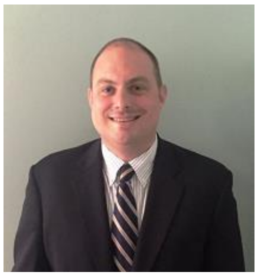

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Spring is here once again, though in some places it already feels like summer. Tax season is also upon us. This is a good time to review your current portfolio to make sure it still aligns with your goals. We are available for in-person, phone, or online meetings. Until then, we hope you enjoy the longer days and shorter nights of spring.

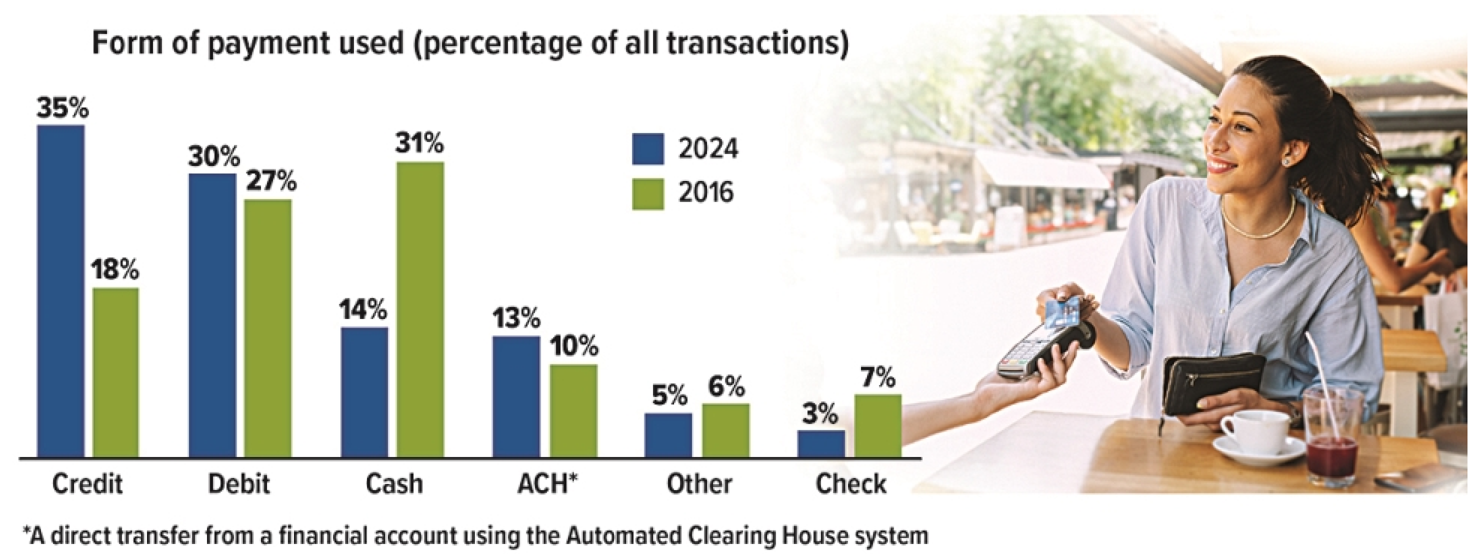
Matt & Karisa

"If you don't have time to do it right, when will you have time to do it over?" – John Wooden

Cash or Credit? How Consumers Pay Today

A survey of consumer payment preferences found that credit cards are now used for 35% of all payments, a 17 percentage-point increase since 2016. Consumers are increasingly shopping, paying bills, and making person-to-person payments remotely, and 78% of respondents said they preferred using a credit or debit card even for in-person payments.

Although cash is no longer king, demand for it remains, especially for in-person purchases under $25. The survey found that for small purchases it was equally likely that consumers would choose paying by credit card, debit card, or cash, and 83% of people surveyed said they had used cash in the previous 30 days.



Source: Federal Reserve, 2025

Key Tax Law Changes to Higher Education Coming Soon

The One Big Beautiful Bill Act (OBBBA), signed into law in July 2025, includes many provisions that affect higher education. Here are some key changes and the implications for students, parents, and colleges.

New borrowing limits and payment pause rules

Parent PLUS Loans. Starting July 1, 2026, Parent PLUS Loans will have a $20,000 annual limit and a $65,000 total limit per dependent student. (Currently, parents can borrow up to the full out-of-pocket cost of their child's undergraduate education.) There is a grace period for parents of undergraduate students who are currently borrowing under this program.

Grad PLUS Loans. Starting July 1, 2026, the Grad PLUS Program will be eliminated. It will be replaced by new graduate loans under the existing Direct Loan Program, with new loan limits: $20,500 per year and $100,000 total for graduate students and $50,000 per year and $200,000 total for professional students (these limits do not include undergraduate loans). There is a grace period for students who are currently borrowing under this program.

Direct Loans. Starting July 1, 2026, there will be a new lifetime student loan borrowing cap of $257,500. This limit applies to undergraduate and graduate loans, not Parent PLUS Loans. Also, starting July 1, 2027, the economic hardship and unemployment deferments will be eliminated, and a forbearance (a payment pause due to short-term financial difficulty) will be limited to a single nine-month pause every 24 months.

New student loan repayment plans

OBBBA significantly alters the landscape of federal student loan repayment programs. The Saving on a Valuable Education (SAVE) Plan, the Pay As You Earn (PAYE) Plan, and the Income-Contingent Repayment (ICR) Plan will be phased out and eliminated by July 1, 2028. Borrowers currently enrolled in one of these repayment plans must transition to a new plan by July 1, 2028.

In addition, the legislation creates two new repayment plans as of July 1, 2026: the Standard Repayment Plan and the Repayment Assistance Plan.

Standard Repayment Plan. In the past, fixed monthly payments were spread over 10 years. Under the new Standard Repayment Plan, the amount of time a borrower has to repay a student loan depends on the loan balance:

- Less than $25,000 — 10 years
- $25,000 to less than $50,000 — 15 years
- $50,000 to less than $100,000 — 20 years
- $100,000 and over — 25 years

Repayment Assistance Plan. The Repayment Assistance Plan (RAP) is a new income-based repayment (IBR) plan that sets monthly loan payments as a percentage of a borrower's adjusted gross income (AGI). This plan is only available to undergraduate and graduate students, not parents. After 30 years of on-time payments, all remaining debt is forgiven. (Current federal IBR plans forgive remaining debt after 20 or 25 years.) A bright spot: payments are applied first to interest, then to fees, then to principal, and if the required payment is less than any new interest that accrues, the extra interest is waived.

For married borrowers who file a joint federal income tax return, their joint AGI is used. And the monthly payment will be reduced by $50 for each dependent listed on a borrower's federal income tax return.

Repayment Assistance Plan: Monthly Payments Based on AGI

$10,000 or less AGI — $10	$30,001 to $40,000 AGI — 3%	$70,001 to $80,000 AGI — 7%
$10,001 to $20,000 AGI — 1%	$40,001 to $50,000 AGI — 4%	$80,001 to $90,000 AGI — 8%
$20,001 to $30,000 AGI — 2%	$50,001 to $60,000 AGI — 5%	$90,001 to $100,000 AGI — 9%
	$60,001 to $70,000 AGI — 6%	$100,001 and over AGI — 10%

Source: Department of Education, 2025

Miscellaneous provisions

New Workforce Pell Grant. Starting with the 2026–2027 school year, a new Workforce Pell Grant will be available to students who are enrolled in accredited, short-term (8–15 weeks in duration) job-focused programs, such as certificate programs at community colleges. Funding amounts will be prorated based on the program's length.

New qualified expenses for 529 plans. Starting in 2026, qualified 529 plan expenses will expand to include tuition, fees, books, and expenses for workforce credentialing programs. In addition, the limit on K-12 qualified expenses will increase from $10,000 to $20,000 per year and will cover instructional materials, tutoring classes, dual enrollment fees, standardized test fees, and educational therapies for students with disabilities.

Employer student loan repayment assistance made permanent. Starting in 2026, the $5,250 of tax-free employer-provided student loan repayment assistance will be permanently extended. This amount will be indexed for inflation starting in 2027.

Key Retirement and Tax Numbers for 2026

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are some of the key adjustments for 2026.

Estate, gift, and generation-skipping transfer tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2026 is $19,000, unchanged from 2025.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2026 is $15,000,000, up from $13,990,000 in 2025.

Standard deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2026, the standard deduction is:

- $16,100 (up from $15,750 in 2025) for single filers or married individuals filing separate returns
- $32,200 (up from $31,500 in 2025) for married joint filers
- $24,150 (up from $23,625 in 2025) for heads of households

The additional standard deduction amount for the blind and those age 65 or older in 2026 is:

- $2,050 (up from $2,000 in 2025) for single filers and heads of households
- $1,650 (up from $1,600 in 2025) for all other filing statuses

Special rules apply for an individual who can be claimed as a dependent by another taxpayer.

