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Year-End Tax Moves: 5 Smart Strategies Before 2026 Sneaks Up

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As 2025 winds down, the fourth quarter gives a last window of opportunity for tax planning. With elevated exemptions, expanded deductions, and fresh legislative clarity, now's the time to act—not react.

Here are **five strategic plays** to consider before the champagne pops:

1. Plan with Confidence: The Estate Exemption Is Here to Stay

Thanks to the **One Big Beautiful Bill Act (OBBBA)**, the unified federal estate, gift, and GST tax exemption is now **permanently set at $15 million per person** (indexed for inflation). That means:

No more sunset anxiety from the 2017 Tax Cuts & Jobs Act.

More room for **SLATs**, **GRATs**, and **IDGTs** without racing the clock.

A stable foundation for multi-generational wealth planning.

While "permanent" doesn't mean immune to future political change, it does mean you can plan with more confidence—and less urgency.

2. Supercharge Charitable Giving with a Donor-Advised Fund

A **Donor-Advised Fund (DAF)** lets you front-load charitable contributions for a current-year deduction while distributing gifts over time. Bonus: Donate appreciated assets to avoid capital gains.

Pro tip: "Bunch" donations to exceed the new charitable deduction floor (0.5% of AGI starting in 2026).

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3. Harvest Losses in a Bull Market? Yes, Actually.

Even in a year when most assets are up, **tax-loss harvesting isn't off the table—it's just more nuanced**. Sophisticated investors working with long/short equity strategies or custom indexing platforms can:

Harvest short-term losses from underperforming positions while maintaining overall exposure.

Pair gains with targeted losses across sectors or styles to reduce realized tax impact.

Use derivatives or synthetic exposure to stay invested while realizing losses.

Think of it as precision pruning: trimming just enough to keep the portfolio healthy and the tax bill lean.

4. Leverage the Expanded SALT Deduction (While It Lasts)

The **State and Local Tax (SALT) deduction cap** is now **$40,000** through 2029. But beware: it phases out above **$500,000 AGI** and disappears at **$600,000**.

If you're under the threshold, this could mean thousands in savings—especially in high-tax states.

5. Gift Early, Gift Often

The **annual gift tax exclusion** is now **$19,000 per recipient**. Married couples can gift **$38,000** per person. Use it to:

Transfer appreciating assets.

Fund *529 plans (consider "superfunding" five years at once).

Reduce your taxable estate without touching your lifetime exemption.

*Prior to investing in a 529 Plan, investors should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's qualified tuition program. Withdrawals used for qualified expenses are federally tax free. Tax treatment at the state level may vary. Please consult with your tax advisor before investing.

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Final Thought

The tax code may be complex, but your strategy doesn't have to be. With the right moves, you can turn legislative clarity into long-term opportunity.

Let's act before December 31. Your future self (and heirs) will thank you.

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