

2026 YEAR-END PLANNING CHECKLIST

WESTMOUNT

As we head into the final months of 2026, now is an ideal time to review and assess your year-end planning needs and objectives. For example, many clients use this period to evaluate current and future liquidity needs, charitable giving priorities, income tax considerations for the upcoming year, or longer-term estate planning concerns.

Whether you have specific focus areas in mind or wish to conduct a more holistic review of your financial situation, the checklist below—and your Westmount advisor—can provide a useful starting point. We also recommend reaching out to your tax and legal advisors to determine additional steps that may apply.

Importantly, "The One Big Beautiful Bill" Act (also known as "OBBBA") introduced many new provisions that took effect in 2026. For a detailed overview of the OBBBA provisions, read our summary on Insights Lounge.

As always, our team is here to help you coordinate resources, design custom strategies, and implement your vision. Give us a call at 310-556-2502, email advice@westmount.com, or contact your advisor to get started.

Investment Considerations

If your circumstances have materially changed, discuss these changes with your investment advisor to see if your portfolio allocation should be adjusted. As part of that discussion, be sure to:

- ❑ Make your advisor aware of any substantial liquidity needs for next year so cash can be raised in the most advantageous way, factoring in portfolio allocation and tax consequences.
- ❑ Discuss potential strategies for large, concentrated equity positions (exchange funds, charitable donations, if applicable).
- ❑ Let your advisor know of any large gains or losses outside your Westmount accounts. Our investment approach typically involves proactively harvesting taxable losses to offset portfolio gains, which can be carried forward if not used up in the current year. At the same time, we seek to avoid purchasing funds that have large distributions planned for the end of the year (buying after the distribution has been made).

Income Tax Considerations

- ❑ Under OBBBA, the State and Local Tax (SALT) cap is $40,000 until 2030 (for certain taxpayers).
- ❑ If you find yourself in an unusually high tax bracket for the current year, consider shifting income and/or business distributions into 2027 (or, in the inverse scenario, accelerating income for this year).
- ❑ Consider bunching certain itemized deductions (charitable giving, medical expenses) to maximize their deductibility and tax impact.
- ❑ Keep an eye on your Modified Adjusted Gross Income (MAGI), which can drive a potential income-related monthly adjustment amount (IRMAA) in your Medicare Part B & D premiums.

Estate Planning Considerations

- ❑ Effective Jan. 1, 2026, the estate, gift, and generation-skipping transfer tax exemption is $15M per person ($30M per couple). Exemption amounts are indexed for inflation.
- ❑ Meet with your financial, tax, and legal advisors to evaluate your wealth transfer plan and opportunities to leverage your available estate, gift, and generation-skipping transfer tax exemptions.
- ❑ Consider strategies to increase or accelerate lifetime gifts, especially if estate taxes are a concern.
- ❑ Review your estate planning documents (wills, trusts, medical and financial powers of attorneys, guardianship appointments) to ensure they reflect your current wishes and personal and financial circumstances.
- ❑ Determine the cost basis of gifted property and understand the potential tax consequences for the recipient. Remember, your cost basis and holding period will transfer to the recipient(s).
- ❑ Utilize the 2026 annual gift exclusion amount of $19,000 per recipient.
- ❑ Consider making payments for education and medical expenses. Direct payments to service providers for education and medical expenses are tax-free transfers and do not count toward your annual gift tax exclusion or lifetime gift tax exemption amounts.
- ❑ Superfund a 529 Plan to jumpstart a child's or grandchild's college savings account without using any lifetime gift tax exemption.



The estate, gift, and generation-skipping transfer tax exemption is $15M/individual or $30M/couple.



The current estate tax rate is 40%.



Each person can fund up to $95,000 ($190,000 for couples) per beneficiary, which is equal to the five-year total of annual gift exclusion amounts. This will require filing a gift tax return, but no taxes will be due, and no exemption will be used for the gift.



Always be mindful of other gifts made in the same year, and remember that you will not be able to make additional annual exclusion gifts to the recipient until the five-year period is up.



The earlier you start planning, the more time you will have to be strategic and thoughtful. Don't wait!

