000 for QCDs, and they cannot be claimed as itemized charitable deductions. The key is that the money must go directly from the retirement account to the charity; it can't be withdrawn and then donated.

Social Security Benefits

People tend to think of Social Security as a simple, easy retirement income solution that can solve their income needs without question because it's a benefit you receive every month from the government. They also think that because it comes from the government, it's non-taxable. But did you know that your Social Security benefit is taxable? Up to 85% of it can be subject to your regular income tax rate!

The Social Security tax laws can be confusing, and they depend on your age, income, and other factors. You can avoid a lot of these taxes by adjusting your income and your cash flow from other income sources so that you can cover your costs, but don't end up counting more than you need as taxable income. So, by adjusting what you receive from your sources of taxable income, you can minimize the amount of taxes that you would owe on your Social Security benefits.¹⁴



Up to 85% of your Social Security benefit can be subject to your regular income tax rate.

Converting a Traditional IRA to Roth IRA¹⁵

Roth IRAs can be a unique and powerful way to save for retirement. You pay taxes upfront on a Roth IRA. After that, all growth and withdrawals are tax-free. As such, you can save on your future tax burden by converting to a Roth IRA from a traditional IRA and paying the taxes owed at the time of conversion. However, there are limitations to Roth accounts that introduce risks worthy of considering before undergoing the conversion.

The Complexity of a Roth Conversion

People who earn over a certain amount aren't allowed to make regular contributions to Roth IRAs. If you think tax-free income in retirement would be important to you, but you make too much to open a Roth, you might want to consider what's called a backdoor Roth conversion. With this strategy, you will be able to contribute to a traditional IRA and convert the funds over to a Roth after. While you'll still have to pay taxes when withdrawing from a traditional IRA, you will be paying them now, rather than at your tax rates of the future, allowing you to benefit from tax-free growth and the historically low rates of today.

This strategy can be complex, so the guidance of a financial or tax professional can help you execute this strategy properly.

5. Learn Strategies to Help Lower Your Tax Bill

Taxes are one of the biggest expenses retirees face today. There are investment options that may help reduce your tax burden without hindering your overall financial situation.

Max Out Your Retirement Accounts

If you're in your pre-retirement years, maxing out your retirement account can not only help to grow your investments but can also help to reduce your tax burden. This is because your traditional retirement accounts are funded with pre-tax dollars that, in turn, decrease your taxable income for the year you make contributions. For Roth accounts, you pay taxes now, so you don't pay them later. Either way, contributing as much as you can budget for, given your other financial and retirement goals, can help you lower your tax burdens at some point.

But be careful not to withdraw early from your accounts as the amount you withdraw will become part of your taxable income, and there could be additional taxes and penalties to pay if you withdraw early. Withdrawing before you reach the age of 59 ½ is considered an early withdrawal and may trigger a penalty of 10% of the amount you withdraw. If you're in your pre-retirement years, it may not make sense for you to contribute to a retirement account for financial goals that require you to withdraw funds early due to this penalty.¹⁶

Charitable Giving Strategies

Donating Stock

If there's a charitable cause you feel strongly about, then you can do more than gift cash; you can gift assets such as stocks, and this will provide you with a tax benefit as well. For the short term—where you hold the asset in question for less than a year—you can receive a full tax deduction for the amount you paid on the asset, but not your additional investment gains. However, if you hold your asset for a full year, you can deduct the fair market value, including gains, as of the date the gift was made. Note, you must choose to itemize deductions to use these giving strategies.¹⁷

Tax-Loss Harvesting

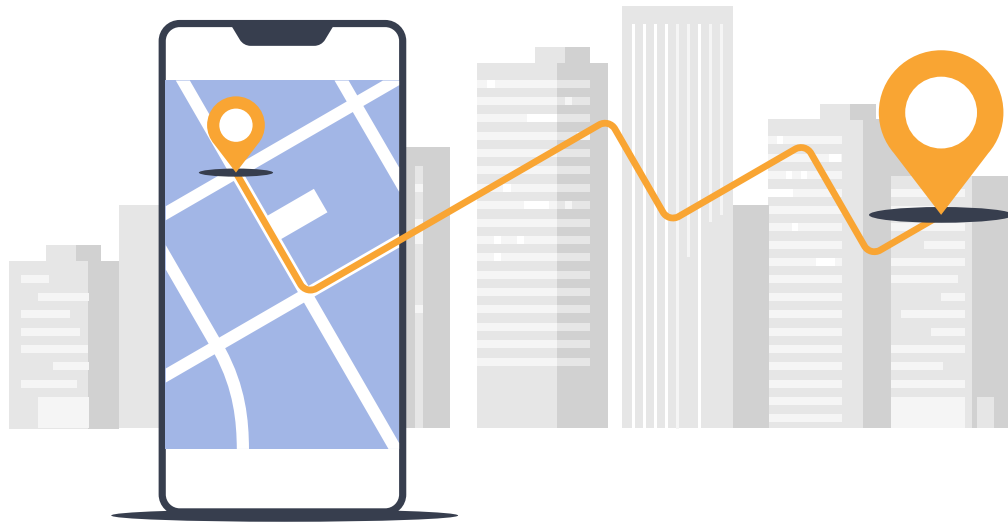
Tax-loss harvesting is a strategy aimed at timing the sale (and often repurchase) of assets so that you can claim investment losses as a tax deferral even if you choose the standard deduction. This strategy allows you to defer tax on realized investment losses, delay payment on the gains and pay a similar total tax bill, but at a later date. The result is you can earn a return on the money you would have paid in tax as you keep it for longer. In essence, you delay paying your tax bill by making sure you realize your investment losses quickly but cash out your gains more slowly. Note that you may only deduct up to \$3,000 of losses from your taxable income per year. However, you can carry over any excess loss to later years.¹⁸

