

HIRTLE & CO

The Original Investment Office™

Top Five Key Considerations Before Year-End 2026

As we enter the final stretch of 2026, now is the perfect time to focus on tax and estate planning. A number of the provisions from the One Big Beautiful Bill Act (OBBBA) went into effect in January, shaping decisions on charitable giving, retirement accounts and gifting to family and friends. In addition, the current interest rate backdrop deserves a closer look. After a stretch of declining rates, we have seen rates start to rise, which affects several tax planning strategies.

Below are our top five priorities to consider before year-end and into 2027. There is still time to act on many of them before December 31st. Please contact your Hirtle & Co. Investment Officer or Portfolio Manager if you would like to discuss any of these topics in light of your current situation.

1. Focus On Your Charitable Giving

The OBBBA's charitable deduction changes took effect at the start of 2026, and they affect both how and when you can give. If you itemize your deductions, only the portion of your charitable giving above 0.5% of your Adjusted Gross Income (AGI) is now deductible. For example, with an AGI of $500,000, the first $2,500 of giving produces no deduction. In addition, if you are in the top tax bracket, your deductions are now capped at 35 cents on the dollar rather than 37 cents on the dollar.

If you do not itemize your deductions and take the standard deduction, you can now also deduct up to $1,000 for an individual, or $2,000 for a married couple, of cash gifts to charity. This deduction is not indexed for inflation, and it does not apply to gifts to Donor Advised Funds or private non-operating foundations.

With that as the backdrop, here are some strategies to consider:

CONSIDER A DONOR ADVISED FUND (DAF) — A DAF works like a charitable savings account. You contribute now and receive the deduction this year. You then recommend grants to your favorite charities whenever you are ready. It is a good fit if you want the tax benefit now but have not settled on where the money will go. Donating appreciated stock to your DAF or to your favorite charity is even more tax efficient as you get a charitable deduction for the fair market value of the stock donated (even though the cost basis is lower). It also allows you to avoid paying a capital gains tax on the transaction.

BUNCH YOUR GIFTS — Rather than giving smaller amounts each year, combine two or three years of giving into one year. A larger gift is more likely to clear the standard deduction, and the 0.5% threshold will then only apply to the larger gift instead of repeatedly against the smaller annual gifts. Making a gift to a DAF can be helpful in executing this strategy.

LOOK AT APPRECIATED INVESTMENTS — Donating stock held for more than one year can generally provide a fair-market-value deduction while avoiding capital gains tax on the appreciation. Deductions for these gifts to public charities (which includes a DAF) are generally limited to 30% of AGI, versus 60% for cash, with excess amounts carried forward for up to five years.

GIVE FROM YOUR IRA — If you are age 70½ or older, you can donate up to $111,000 this year directly from your IRA to a charity of your choice by doing a Qualified Charitable Distribution (QCD). Making a QCD can satisfy your Required Minimum Distribution (RMD) and keep that amount of money out of your taxable income. It's important to note that the transfer must go straight to the charity, and it cannot go to a DAF or private foundation.

2. Think Through Year-End Gifting to Family and Friends

The OBBBA permanently extended the historically high lifetime exemption amounts for gift, estate and generation-skipping transfer (GST) tax, so the tax benefits of gifting are clearer than they have been in years.[1]

MAKE THE MOST OF YOUR LIFETIME ESTATE AND GIFT TAX EXEMPTION — If you have a large taxable estate or some assets that you think will greatly appreciate, you may want to consider transferring assets now to your beneficiaries within the available exemption amount. This removes both the assets and any future appreciation from your estate — a significant benefit for future generations who otherwise would have to pay taxes on their inheritance. For 2026, the Lifetime Estate and Gift Tax Exemption is $15 million for an individual and $30 million for a married couple. These amounts will increase in 2027 to $15.48 million and $30.96 million respectively, providing an opportunity to "top off" your gifts even if you have already used your lifetime exemption.

TAKE ADVANTAGE OF THE ANNUAL GIFT TAX EXCLUSION — Annual exclusion gifts offer another way to reduce your taxable estate by removing both the assets and their future appreciation. These gifts can be given to an unlimited number of beneficiaries each year without using any of your Lifetime Estate and Gift Tax Exemption. In 2026, the limit that you can give to any single beneficiary is $19,000 ($38,000 for a married couple).[2]

It is important to note that if you give stock or other assets instead of cash, the beneficiary inherits your cost basis and your holding period. Therefore, we recommend gifting cash or assets with a high tax basis, so your beneficiaries are not burdened with large capital gains taxes when they decide to sell.

PAY DIRECTLY FOR EDUCATIONAL OR MEDICAL EXPENSES — You can also pay another person's tuition or qualifying medical expenses without these payments counting against your Annual Exclusion Gift amount or Lifetime Estate and Gift Tax Exemption. For example, a grandparent can pay their grandchild's tuition (of any amount) and still make a gift to the grandchild up to the $19,000 Annual Gift Tax Exclusion amount in the same year with no gift tax implications. Importantly, the payments must be made directly to the institution. If a grandparent were to give their son or daughter money to pay the grandchild's tuition, then the transfer would count as a gift under federal tax law.

[1] *These amounts are now indexed for inflation, although future legislation could always change the rules.*

[2] *A gift must be deposited by the beneficiary by December 31, 2026 to qualify as a 2026 gift. A check written in 2026 but deposited on January 2, 2027 will be considered a 2027 gift.*

3. Consider Planning Strategies in the Current Rate Environment

With rates rising, some planning strategies may be more attractive while others are still worthy of consideration. Below we highlight some planning ideas to consider:

A QUALIFIED PERSONAL RESIDENCE TRUST ("QPRT") allows you to transfer a residence to beneficiaries while retaining the right to use it for a set number of years. After the term ends, the residence becomes the property of the beneficiaries, although they may rent the property back to you for fair-market-value rent. The benefit is a reduced gift-tax value: you only pay gift tax on a fraction of the full fair market value of the property at the time of transfer. At higher interest rates, QPRTs are more attractive because the value of the property is more deeply discounted, and the value of the gift is therefore further minimized. The rate used to determine the discount is the IRS 7520 Rate, which as of November 2026 is 6.2%, up from 4.6% a year earlier. It is worth noting that you must outlive the trust term to realize the full estate tax benefit.

A CHARITABLE REMAINDER TRUST ("CRT") enables you to support a charity while receiving payments for a set number of years, often your lifetime. At the end of the specified term, the charity you selected receives the remaining trust assets. For a CRT with fixed annuity payments back to you (as the donor), higher interest rates generally reduce the calculated value of your payments and increase the value of the charity's remainder interest. This can increase your charitable deduction, making the strategy more attractive in a higher rate environment.

INTRAFAMILY LOANS allow you to help family members while transferring future growth outside your taxable estate. By lending at a fixed rate, you effectively "freeze" the value of the amount lent: any investment growth above the interest rate accrues to your family member rather than to your estate. Your family may also benefit from a borrowing rate below what a bank would offer. These loans are structured at or above the IRS-published Applicable Federal Rate (AFR). In November 2026, the mid-term AFR (for loans between three and nine years) is 5.08% and the long-term AFR (for loans over nine years) is 5.52%. If you made an intrafamily loan when rates were lower, the rate you locked in stays in place for the life of the loan.

With mortgage rates continuing to climb, intrafamily loans can be a tax-efficient way to facilitate home ownership for family members. Like a bank, you can secure the loan against the house but offer a fixed rate that is more competitive than a bank mortgage, which today averages 7.14% for a 20-year fixed-rate mortgage[3]. To work as intended, the loan should be properly documented, secured by a recorded mortgage, carry at least the AFR and be repaid on schedule. Interest you receive is taxable income to you, and a loan that lacks these features may be treated as a gift.

4. Optimize Retirement Benefits and Compensation

While retirement planning may seem like a "set it and forget it" process, it deserves an annual check up to reflect any changes in the tax rules as well as in your life and goals.

REVIEW YOUR BENEFICIARY DESIGNATIONS — Check the beneficiaries named on your retirement accounts, life insurance policies and other assets annually to ensure they reflect your current wishes and align with your estate plan. Marriage, divorce, the birth of a child or the death of a beneficiary may warrant updates. Be sure to name contingent beneficiaries as well who would inherit if your primary beneficiary dies before you. Keeping these designations current helps assets pass to the intended recipients and can simplify the transfer process.

MAXIMIZE YOUR RETIREMENT CONTRIBUTIONS — Contributing as much as you can to your retirement accounts helps build long-term savings while taking advantage of tax benefits. In 2026, you can contribute up to $7,500 to an IRA, or $8,600 if you are age 50 or older. For a 401(k) or 403(b), the limit is $24,500, rising to $32,500 for those age 50 or older and $35,750 for those turning 60 through 63 during the year.

Under rules that took effect in 2026, if you are age 50 or older and earned more than $150,000 in 2025 wages from the employer sponsoring your 401(k) or 403(b), you generally must make catch-up contributions on a Roth (after-tax) basis. As you plan for 2027, review your 2026

[3] *Source: Bankrate as of November 12, 2026, according to Bankrate's latest survey of the nation's largest mortgage lenders.*

wages and the applicable income threshold to determine whether this requirement will affect your contributions.

TAKE YOUR REQUIRED MINIMUM DISTRIBUTIONS (RMDS) — If you are age 73 or older, you must take RMDs from your retirement plans before year-end. Failing to take RMDs may result in an excise tax on the amount not distributed. The RMD rules apply to most of your personal retirement plans, including an IRA and an inherited IRA, although Roth IRAs do not have RMD requirements.

PLAN YOUR INHERITED IRA WITHDRAWALS — If you inherited an IRA from someone who died after 2019, you generally must empty the account by the end of the tenth year following their death, unless you qualify for an exception. You may also need to take annual RMDs, depending on your relationship to the owner and whether they had reached their required starting date for distributions.

For an inherited traditional IRA, waiting until the final year to withdraw a large balance can create a substantial tax bill. Spreading withdrawals over several years, or taking more in years when your tax rate is lower, may reduce the overall tax cost.

5. Focus On Other Year-End Tax Savings Opportunities

Year-end is the perfect time to take advantage of tax saving opportunities so you can minimize your annual tax bill. Your annual checklist should include:

LOOK FOR TAX-LOSS HARVESTING OPPORTUNITIES — You can reduce your tax bill from capital gains by actively selling certain investments at a loss to offset any taxable gains from the sale of appreciated securities. This practice of actively harvesting tax losses is one that we regularly execute in our clients' accounts. It is important to be mindful of the 30-day wash sale rule, which could defer a capital loss if the same or a "substantially identical" security is purchased by the same taxpayer within 30 days before or after the sale.[4] With bonds down this year, harvesting losses on bonds may present another opportunity.

CONSIDER A ROTH IRA CONVERSION — When you transfer money from a traditional IRA to a Roth IRA, you pay income tax now on any previously untaxed amount. Once in the Roth, the money can grow and be withdrawn tax-free, provided you meet the withdrawal requirements. This may make sense in a lower-income year if you can pay a lower tax rate now than you expect to pay on future withdrawals. Conversely, if you expect your income to be lower in 2027, waiting until next year may be worthwhile. You can convert a portion of your IRA at a time, spreading the tax bill over several years.

PAY ATTENTION TO STATE INHERITANCE AND ESTATE TAXES — Your estate may be subject to state taxes even if it falls below the federal estate tax exemption. Some states impose an inheritance tax on beneficiaries, while others impose an estate tax, often with exemptions well below the federal exemption amount. If you have moved to a new state or own property in another state, have an attorney review your estate plan to ensure it reflects the applicable rules. Documents prepared in your former home state may need to be updated to help avoid an unexpected state tax bill. Your Hirtle & Co. team can help coordinate this review.

LOOK INTO A HEALTH SAVINGS ACCOUNT — If you have a high-deductible insurance plan, you should consider funding or maxing out a Health Savings Account (HSA), a personal savings account used for healthcare expenses. Contributions to an HSA are tax-deductible, account appreciation is tax-deferred and withdrawals from your HSA are tax-free if used for qualified medical expenses. For 2026, the maximum contribution to an HSA is $4,400 for individual coverage ($8,750 for family coverage). For 2027, it is $4,500 for individual coverage ($9,000 for family coverage), with an extra $1,000 in both years for anyone age 55 and older.

[4] As of now, the wash sale rule does not apply to cryptocurrencies.

End-of-year planning can be complex and there is no "one-size-fits-all" solution. Everyone's tax situation, balance sheet, estate plan, family dynamics and investment decisions are unique. As your investment office, we are here to work with you and your other trusted advisors as you close out 2026 and prepare for the coming year. For more information, please reach out to your Hirtle & Co. Investment Officer and/or Portfolio Manager.



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Alan is the Senior Tax and Estate Planning Solution Specialist with primary responsibility for the financial, estate and tax planning for individual clients at Hirtle & Co. Prior to joining Hirtle & Co., Alan worked for the law firm of Morgan Lewis and Bockius, LLP in their Personal Law Practice Group. Alan earned a B.S. (High Honors) in Accounting from The Pennsylvania State University and a J.D. (Magna Cum Laude) from the University of Pittsburgh School of Law. Prior to attending law school, Alan served as a Senior Auditor at Deloitte & Touche. He is a Certified Public Accountant (inactive). Alan serves as President of the Philadelphia Estate Planning Council and also co-chairs its Programs Committee.



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Denise is a Director with over 25 years of legal and financial experience working with multi-generational client families on all aspects of their financial lives. Denise draws on her past experiences to help clients develop and implement their wealth transfer plans and makes recommendations about wealth transfer and income tax saving strategies. Denise joined Hirtle & Co. from Wells Fargo's Abbot Downing division where she was a director who specialized in working with complex families. Denise obtained a juris doctorate degree from the Arizona State University College of Law and graduated magna cum laude with a bachelor's degree in accountancy from Arizona State University. She also obtained her Certified Public Accountant (CPA) designation (not currently practicing) and is a member of the Arizona Society of Certified Public Accountants. Denise is based in Hirtle & Co.'s Scottsdale, AZ office.

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