Charitable Giving Considerations

- ❑ Consult with your accountant to evaluate the potential impact to your tax circumstances from the OBBBA changes to charitable income tax deductions that started in 2026. Effective Jan. 1, 2026, there is a 0.5% AGI floor for charitable deductions, marking a slight reduction for those who make philanthropic gifts. Taxpayers who take the standard deduction may be able to deduct $1,000 (single filers) or $2,000 (married, filing jointly) in qualified gifts above the line.
- ❑ Assess the potential benefit of combining several years' worth of charitable donations into a single year (“bunching”) to determine if a larger gift made in a given year will result in a greater tax deduction than the same amount spread over several years.
- ❑ Take advantage of a current year deduction for a gift to a donor-advised fund (DAF) while deferring distributions to one or more public charities in future years.
- ❑ If you are expecting significant gains from investment returns, the sale of a business or other property, consider implementing a charitable gifting strategy to mitigate your tax liability on those gains. Your wealth management team can help you determine the most appropriate charitable vehicle based on your specific situation.

- ❑ Consider donating assets with large built-in gains to avoid paying capital gains on the appreciation. Unlike most appreciated property gifts, where the charitable deduction is limited to the property's cost basis, donors of publicly traded stock are entitled to a deduction equal to the stock's fair market value.
- ❑ If you are over age 70 ½, consider making a qualified charitable distribution directly from an IRA to a qualified charity. A qualified charitable distribution is excluded from taxable income and satisfies the annual Required Minimum Distribution requirement if the donor is over the age of 73.



Qualified Charitable Distribution: up to $111,000



The current deduction limit for cash donations is 60%.

NOTE: Distributions from an IRA to a DAF or private foundation are not qualified charitable distributions.

General Charitable Donation and Deduction Overview

	Public Charity/Donor Advised Fund	Private Foundation
Cash	60% of AGI	30% of AGI
Marketable Securities — LTCG — STCG	Fair market value (FMV) up to 30% of AGI Cost basis up to 50% of AGI	FMV up to 20% of AGI Cost basis up to 30% of AGI
Tangible Personal Property	FMV up to 30% of AGI for use related to charity's purpose; otherwise cost basis up to 50% of AGI	Cost basis up to 20%

Retirement Planning Considerations

- ❑ Max out workplace plans, such as a 401(k) or 403(b), and IRA contributions.
- ❑ Check your beneficiary designations on all retirement accounts to ensure they accurately reflect your wishes. Also verify that you have contingent beneficiaries listed.
- ❑ Verify your Required Minimum Distributions have been satisfied, if you are age 73 or older.
- ❑ If you find yourself in a lower-than-usual tax bracket, consider a Roth conversion.
- ❑ If you are self-employed, consider opening a retirement plan such as a Solo 401(k), SEP IRA, or SIMPLE IRA.



Under a change introduced by SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in these plans. For 2026, this higher catch-up contribution limit is $11,250 instead of $8,000.



401(k) or 403(b): 2026 annual limits are $24,500, plus a $8,000 catch-up provision for those 50+.



If you earned $150,000+ in FICA wages in 2025, catch-up contributions must be made in Roth form.



IRA: 2026 annual limits are $7,500, plus an $1,100 catch-up provision for those age 50 and over.

FSA/HSA/Dependent Childcare Considerations

- ❑ If eligible, max out your annual HSA contributions.
- ❑ Generally speaking, any unspent FSA dollars at the end of the year are lost. This includes both Medical and Dependent Care FSA accounts.

HSA contribution: 2026 annual limits are $4,400 for singles and $8,750 for families, with a $1,000 catch-up provision for those age 55 and over.

Insurance Considerations

- ❑ If you have an Irrevocable Life Insurance Trust (ILIT), confirm with the trustee that the Crummey notices are up to date.
- ❑ Review your life insurance policies to ensure beneficiary designations are up to date.
- ❑ Review all health, disability, and long-term care policies to ensure they are adequately meeting your needs.
- ❑ Review all of your property casualty insurance policies (auto, home, umbrella) to ensure you are appropriately protected against these risks.

Looking Ahead

As your financial life changes, so do your planning needs and goals. Many of the planning strategies outlined above can take time to analyze and implement. Leave yourself time to evaluate available strategies and solutions, and pursue only those that are aligned with your goals and needs. Don't wait until the last minute to discuss these options with your tax, legal, and financial advisors.

By working closely together with your management team and Westmount advisor, you can ensure you are in the best possible position to take advantage of any new opportunities that may arise.

Your Westmount team is here to help. Call us at 310-556-2502, email advice@westmount.com, or contact your Westmount advisor directly to get started.

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