Get a Jump on Your 2026 Taxes with Mid-Year Tax Planning

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With your April 15 tax filing still visible in your rearview mirror, the last thing you probably want to think about is next year's tax return. After weeks of gathering documents and tracking down deductions, it's understandable if your thinking has shifted from tax planning to planning your summer vacation.

But summer is one of the best times to take a fresh look at your tax situation. The pressure of filing season is behind you, and you still have plenty of time before year-end deadlines start looming. Small adjustments made now can add up to considerable savings on next year's tax bill.



A little planning during the summer months can pay dividends leading up to April 15, 2027. Whether you're hoping to reduce your tax bill or avoid unpleasant surprises next year, we are here to help with your mid-year tax planning. That way, you can fully enjoy your summer, confident that your tax situation is well in hand.

In this SWC singlette, we share several tax-planning strategies to consider as we head into summer 2026.

Review Your Tax Withholdings or Estimated Tax Payments

Taxes have a way of sneaking up on people. A raise, a side gig, a new deduction, or even a change in family circumstances can throw you off course. The result? An unwelcome surprise come spring.

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The first order of business is to make sure you're sending the right amount of money to the taxing authorities throughout the year in the form of tax withholdings and/or estimated tax payments:

- **Tax withholdings:** Use the IRS Tax Withholding Estimator at to figure out the right amounts to have your employer(s) withhold (and remit) to taxing authorities on your behalf. You'll need recent pay stubs (for you and your spouse, if you're married), details of other income, and your most recent tax return (which can be very helpful in helping you gauge whether you're underpaying or overpaying).
- **Estimated tax payments:** If you're self-employed or have additional income from a side job or another source, you should be making quarterly estimated tax payments to both federal and state tax agencies. Start with your expected total annual income, subtract any deductions (or the standard deduction), and estimate your tax based on applicable tax brackets. Then, subtract any withholdings from your day job income. Don't overlook Social Security income and income from other sources.

Reconsider Standard Versus Itemized Deductions

If you normally claim the standard deduction, consider itemizing. If you normally itemize, consider claiming the standard deduction. For 2026:

- The standard deduction is $16,100 for single filers and $32,200 for married couples filing jointly. If you're filing as head of household, it's $24,150.
- Seniors age 65 and older may qualify for an additional deduction of up to $6,000 for single filers, $12,000 for married taxpayers filing jointly, who are age 65 or older by the end of the tax year. The deduction begins to decrease when modified adjusted gross income (AGI) exceeds $75,000 for single filers and $150,000 for married couples filing jointly. Single filers who earn more than $175,000 AGI and married filers who earn more than $250,000 AGI are not eligible for the deduction.

To determine whether itemizing makes sense, total your expected major deductible expenses for the year — mortgage interest, state and local taxes (subject to limits), charitable contributions, and certain medical expenses that exceed 7.5 percent of your AGI — and compare the total to the standard deduction. If the total is less than the standard deduction, claiming the standard deduction will save you money and recordkeeping. If your itemized deductions exceed the standard deduction, itemizing will save you money.

> **Pro Tip:** To increase your total itemized deductions, you can accelerate certain deductible payments from 2027 into 2026; for example, you can pay your Jan. 1, 2027 house payment in 2026. Also consider accelerating medical procedures, dental work, and vision care for which you're planning in 2027 into 2026. A common practice is to itemize in alternating tax years.

The new law permanently limits the mortgage debt eligible for the home mortgage interest deduction to $375,000 for separate filers and $750,000 for married couples filing jointly. It also allows certain mortgage insurance premiums to qualify for the deduction. Contact us if you're unsure how these rules apply to your situation.

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Give to Receive (a Tax Break)

With tax planning, you don't need to decide whether it's better to give than to receive; you can do both – give money and receive a tax break. Consider the following tax-smart gifting strategies:

- **Give cash, not loser investments.** If an investment has declined in value, consider selling it first, claiming the capital loss, and then gifting the cash proceeds.
- **Donate appreciated investments to charity.** Giving stocks, mutual funds, or exchange-traded funds that have increased in value can provide a charitable deduction and enable you to avoid paying capital gains tax. You save two ways – by avoiding the capital gains tax and claiming a deduction for your donation.
- **Remember the annual gift exclusion.** You can give up to $19,000 per recipient in 2026 without using any of your lifetime gift and estate tax exemption.
- **Consider bunching charitable donations.** Combining several years of charitable gifts into one year may enable you to increase your itemized deductions beyond the standard deduction.
- **Don't overlook tax benefits for non-itemizers.** Beginning in 2026, you can deduct up to $1,000 of charitable contributions ($2,000 for joint filers) even if you take the standard deduction.
- **Review your State and Local Tax (SALT) deduction strategy.** Prepaying state and local taxes before year-end may increase your deductions, but the benefits depend on your income level and whether the Alternative Minimum Tax (AMT) applies.