The One Big Beautiful Bill Act, signed into law in July 2025, introduced a new senior deduction of $6,000 for taxpayers filing individually who are age 65 or older for tax year 2026. A deduction of up to $12,000 may be claimed by married couples filing jointly if they are both age 65 or older. This deduction is stacked on top of the standard deduction and additional deduction for the blind and those age 65 or older or on top of itemized deductions.

IRAs

The combined annual limit on contributions to traditional and Roth IRAs is $7,500 in 2026 (up from $7,000 in 2025), with individuals age 50 or older able to contribute an additional $1,100 in 2026 (up from $1,000 in 2025). The limit on contributions to a Roth IRA phases out for certain modified adjusted gross income (MAGI) ranges *(see table).* For individuals who are active participants in an employer-sponsored retirement plan, the deduction for contributions to a traditional IRA also phases out for certain MAGI ranges *(see table).* The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

MAGI Ranges:
Contributions to a Roth IRA

	2025	2026
Single/Head of household	$150,000–$165,000	$153,000–$168,000
Married filing jointly	$236,000–$246,000	$242,000–$252,000
Married filing separately	$0–$10,000	$0–$10,000

MAGI Ranges:
Deductible Contributions to a Traditional IRA

	2025	2026
Single/Head of household	$79,000–$89,000	$81,000–$91,000
Married filing jointly	$126,000–$146,000	$129,000–$149,000

Note: The 2026 phaseout range is $242,000–$252,000 (up from $236,000–$246,000 in 2025) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered. The phaseout range is $0–$10,000 when the individual is married filing separately and either spouse is covered by a workplace plan.

Employer-sponsored retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to $24,500 in compensation in 2026 (up from $23,500 in 2025); employees age 50 or older can defer up to an additional $8,000 in 2026 (up from $7,500 in 2025). For employees ages 60 to 63, the additional deferral limit is $11,250 for 2026 (unchanged from 2025).
- Employees participating in a SIMPLE retirement plan can defer up to $17,000 in 2026 (up from $16,500 in 2025), and employees age 50 or older can defer up to an additional $4,000 in 2026 (up from $3,500 in 2025), with an increase to $5,250 in 2026 (unchanged from 2025) for ages 60 to 63.

Kiddie tax: child's unearned income

Under the kiddie tax, a child's unearned income above $2,700 in 2026 (unchanged from 2025) is taxed using the parents' tax rates.

Don't Take the Bait: Top Tax Scams in 2025

As tax filing season approaches, the IRS warns taxpayers to watch for scams that can cause identity theft, financial loss, or criminal penalties. The agency's "Dirty Dozen" list, published annually since 2002, highlights 12 common tax schemes.

- **Phishing and smishing:** Fake emails and texts that appear to be from the IRS or other tax agencies lure you into disclosing your personal and financial data.
- **Bad social media advice:** Social media platforms circulate inaccurate tax tips that can lead to improper filings or disclosure of sensitive personal data.
- **IRS Individual Online Account help from scammers:** Third parties pose as "helpful" guides who offer to set up IRS online accounts for you but instead steal your identity or file fraudulent returns.
- **Fake charities:** Fraudulent charities prey on your goodwill to steal your donations and personal information.
- **False Fuel Tax Credit claims:** Scammers who encourage you to improperly file a Fuel Tax Credit claim, which is not available to most taxpayers.
- **Credits for Sick Leave and Family Leave:** Employees following bad advice have been improperly claiming a pandemic-era tax credit available only to self-employed individuals. This credit is no longer available.
- **Bogus self-employment tax credit:** Social media posts that promote a nonexistent self-employment tax credit to entice you into filing a fraudulent claim.
- **Improper household employment taxes:** Fraudsters convince you to file for fictional household employees to claim a refund based on false sick and family medical leave wages that you never paid.
- **The overstated withholding scam:** Social media messaging that encourages you to fabricate large income and withholding amounts through W-2s, 1099s, and other forms to inflate refunds.
- **Misleading Offers in Compromise:** Promoters, or "mills," that misrepresent the federal tax debt relief program to trick you into paying fees for resolutions for which you do not qualify.
- **Ghost tax return preparers:** Unscrupulous tax professionals who prepare returns without signing them or providing their IRS Preparer Tax Identification Number as required by law, subjecting you, the taxpayer, to potential tax fraud claims.
- **New client scams and spear phishing:** Cybercriminals who impersonate clients in an email to trick tax professionals into responding to access sensitive client information.

To help avoid scams, the IRS recommends never clicking on unsolicited links purporting to be from the IRS, verifying charities before donating, and only working with trusted tax professionals to potentially protect your personal information.