Coleman & Associates
Fully Integrated Tax, Accounting & Financial Services

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What's New in 2026? Tax Changes You Should Know About

Here are several important tax law changes worth knowing about before filing your 2026 return:

- **New charitable contribution deductions.** Even if you take the standard deduction, you can now deduct up to $1,000 in qualifying cash donations, or $2,000 for married couples filing jointly. If you itemize, charitable deductions are generally limited to contributions exceeding 0.5% of your adjusted gross income (AGI). Taxpayers in the highest bracket also face a 35% cap on the tax benefit of itemized deductions. Non-cash donations do not qualify.

- **Expanded 529 education savings benefits.** Families can now withdraw up to $20,000 annually per beneficiary for qualifying K–12 education expenses, twice the previous $10,000 limit. Additional educational expenses also qualify for tax-free withdrawals.

- **New Trump Accounts for children.** Eligible children born from 2025 and 2028 can receive a one-time $1,000 federal contribution to a new tax-advantaged savings account. Families and other eligible contributors can generally add up to $5,000 annually.

- **Increased dependent care benefits.** If your employer offers dependent care benefits, you can now set aside up to $7,500 tax-free for qualifying expenses, up from $5,000. The Child and Dependent Care Credit also becomes more generous, with the maximum credit rate increasing from 35% to 50%, depending on income.

- **Expanded Health Savings Account eligibility.** Certain bronze and catastrophic health insurance plans now qualify for Health Savings Account (HSA) purposes. Qualifying direct primary care arrangements are also permitted without jeopardizing HSA eligibility.

- **New limits on gambling loss deductions.** Taxpayers can deduct only 90% of otherwise eligible gambling losses, up to the amount of their winnings. That means you could owe taxes even if your gambling winnings and losses break even.

- **Additional tax breaks for educators.** Eligible teachers and other educators who itemize can now deduct qualifying unreimbursed classroom expenses without the $300 limit that applies to the separate educator expense deduction. The same expenses cannot be deducted twice.

- **New Roth catch-up contribution requirements.** If you're age 50 or older and earned more than $150,000 from your employer in the previous year, catch-up contributions to your employer-sponsored retirement plan generally must be made on a Roth (after-tax) basis. This change comes from the SECURE 2.0 Act.

- **Expanded cryptocurrency reporting.** Cryptocurrency brokers must now report cost basis for certain covered digital asset transactions on Form 1099-DA, making it easier for taxpayers and the IRS to track gains and losses. The reporting requirements stem from legislation passed in 2021.

- **Higher estate and gift tax exemption.** The federal estate and gift tax exemption increases to $15 million per person, or $30 million for married couples through proper planning, giving families more flexibility to transfer wealth without triggering federal estate or gift taxes.

2027 Social Security Changes Announced

Find Out how your benefits have changed.

Average Retirement Benefits - **Starting January 2027**

Average Benefits - All Workers

- 2027: $2,170/month (+$99)
- 2026: $2,071/month

Maximum Benefits for Workers Retiring at Full Retirement Age

- 2027: $4,188/month (+$36)
- 2026: $4,152/month

Working While You Collect Social Security

- If you're **younger than age 67** in 2027, you can earn up to **$25,560** per year. For every $2 you earn over this limit, your Social Security benefits decrease by $1.*

- If you **turn age 67** in 2027, you can earn up to **$67,920** per year. For every $3 you earn over this limit, your Social Security benefits decrease by $1.*

- If you're **age 68 or older** in 2027, there is **no earnings limit**. You can earn as much as you want and receive your full Social Security benefits.

- **What counts as earnings?** These earning limits generally apply to wages from a job and net earnings from self-employment. They do not apply to investment income, pensions, or retirement account withdrawals.

*** NOTE:** Once you reach full retirement age (currently age 67), Social Security recalculates your benefits to give you credit for months when payments were withheld.

Social Security Revenues & Expenditures
Revenue Sources = $1.4493 trillion

- 3.99% - Taxation of benefits
- 4.75% - Interest
- 91.26% - Payroll taxes

Expenditures = $1.6095 trillion

- 0.37% - Railroad Retirement financial interchange
- 0.43% - Administrative expenses
- 99.20% - Benefit payments

SOURCE: 2026 Annual Report of the Board of Trustees of the Federal Old-Age and Survivors Insurance and Disability Insurance Trust Funds, Table II.B1.

2027 Social Security & Medicare Tax Rates
If you work for someone else, your employer pays **7.65%**
If you work for someone else, an employee, you pay **7.65%**
If you're self-employed, you pay **15.3%**

NOTE: The above tax rates are a combination of 6.2% for Social Security and 1.45% for Medicare. There is also a 0.9% Medicare wages surtax for those with wages above $200,000 single ($250,000 joint filers) that is not reflected in these figures.

Item	2027	2026
Maximum earning amount Social Security will tax at 6.2%	**$192,300**	$184,500
Maximum amount you may pay in Social Security taxes	**$11,923**	$11,439

Social Security Payments Explained

- **Social Security** (SS) retirement benefits are for people who have paid into the Social Security system through taxable income.

- **Social Security Disability** (SSD or SSDI) benefits are for people who have disabilities but have paid into the Social Security the system through taxable income.

- **Supplemental Security Income** (SSI) benefits are for adults and children who have disabilities, plus limited income and resources.

Maximum SSI Payments

Filing Status	2027	2026	Change
Individual	**$1,029/mo**	$994/mo	+$35
Couple	**$1,544/mo**	$1,491/mo	+$53

How does Social Security work?

- When you work, you pay taxes into Social Security.

- The Social Security Administration uses your tax money to pay benefits to people right now.