Talk with us here at SWC before making any large gifts or charitable donations. A little planning can significantly increase the tax benefits of your generosity.

Take Advantage of Tax Breaks for Supporting Children and Other Dependents

Raising a family can be expensive, so we're always glad to see when new tax laws provide a little extra relief. The new law expands and extends several tax breaks to help the breadwinners keep more of what they earn:

- For 2026, the Child Tax Credit increases to $2,200 per qualifying child with up to $1,700 refundable, meaning you may receive the tax credit even if you owe little to no income tax. The credit begins to phase out for married couples with income above $400,000 and single filers with income above $200,000.
- The law keeps the $500 credit for other dependents, which may apply to older children, parents, and other qualifying relatives.
- Families who pay for childcare may benefit from an enhanced Child and Dependent Care Credit, while employees with access to a dependent care Flexible Spending Account (FSA) may be able to save even more. If you pay for childcare so you can work, we can help you compare the available tax breaks and employer benefits to determine which option maximizes your tax savings.

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Save Taxes on Tip Income and Overtime Pay

No tax on tips? No tax on overtime? Well, not exactly, but you may be eligible for a tax break if you have a job that generates tip income or overtime pay, and it could be significant. The new law creates tax deductions through 2028 for the following:

- **Tips:** Deduct up to $25,000 in tip income.
- **Overtime:** Deduct up to $12,500 of qualifying overtime pay per individual taxpayer (so, up to $25,000 if you're married filing jointly).

Both deductions begin to phase out for taxpayers with modified AGI above $150,000 ($300,000 for joint filers).

Don't Overlook Taxes on Social Security Income

One of the most talked-about tax changes in recent years has been the promise of "no tax on Social Security." While Social Security benefits can still be taxable under federal law, the new tax legislation provides additional tax relief for many older Americans through an enhanced deduction for taxpayers age 65 and older.

As a result, many retirees may see less of their Social Security income exposed to federal income tax, and some may owe little or no federal tax at all, depending on their overall income.

> **Take Home Message:** If you receive Social Security benefits, don't assume your benefits are automatically tax-free — or automatically taxable. The outcome depends on your total income from all sources. A tax projection can help determine how these new rules affect your specific situation.

Buying a New Car? Get a Tax Break (Maybe)

If you're in the market for a new vehicle, a tax break may make it more affordable. From 2025 through 2028, you can deduct up to $10,000 per year of interest paid on qualifying new-car loans, subject to certain income limits. The deduction begins to phase out when modified AGI exceeds $100,000 for single filers and $200,000 for joint filers.

Important: Before you buy a new vehicle, make sure the vehicle and the loan both qualify. The vehicle must be manufactured in the United States. And remember: A tax deduction can make the vehicle more affordable, but it shouldn't be the sole reason for taking on additional debt.

Consider the Tax Implications of Selling Your Principal Residence

Regardless of whether you're thinking of selling your home (your principal residence), tax planning involves considering the practical implications of the possibility. Why? Because any profit you earn from the sale of your home could be subject to capital gains tax. Here are a few important rules to keep in mind:

- If you're married filing jointly, you can generally exclude up to $500,000 of gain from federal income tax ($250,000 for single filers). For many homeowners, this means selling a home at a substantial profit without owing any federal tax on the sale.

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- To qualify, you generally must have owned and lived in the home as your primary residence for at least two of the five years before the sale.
- Buying another home doesn't offset the gain from the sale of your current home. For example, if a couple sells a home, realizes a gain of $800,000 from the sale, and buys another home for $1 million, they'll still be subject to tax on $300,000 of that gain: $800,000 minus the $500,000 exclusion.

Keep in mind that a gain is not simply the difference between what you paid for the home and what you sold it for. You can deduct the cost of capital improvements such as room additions and other major remodeling and certain selling expenses such as real estate commissions and title fees.

Consider Converting Traditional IRAs into Roth Accounts

Converting a traditional IRA into a Roth IRA can make sense for two reasons:

- By paying taxes on the IRA distribution now (to move the money into a Roth IRA), you essentially lock in today's tax rate, protecting you against potential future tax rate increases.
- If the investments you're holding in a Roth IRA really take off, any future gains will be tax free! For example, if you convert $100,000 into a Roth IRA and it grows to $500,000, that $400,000 is completely tax-free. Had you left that $100,000 in a traditional IRA, that same $400,000 gain would be subject to tax upon withdrawal.

