

New tax laws for 2026 that you should know

The new year brings more than resolutions and fresh starts; it also ushers in several tax changes that could affect your wallet. Whether you're saving for retirement, funding your child's education or supporting your favorite charity, here's are a few things you need to know about the tax landscape in 2026.

More room to save for retirement and healthcare. There's good news for savers: Contribution limits for retirement accounts are going up. If you're under 50, you can now contribute up to \$7,500 to an IRA, which is up from \$7,000 in 2025. Those 50 and older can contribute an additional \$1,000, for a total of \$8,600.

The limits for 401(k), 403(b) and governmental 457(b) plans are also increasing, with workers younger than 50 able to defer up to \$24,500. Visit IRS.gov and search "401k limit increases" for an article outlining the details.

Health savings account limits are rising too. In 2026, individual coverage increased to \$4,400 and family coverage to \$8,750. If you are age 55 or older and are not enrolled in Medicare, you can contribute an additional \$1,000 as a catch-up contribution.

The start of the year is an ideal time to review your contributions and consider increasing them, even by small amounts which can add up over time.

A catch-up rule for high earners. If you're 50 or older and earned more than \$150,000 last year, there's a new wrinkle in your retirement planning. You can still make catch-up contributions to your workplace retirement plan, but they must now be Roth contributions rather than traditional pre-tax contributions. This includes 401(k), 403(b) and 457(b) plans.

While you won't get an immediate tax break, Roth contributions offer tax-free income in retirement and can provide a tax-free legacy for your heirs.

Expanded benefits for 529 education plans. Families using 529 plans

to cover K-12 expenses will see the annual federal distribution limit double from \$10,000 to \$20,000 per student. The definition of qualifying expenses has also expanded to include curriculum, books, certain tutoring expenses and testing fees.

This change provides more flexibility for families with overfunded plans and increases options for managing education costs across multiple children or beneficiaries.

New charitable giving provisions. The rules around charitable deductions are shifting in two directions. Taxpayers who take the standard deduction can now deduct up to \$1,000 in cash donations (\$2,000 for joint filers) to qualified organizations.

However, those who itemize deductions face a new threshold: only charitable contributions exceeding 0.5% of adjusted gross income are now deductible. Donors may want to consider bunching strategies or using donor-advised funds to maximize their tax benefits.

Getting help. Navigating these tax changes can be challenging, but you don't have to go it them alone. A qualified financial advisor and tax professional can help you understand how these and other changes affect your specific situation. Together, you can develop strategies to make the most of new opportunities while minimizing your tax burden.

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