In addition, you can also abide by the wash-sale rule which allows you to realize investment loss by waiting 30 days from the sale and then repurchasing the same or similar asset to benefit from an asset price rebound in the future. Essentially, this allows you to claim investment loss for that year but at the same time reinvest the money from the sale into the same or a similar asset to benefit from growth in the future.¹⁹

Estate Tax Planning ²⁰

For this year, the federal estate tax exemption level increased to \$15 million, or \$30 million for a married couple. This tax is imposed either after passing or if you've gifted part of your estate during your lifetime. After hitting the federal estate tax exemption limit, you're subject to a marginal tax from 18% to 40% depending on how much more valuable your estate is beyond your exemption amount. Values are subject to taxation based on the total value of the estate that was gifted either during your lifetime or at death. However, many states impose their own estate taxes and exemption levels at their own marginal rate system, so check your state's estate tax laws and consult with a professional familiar with your state's laws before executing a strategy.

There's another rule called the annual gift tax exemption, which for 2026 is \$19,000. This rule allows you to gift assets up to that limit without dipping into your lifetime federal estate tax exemption amount.



Summary: Retirement Tax Changes and the Impact of the OBBBA²¹

The OBBBA, a sweeping bill passed in 2025, significantly impacts taxes for many retirees, primarily through the introduction of a temporary Senior Bonus Deduction and a temporary change to the State and Local Tax (SALT) deduction. This deduction aims to eliminate or reduce federal tax on Social Security benefits for low- and middle-income seniors below certain Modified Adjusted Gross Income (MAGI) thresholds. Separately, it temporarily raises the cap on the SALT deduction from \$10,000 to \$40,000 (\$40,400 in 2026) for taxpayers whose MAGI is below \$500,000. This tax relief is not universal, as high-income retirees may not qualify for the deductions, and the bill's significant cuts to programs like Medicaid and Supplemental Nutrition Assistance Program may negatively impact lower-income retirees who rely on these benefits.

The bill's impact on the overall economy and the government/market is multifaceted and debated. In the short run (2025 through 2027), the tax cuts and certain spending provisions are projected to provide a small boost to real Gross Domestic Product growth by stimulating aggregate demand. However, the bill is expected to significantly increase the federal deficit and national debt by trillions of dollars over the next decade due to permanently extending corporate tax cuts, adding the new temporary deductions and increasing defense spending, while cuts to social programs are not enough to cover the loss in revenue. This projected increase in debt could lead to inflation, or higher interest rates and subsequent crowding out of private investment over the long run. This could ultimately slow future economic growth. For specific markets, the OBBBA is expected to deliver short-term gains for the fossil fuel and defense industries.²²

When it comes to retirement planning, the long term is what you strategize for. Just because there may be short-term benefits now doesn't mean there can't be shortfalls later, whether in your own financial strategy or the broader market and economy. That's why it's crucial to consider a plan that's designed to support your retirement for both the short and long term.



Conclusion

Consider managing your tax and overall financial situation as if you are the Chief Executive Officer of the “YOU Corporation.” This doesn’t mean that you’d act as your own financial advisor, but your role is to be active in steering your financial ship, choosing the qualified, trusted professionals worthy of being in your C-Suite. Solidifying your involvement in your finances picking your team is the first step in taking control of your financial future.

No matter what lies ahead of you in retirement, discussing specific tax strategies with your financial professional can help provide clarity and present new opportunities. What’s more, there may be adverse implications for your financial health if your tax situation is not understood or planned for properly.

We know that taxes can be confusing. That’s why we’re available to help you uncover long-term strategies for tax minimization regarding your Social Security benefits, retirement, investments, and overall financial strategy. We’ll work with you to help you better understand the new tax laws and how they may impact your individual situation.

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Additional IRS Website Links, Charts, Calculators, etc.

IRS Withholding Calculator

<https://www.irs.gov/individuals/irs-withholding-calculator>

Retirement Topics - Required Minimum Distributions (RMDs)

<https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds>

Estate and Gift Tax FAQs

<https://www.irs.gov/newsroom/estate-and-gift-tax-faqs>

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- [22] <https://www.cbo.gov/publication/61570>

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