Save Taxes Saving for Education

The new tax law includes several changes to help families save for education, disability-related expenses, and future financial goals. Some existing tax-favored accounts have become more flexible, while entirely new savings opportunities have been created. If you have children, grandchildren, student loans, or a family member with special needs, you'd be wise to take a closer look at these provisions to see whether they fit into your financial plans. Here are some of the highlights:

- **529 Plans:** Funds can now be used for a wider range of K-12 education expenses, and the annual tuition limit doubles to $20,000.
- **Achieving a Better Life Experience (ABLE) Accounts:** Favorable rules for individuals with disabilities are now permanent, including higher contribution opportunities and other tax benefits.
- **Children's Savings Accounts:** A new tax-deferred savings account (the Trump Account) allows contributions of up to $5,000 per year for eligible children. In addition, qualifying children born between 2025 and 2028 may receive a $1,000 federal contribution.
- **Student Loan Assistance:** Employer-paid student loan assistance remains tax-free, making it an attractive workplace benefit for employees with education debt.

If you're saving for a child's education, supporting a family member with disabilities, or paying off student loans, these expanded benefits may present new opportunities to save on taxes.

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Consider Estate Planning

With the federal estate tax exemption now at $15 million per person ($30 million for most married couples), very few families need to be concerned about federal estate taxes. That doesn't mean estate planning should be ignored. For most people, the bigger concern is making sure assets pass smoothly to loved ones and that their wishes are carried out. If it's been several years since you reviewed your estate plan (or you simply don't have a plan), now may be a good time. Major life events such as marriage, divorce, births, deaths, retirement, a move to another state, or significant changes in wealth can quickly make an old plan outdated.

Also look into whether a *revocable living trust* would make sense for your situation. A properly funded trust can help avoid probate, simplify the transfer of assets, and make things easier for your family. Whatever approach you choose, keeping beneficiary designations, wills, trusts, and other estate planning documents up to date is one of the most important financial gifts you can leave loved ones.

> **Revocable Living Trust?** A revocable living trust lets you place assets into a trust while keeping control of them during your lifetime. You can change or cancel it whenever you want. It can also help your assets pass to your beneficiaries without going through probate.

Consider Other Tax Law Changes That May Affect You

Here are a few other tax law changes to consider:

- **Itemized deductions for higher earners:** While the former Pease limitation is gone for good, some taxpayers in the highest bracket may see a reduction in the value of certain itemized deductions.
- **Miscellaneous deductions:** Most miscellaneous itemized deductions remain unavailable, although certain educator expenses continue to qualify.
- **Moving expenses:** The deduction for moving costs is still unavailable for most taxpayers, except for certain members of the military and intelligence communities.
- **Casualty losses:** Personal casualty losses generally qualify only if they result from a federally declared disaster or certain state-declared disasters.
- **Gambling losses:** Beginning in 2026, taxpayers may deduct only 90 percent of gambling losses and only up to the amount of their gambling winnings.
- **Adoption expenses:** The adoption tax credit has been enhanced, with up to $5,000 now refundable and indexed for inflation.
- **Bicycle commuting reimbursement:** The qualified bicycling commuting reimbursement is permanently eliminated.

Feeling overwhelmed? That's certainly understandable. Taxes are complicated, and we didn't even touch on the synergy between tax-savings and wealth-building — using the money you save on taxes to accelerate wealth-building and using your existing assets to save on taxes.

The good news is that you still have plenty of time to make smart moves before the end of the year. A

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little planning now can help you keep more of what you earn, avoid unpleasant surprises at tax time, and take advantage of tax breaks that might otherwise slip through the cracks.

If you'd like guidance tailored to your specific situation, contact us here at SWC. We'd be happy to review your options, answer your questions, and help you create a tax-saving and wealth-building plan designed specifically for you. After all, when it comes to taxes, the best surprises are the ones that save you money. Best of all, if you're a client, we offer complimentary mid-year appointments where we review your financial picture, get clear about your goals and objectives, get up to speed on recent changes in state and federal tax laws, and make informed tax and financial strategy decisions before year-end deadlines begin to approach.

To schedule your mid-year meeting as an online or phone meeting:

1. **Visit** the SWC Contact Page online
2. **Click** "Schedule an Appointment"
3. In the new window, **select** "Mid-Year Appointment (June – August)"
4. Next, **scroll to choose your preferred SWC team member** under "Select Staff"
5. **Select** a convenient date and time
6. **Enter** your contact information
7. **Click** "Book"

If you prefer to meet in person for your mid-year meeting at our San Diego office, please contact us directly. We'd be happy to help coordinate your appointment.

Once your appointment is booked, our team will send a confirmation email with your meeting details and any additional information you may need. We'll also send reminder emails as your appointment date approaches.

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