

DANERWEALTH MANAGEMENT

2026 EDITION

# 8 Tax Reduction Strategies

## for High-Income Earners

Daner Wealth Management

www.danerwealth.com

INTRODUCTION

# Maximizing wealth with smart tax strategies

If you're earning $500,000 or more annually, tax planning can be an important part of preserving your wealth. By proactively using appropriate, up-to-date tax strategies, you may be able to lower the taxes you owe, depending on your situation.

This guide explains eight strategies to discuss with your financial advisor and tax professional. Some reduce current taxable income; others defer taxes or provide tax advantages later.

Figures reflect federal rules for 2026, checked October 26, 2026. State treatment may differ. Consult your tax professional before acting.



01

# Health savings account contributions

Health Savings Account (HSA) contributions offer three federal tax advantages for eligible individuals: contributions are generally deductible or excluded from income, investment growth is not taxed annually, and withdrawals for qualified medical expenses are tax-free. For 2026, the limits are $4,400 for self-only coverage and $8,750 for family coverage, including employer contributions. Eligible people age 55 or older can contribute an additional $1,000 to their own HSA.

These accounts can help you save for medical costs now and in the future. If you can pay current medical bills from other funds, you may choose to leave money invested for later medical expenses. Invested balances can lose value.

You must have qualifying health coverage and meet the other eligibility rules. Medicare enrollment generally ends contribution eligibility. Confirm your eligibility and contribution limit with your tax professional.



Source: IRS HSA limits | IRS HSA rules | 2026 eligibility

02

# