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2026 Contribution Limits and Tax Reference Guide

The Tax Reference Guide provides basic, high-level summaries of complex tax rules, and exceptions may apply, some of which may not be described in this guide. Be sure to consult with your personal tax advisor as to how these rules apply to you and what changes, if any, have been made to such rules.

Tax-advantaged accounts: retirement plans

Traditional IRA contribution limits

Under age 50 for entire calendar year	$7,500*
Age 50 and above at any time during calendar year	$8,600*,†
Phase-out ranges for traditional IRA contribution deductibility	
Married, filing jointly and qualifying widow(er)	$129,000 – $149,000 MAGI‡
Married, filing separately	$0 – $10,000 MAGI§
Single and head of household	$81,000 – $91,000 MAGI
Spousal IRA, filing jointly, IRA of nonparticipant	$242,000 – $252,000 MAGI

An IRA owner with sufficient taxable compensation can make a fully deductible contribution, regardless of his/her MAGI, if neither he/she nor his/her spouse (if married) is an "active participant" in an employer plan. If one or both are active plan participants, the above deductibility phase-out ranges apply. Full deduction is permitted below phase-out range. Scaled partial deduction is permitted within range. No deduction is permitted above range. IRA owners not eligible for deductible contributions may make nondeductible contributions up to the annual limit. These annual limits are an aggregate limit, including both Roth and traditional IRA contributions.

* Or 100% of taxable compensation, whichever is less.

† Includes $1,100 catch-up contribution.

‡ Modified adjusted gross income.

§ If married, filing separately, but live apart for the entire calendar year, then phase-out ranges for single filing status apply.

Roth IRA contribution limits

Under age 50 for entire calendar year	$7,500*
Age 50 and above at any time during calendar year	$8,600*,†
Phase-out ranges for Roth IRA contribution eligibility	
Married, filing jointly and qualifying widow(er)	$242,000 – $252,000 MAGI
Married, filing separately	$0 – $10,000 MAGI‡
Single and head of household	$153,000 – $168,000 MAGI

Roth conversion income is not included in MAGI. Full contribution is permitted below phase-out range. Scaled partial contribution is permitted within range. No contribution is permitted above range. These annual limits are an aggregate limit, including both Roth and traditional IRA contributions.

* Or 100% of taxable compensation, whichever is less.

† Includes $1,100 catch-up contribution.

‡ If married, filing separately, but live apart for entire calendar year, then phase-out ranges for single filing status apply.

Roth IRA conversions	
All filing statuses	No MAGI limit

Defined benefit plan annual benefit limit

- Generally, lesser of $290,000 or 100% of the participant's average compensation for his/her three high consecutive years of active plan participation.

Tax-advantaged accounts: retirement plans (continued)

SEP IRA contribution limits

- Discretionary employer contributions of up to the lesser of (i) $72,000 or (ii) 25% of employee compensation or 20% of net earnings from self-employment (as determined under the SEP IRA rules).[*]
- A minimum of $800 in compensation may be required to participate in SEP.

[*] A maximum compensation cap of $360,000 per participant applies.

401(k), 403(b),[*] 457(b),[†] SARSEP[‡] contribution limits

Maximum salary deferral	
Under age 50 for entire calendar year	$24,500[§]
Age 50 and above at any time during calendar year	$32,500[¶]

Maximum contributions

- Maximum total contributions per employee are limited to the lesser of $72,000 or 100% of compensation, and compensation taken into account for retirement plan contributions is capped at $360,000 per employee.
- 401(k) salary deferrals and employer contributions to profit-sharing plans are aggregated for purposes of this limit; catch-up contributions do not count against this limit.

[*] Employees of certain organizations may be eligible to contribute greater catch-up amounts. Merrill Lynch is no longer accepting additional contributions to 403(b) plans.
[†] $8,000 catch-up contribution is not available under non-governmental 457(b) plans. Special additional catch-up contribution amounts may be available under 457(b) plans. Unless a catch-up provision applies, total employee and employer contributions to a 457(b) plan may not exceed $24,500 in 2026. Merrill Lynch does not offer 457(b) plans.
[‡] SARSEP employee contributions (other than catch-up contributions) are limited to the lesser of $24,500 or 25% of compensation. The employer contribution limit for SEP IRAs and total contribution limit described elsewhere on this page also apply for a SARSEP.
[§] For Puerto Rico plans (Puerto Rico-only or dual qualified), consult your tax advisor for the applicable 2026 limits on elective deferrals.
[¶] Includes $8,000 catch-up contribution. For 2026, the catch-up contribution limit for employees age 60-63 is $11,250, if plan permits.