- Any unused money goes into Social Security trust funds and is borrowed by the government to pay for other programs.

- Later on, when you retire, you receive benefits.

How to qualify for retirement benefits
When you work and pay Social Security taxes, you earn **credits** toward benefits. The number of credits you need to earn retirement benefits depends on when you were born.

- If you were born in **1930** or later, you need **40 credits** (10 years of work) to receive retirement benefits

- You receive one credit for each **$1,970** of earnings in **2027**

- **4 credits** maximum per year

Did you know you can check your benefits status before you retire?

- You can check online by creating a my Social Security account on the SSA website. If you don't have an account, you'll be mailed a paper Social Security statement 3 months before your 61st birthday.

- It shows your year-by-year earnings, and estimates of retirement, survivors and disability benefits you and your family may be able to receive now and in the future.

- If it doesn't show earnings from a state or local government employer, contact them. The work may not be covered within Social Security.

  Sources: SSA.gov

The Bills You Should Renegotiate Every Year

Many household bills gradually increase over time, often without much notice. Taking a little time each year to review your expenses, compare prices, and negotiate better rates could save you hundreds of dollars. Here are several bills to consider revisiting annually.

- **Insurance.** Compare rates for auto, homeowner's and renters insurance periodically. Even if you don't switch, competing quotes give you a reference point. Also ask your current insurer about discounts, deductibles and whether your coverage still fits your needs.

- **Internet.** Longtime customers can wind up paying more than newer customers when promotional pricing expires. Check competitors' current offers, then ask your provider whether there are less expensive plans or retention offers available.

- **Cell phone service.** Don't assume the plan you've had for five years is still the best plan for your family. Review how much data you're actually using, whether you're paying for unused lines or features, and what competing carriers offer.

- **Subscriptions and memberships.** Streaming services, software, gyms, satellite radio, security systems and other recurring services may have cheaper tiers or retention offers. Even when they won't negotiate, you can downgrade or cancel.

- **Bank services.** Your bank may offer better rates or lower fees than those it advertises. Depending on the bank and your relationship with it, you may be able to ask for a higher rate on a savings account, money market account or CD, particularly if you're considering moving a sizable balance elsewhere. Banks may also have some flexibility with credit card annual fees, certain account fees and, in some cases, loan or credit card interest rates. Before automatically accepting the rate you're earning or paying, see what competitors are offering and ask your bank whether it can match or improve upon it.

Tips to renegotiate

- **Do a few minutes of homework.** Don't call and simply ask for a discount. Know what you're currently paying. Look up what the company is offering new customers. Check one or two competitors. Then call with something specific: *I'm paying $145 a month now, and I'm seeing comparable service for around $100. Are there any plans or discounts available that could lower my bill?*

- **Ask what options are available, not just whether they can lower the price.** A representative may not be able to simply knock $20 off your bill, but they may be able to move you to a different plan, apply a promotion, remove a fee or offer a loyalty discount. Try asking, *Are there any other plans, promotions or discounts available that could lower what I'm paying?*

- **Be willing to walk away or at least know your alternatives.** Your strongest negotiating position is knowing you have another option. If the company can't improve the price, politely ask what you need to do to cancel or switch. You don't have to threaten to leave, and you shouldn't bluff. But if a competitor offers comparable service for substantially less, being prepared to switch gives you a meaningful alternative.

Know Your Rights When Debt Collectors Call

At some point in your life, you may be on the receiving end of a debt collection phone call. These calls may be fraudulent, made in error or prompted by some other unforeseen circumstance. Whatever the reason, everyone should know that strict U.S. laws prohibit harassment by debt collectors. By knowing your rights, you can deal with these situations with minimal hassle. Here are some suggestions.

- Know what collectors can and cannot say. When a debt collector calls, they must be transparent about who they are. The magic words they must utter are: This is an attempt to collect a debt, and any information obtained will be used for that purpose. Debt collectors can't use abusive or threatening language or threaten you with fines or jail time. A debt collector may warn you that failing to pay could damage your credit rating or result in a civil lawsuit.

- Be cautious about potential fraud. Before doing anything else, confirm the caller is legitimate. Too often thieves pose as debt collectors to find unsuspecting victims. Never

provide information to the company, and do not confirm any information provided by them. Ask that documentation of any disputed charges be sent to you by mail. They should already know your address.

- Know the contact rules. Debt collectors must call between 8 a.m. and 9 p.m. local time. They may try to call you at work, but they must stop if you tell them that you cannot receive calls there. Debt collectors may not talk to anyone else about your debt (other than your attorney, if you have one), but they may try contacting other people, such as relatives, neighbors or employers. This must be solely for the purpose of trying to find out your phone number, address or where you work.

- Take action. If you believe the debt is in error - in whole or in part - you can send a dispute letter to the collection agency within 30 days of first contact. Ask the collector for their mailing address and let them know you are filing a dispute. They will have to cease all collection activities until they send you legal documentation verifying the debt.

- Tell them to stop. And whether you dispute the debt or not, you can send a cease letter to the collection agency at any time telling them to stop making contact. You don't need to provide a specific reason. They will have to stop contact after this point, though they may still decide to pursue legal options in civil court.

- Take good notes. Consider keeping a file of all letters and documents, along with notes detailing dates and times of conversations and what was discussed. These notes and records can help you in the event that you need to meet with an attorney or go to court.

If a debt collection agency is not following these rules, you can report them to your state's attorney general office. Also consider filing a complaint with the U.S. Federal Trade Commission and the Consumer Financial Protection Bureau.

As always, contact the office with questions by emailing us at info@colemancpas.com or calling 773-444-3100. We are here to help.

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