PSP ADVISORY · 2026 YEAR-END

Your Personal Tax Check-In

What's new this year, and what to do before December 31

Pei Pierce, EA · pspadvisory.com

NEW FOR 2025–2028

PSP ADVISORY
ProActive, Skilled & Personal

Four new deductions, at a glance

Deduction	Up to	Phases out above (MAGI)
Qualified tips	$25,000	$150,000 · $300,000 joint
Qualified overtime	$12,500 · $25,000 joint	$150,000 · $300,000 joint
Car loan interest	$10,000	$100,000 · $200,000 joint
Senior deduction (65+)	$6,000 per person	$75,000 · $150,000 joint

Good news: you can claim these whether you itemize or take the standard deduction.

“NO TAX ON TIPS AND OVERTIME”

PSP ADVISORY
ProActive, Skilled & Personal

Deductions, not tax-free income

Tips

Deduct up to **$25,000** of qualified tips. Must be in an occupation that customarily receives tips.

Self-employed: limited to your net income from that work.

Overtime

Only the **premium portion** counts: the “half” in time-and-a-half, not your full overtime pay.

Up to $12,500, or $25,000 joint.

What to do: keep your year-end pay stubs and check your W-2 when it arrives.

CAR LOAN INTEREST

PSP ADVISORY
ProActive, Skilled & Personal

Bought a car with a loan recently?

$10,000

of interest per year, max

It qualifies if:

- The loan started after Dec 31, 2024
- It's a new (not used), personal-use vehicle, assembled in the U.S.
- It's a purchase, not a lease
- Income is under $100,000 ($200,000 joint) for the full deduction

What to do: save your loan statement showing interest paid and the vehicle's VIN.

“NO TAX ON SOCIAL SECURITY”?

It’s really a bigger deduction for seniors

+$6,000

per person age 65+ by Dec 31
($12,000 if both spouses qualify)

On top of the regular extra standard deduction for seniors.

Phases out above $75,000 MAGI ($150,000 joint).

Social Security can still be taxable. The rules for that didn’t change.

ITEMIZED DEDUCTIONS

PSP ADVISORY
ProActive, Skilled & Personal

State and local tax cap: $40,400

What changed

The cap was $10,000. It’s now $40,000 for 2025 and $40,400 for 2026.

Higher incomes

Above $505,000 MAGI, the cap shrinks, but never below $10,000.

Why it matters: with a mortgage, property taxes and charitable gifts, itemizing may beat the standard deduction again. Timing those payments can make a difference.

NEW FOR 2026

PSP ADVISORY
ProActive, Skilled & Personal

Charitable giving has new rules

Standard deduction?

You can now deduct **cash gifts** up to $1,000, or $2,000 joint.

Gifts to donor-advised funds don’t count.

Itemizing?

Only giving above **0.5% of your AGI** counts. At $200,000 AGI, the first $1,000 isn’t deductible.

Top bracket: the benefit is capped at 35%.

Ideas to discuss: grouping several years of gifts into one year, or giving appreciated stock instead of cash.

HEADS UP

PSP ADVISORY
ProActive, Skilled & Personal

Some energy credits have ended

Credit	Ended
Electric vehicle credit	September 30, 2025
Home energy improvements (heat pumps, windows, insulation)	December 31, 2025
Solar panels and home batteries	December 31, 2025

What this means: purchases made in 2026 don’t qualify for these federal credits. If a salesperson says otherwise, check with me first.

YOUR CHECKLIST

PSP ADVISORY
ProActive, Skilled & Personal

Before December 31

Retirement contributions

401(k) limit is $24,500 for 2026, plus $8,000 if 50+ ($11,250 if 60–63).

Charitable giving

Gifts must be made by Dec 31. Keep receipts for every donation.

Investment gains and losses

Selling losing investments can offset gains you've taken this year.

Withholding check

Big income change? Adjust withholding now or plan for the Jan 15 estimate.

Texas property tax timing

Bills arrive in October and are due by Jan 31. Paying by Dec 31 counts on this year's return, so if you itemize, timing can matter. Paying through escrow? Check when your lender pays.

SECURITY

PSP ADVISORY
ProActive, Skilled & Personal

Protect your tax identity

What you can do

IRS Online Account at irs.gov/account: check payments, notices and transcripts. Spot anything you didn't file.

Identity Protection PIN: a free 6-digit code that stops anyone else from filing with your SSN.

Two-step login on your email and bank accounts.

How I protect your data

A written security plan, reviewed every year, as the IRS requires.

Two-step login on every system that holds your information.

Documents through a secure portal only, never plain email or text. Never shared without your written consent.

Scam alert: the IRS won't call, text or email demanding payment or gift cards. It usually starts with a letter. Not sure? Send it to me before you respond.

PSP ADVISORY
ProActive, Skilled & Personal

NEXT STEP

Book your 15-minute year-end check-in

We'll catch up, talk about your goals for next year, and answer quick questions. If something needs a deeper look, I'll send a short proposal with the scope and fee first.

Link in the email · pspadvisory.com

This video is general information, not tax advice for your specific situation.