SIMPLE IRA salary deferral contributions[*]

Under age 50 for entire calendar year	$17,000
Age 50 and above at any time during calendar year	$21,000[†]

[*] Employees can contribute an additional 10% on top of the existing limits, provided that their employer has less than 25 employees or has 26 to 100 employees and agrees to a 4% employer match or 3% nonelective contribution
[†] Includes $4,000 catch-up contribution. For 2026, the catch-up contribution limit for employees age 60-63 is $5,250, if plan permits.

Highly compensated employee

- A highly compensated employee for 2026 is a person who (1) was a 5% owner at any time during 2025 or 2026 or (2) for 2025 received more than $160,000 in compensation from the employer and, if the employer elects, also was in the "top-paid group" (top 20%) of employees for 2025.[*,†]
- Key employee – officer for top heavy testing: $235,000.

[*] For Puerto Rico, consult your tax advisor for the applicable 2026 highly compensated employee thresholds and whether or not a "top-paid" election is available.
[†] For purposes of identifying a highly compensated employee for 2027, the compensation threshold is based on receiving more than $160,000 in 2026.

Saver's tax credit[*]

Single taxpayers, qualifying widow(ers) and married individuals filing separately with AGI at or below $40,250, heads of household with AGI at or below $60,375 and joint filers with AGI at or below $80,500 may be eligible for a tax credit for their contributions to certain retirement and savings arrangements including a traditional or Roth IRA, SIMPLE IRA or SARSEP, ABLE account,[†] elective deferrals under a 401(k), 403(b) or governmental 457(b) plan and voluntary after-tax contributions to certain qualified retirement plans, in addition to any deduction or exclusion that would otherwise apply.

[*] The saver's tax credit is only available to taxpayers who are age 18 or older and are neither full time students nor claimed as a dependent on another person's return.
[†] Individual must be designated beneficiary of ABLE account.

Tax-advantaged accounts: education plans

529 Education Savings Account

No age or income restrictions for contributors or beneficiaries. Limitation on amount of contributions not subject to federal gift tax.

	Annual contribution[*]	Five-year contribution made in a single year[†]
Single	$19,000 per beneficiary	$95,000 per beneficiary
Married couple electing to split gifts	$38,000	$190,000

[*] Contributions are completed gifts subject to the annual federal gift tax exclusion and are removed from the contributor's federal estate.

[†] Contributions between $19,000 and $95,000 ($38,000 and $190,000 for married couples electing to split gifts) made in one year can be prorated over a five-year period without subjecting you to federal gift tax or reducing your federal unified estate and gift tax credit. If you contribute less than the $95,000 ($190,000 for married couples electing to split gifts) maximum, additional contributions can be made without you being subject to federal gift tax, up to a prorated level of $19,000 ($38,000 for married couples electing to split gifts) per year. Federal gift taxation may result if a contribution exceeds the available annual gift tax exclusion amount remaining for a given beneficiary in the year of contribution. For contributions between $19,000 and $95,000 ($38,000 and $190,000 for married couples electing to split gifts) made in one year, if the account owner dies before the end of the five-year period, a prorated portion of the contribution may be included in his or her gross estate for federal estate tax purposes. Also, any appreciation allocable to the remaining years in the five-year period on the entire original gift is not considered part of the estate.

529 plan tax treatment

529 plan earnings grow federal and, in most cases, state income tax free. When funds are withdrawn there is also no federal income tax on the withdrawal if funds are used to pay the beneficiary's "qualified higher education expenses" or a limited amount of "qualified elementary and secondary education expenses." The term "qualified education expenses" includes the following:

- expenses for tuition, fees, books, and supplies;
- expenses for special needs services in the case of a special needs beneficiary if those expenses are incurred in connection with enrollment or attendance;
- expenses for computer equipment, software and related services if the equipment, software, or services are to be used primarily by the beneficiary during any of the years the beneficiary is enrolled at an eligible education institution;
- room and board expenses, if the beneficiary attends school at least half-time;
- elementary or secondary public, private, or religious school tuition, course materials, books, online resources, tutoring and standardized testing fees (though this particular expense is capped at $20,000 per year per student);

Tax-advantaged accounts: education plans (continued)

- qualified postsecondary school credentialing expenses including tuition, fees, books, supplies and equipment
- expenses for apprenticeships (including fees, textbooks, equipment and supplies), that are registered and certified with the Secretary of Labor; and
- repayment of the beneficiary's qualified student loans, up to $10,000 in aggregate over the beneficiary's lifetime, plus an additional $10,000 of student loan repayment for each of the beneficiary's siblings.

State tax treatment may vary.

Additionally, 529 assets can now be rolled over into an Achieving a Better Life (ABLE) account of the designated beneficiary or certain members of the designated beneficiary's family federal tax free. Rollover amounts cannot exceed the ABLE account contribution limit.

Individuals may make a federal tax-free rollover of no more than $35,000 (lifetime limit) from a 529 plan into a Roth IRA. The 529 plan must have been open for at least 15 years, and other restrictions and requirements apply.

Coverdell Education Savings Account

Beneficiaries under age 18 and special needs beneficiaries of any age (maximum contribution)	$2,000
Phase-out ranges for Coverdell ESA contribution eligibility	
Single, head of household, and married, filing separately	$95,000 – $110,000 MAGI
Married, filing jointly	$190,000 – $220,000 MAGI

Student loans

Maximum student loan interest deduction	$2,500
Phase-out ranges for student loan interest deduction eligibility	
Single and head of household	$85,000 – $100,000 MAGI
Married, filing jointly	$175,000 – $205,000 MAGI*

*Deduction not available if married, filing separately.

Lifetime Learning Credits

20% of first $10,000 of qualified tuition and related expenses (max $2,000) per tax return	
Phase-out ranges for credit eligibility	
Single and head of household	$80,000 – $90,000 MAGI
Married, filing jointly	$160,000 – $180,000 MAGI*

*Credit not available if married, filing separately.

American Opportunity Tax Credit

100% of first $2,000 of qualified tuition and related expenses; plus 25% of such expenses above $2,000 and up to $4,000 (maximum credit is $2,500) per eligible student	
Phase-out ranges for credit eligibility	
Single and head of household	$80,000 – $90,000 MAGI
Married, filing jointly	$160,000 – $180,000 MAGI*

*Credit not available if married, filing separately.

Phase-out of exclusion of U.S. savings bond income

By payor of qualified higher education expenses	
Phase-out ranges for exclusion eligibility	
Married, filing jointly	$152,650 – $182,650 MAGI*
All others	$101,800 – $116,800 MAGI

*Exclusion not available if married, filing separately.

HSA contribution and plan limits

HSA limits

The following table shows the minimum annual deductible and maximum annual deductible and other out-of-pocket expenses for high deductible health plans (HDHPs) for 2026, as well as the maximum annual HSA contribution.

	Minimum deductible	Maximum out-of-pocket*	Contribution limit	55+ contribution†
Single	$1,700	$8,500	$4,400	$1,000
Family	$3,400	$17,000	$8,750	$1,000

*These limits do not apply to deductibles and expenses for out-of-network services if the plan uses a network of providers. Instead, only deductibles and out-of-pocket expenses for services within the network should be used to figure whether the limits apply.

†Turns age 55 or above at any time during the calendar year.

To be an eligible individual and qualify for an HSA, you must:

- be covered under an HDHP on the first day of the month
- have no other health coverage*
- not be enrolled in Medicare benefits
- not be claimed as a dependent on someone else's tax return

If you qualify for an HSA for only part of the calendar year, special rules apply to calculate your contribution limit. For more detailed information on HSAs and taxes, visit the Internal Revenue Service website at irs.gov or talk with your tax advisor.

*Coverage is permissible under certain limited arrangements, such as hospital indemnity and similar limited insurance arrangements and a limited-purpose health care flexible spending arrangement or health reimbursement arrangement.

Please consult with your own attorney or tax advisor to understand the tax and legal consequences of your HSA program offerings to your employees and your particular situation in your capacity as employer and/or plan administrator.

Federal tax brackets

Single

Taxable income over	But not over	Tax
$0	$12,400	10%
$12,400	$50,400	$1,240 plus 12%*
$50,400	$105,700	$5,800 plus 22%*
$105,700	$201,775	$17,966 plus 24%*
$201,775	$256,225	$41,024 plus 32%*
$256,225	$640,600	$58,448 plus 35%*
$640,600		$192,979.25 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Married, filing jointly and qualifying widow(er)

Taxable income over	But not over	Tax
$0	$24,800	10%
$24,800	$100,800	$2,480 plus 12%*
$100,800	$211,400	$11,600 plus 22%*
$211,400	$403,550	$35,932 plus 24%*
$403,550	$512,450	$82,048 plus 32%*
$512,450	$768,700	$116,896 plus 35%*
$768,700		$206,583.50 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Estates and trusts

Taxable income over	But not over	Tax
$0	$3,300	10%
$3,300	$11,700	$330 plus 24%*
$11,700	$16,000	$2,346 plus 35%*
$16,000		$3,851 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Head of household

Taxable income over	But not over	Tax
$0	$17,700	10%
$17,700	$67,450	$1,770 plus 12%*
$67,450	$105,700	$7,740 plus 22%*
$105,700	$201,750	$16,155 plus 24%*
$201,750	$256,200	$39,207 plus 32%*
$256,200	$640,600	$56,631 plus 35%*
$640,600		$191,171 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Married, filing separately

Taxable income over	But not over	Tax
$0	$12,400	10%
$12,400	$50,400	$1,240 plus 12%*
$50,400	$105,700	$5,800 plus 22%*
$105,700	$201,775	$17,966 plus 24%*
$201,775	$256,225	$41,024 plus 32%*
$256,225	$384,350	$58,448 plus 35%*
$384,350		$103,291.75 plus 37%*

* of the excess over the taxable income in the far left-hand column.

Long-term capital gains and qualified dividend rates

Single

Taxable income over	But not over	Tax rate is
$0	$49,450	0%
$49,450	$545,500	15%
$545,500		20%

Married, filing jointly and qualifying widow(er)

Taxable income over	But not over	Tax rate is
$0	$98,900	0%
$98,900	$613,700	15%
$613,700		20%

Estates and trusts

Taxable income over	But not over	Tax rate is
$0	$3,300	0%
$3,300	$16,250	15%
$16,250		20%

Head of household

Taxable income over	But not over	Tax rate is
$0	$66,200	0%
$66,200	$579,600	15%
$579,600		20%

Married, filing separately

Taxable income over	But not over	Tax rate is
$0	$49,450	0%
$49,450	$306,850	15%
$306,850		20%

Federal tax brackets (continued)

Net investment income and certain other income

Married individuals filing jointly and qualifying widow(ers) with MAGI above $250,000, married individuals filing separately with MAGI above $125,000 and all other filers with MAGI above $200,000 (the "threshold amounts") are subject to an additional 3.8% Net Investment Income Tax imposed on the lesser of (i) "net investment income" and (ii) the excess of MAGI over the applicable threshold amount.

Gains on collectibles	maximum 28%
Unrecaptured 1250 depreciation	maximum 25%

Kiddie Tax

A child subject to the kiddie tax will not be subject to tax on the first $1,350 of unearned income; will be taxed on the next $1,350 of unearned income at his or her own tax rate; and any additional unearned income taxed at the parent's top marginal tax rate.

Gift and estate taxes

Gift tax annual exclusion	$19,000
Unified estate, gift, and generation-skipping transfer tax exemption	$15,000,000
Annual exclusion for gifts to noncitizen spouse	$194,000
Top gift-tax rate	40%
Top estate-tax rate	40%
Single generation-skipping transfer tax rate	40%

Deductions

Standard deductions

Married, filing jointly and qualifying widow(er)	$32,200
Single	$16,100
Married, filing separately (assuming spouse does not itemize, otherwise $0)	$16,100
Head of household	$24,150

For tax years 2025-2028, an extra $6,000 deduction is available for taxpayers age 65 and older. For married couples filing jointly where both spouses are 65 or older, the additional deduction is $12,000. This additional deduction phases out for higher earners. It begins to phase out when a single taxpayer's MAGI exceeds $75,000, and $150,000 for married couples filing jointly.

Social Security

Maximum earnings subject to FICA The Social Security portion of the employee FICA tax rate is 6.2%.	$184,500

Post-retirement

The amount of Social Security benefit payments (if any) subject to tax depends on the amount of the taxpayer's combined income (MAGI* plus one-half of the Social Security benefits). If you:

- **File a federal tax return as single or head of household** and your **combined income** is
  - between $25,000 and $34,000, you may have to pay income tax on up to 50 percent of your benefits.
  - more than $34,000, up to 85 percent of your benefits may be taxable.
- **File as married, filing jointly,** and you and your spouse have a **combined income** that is
  - between $32,000 and $44,000, you may have to pay income tax on up to 50 percent of your benefits.
  - more than $44,000, up to 85 percent of your benefits may be taxable.
- **File as married, filing separately,** you probably will pay taxes on your benefits.

* MAGI is calculated as AGI plus tax-exempt income plus certain other adjustments.

Certain provisions of the Internal Revenue Code and/or IRS guidance do not specifically address the "qualifying widower" filing status and, consequently, the application of such provisions to that status is not addressed herein.

Merrill, its affiliates, and financial advisors do not provide legal, tax, or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

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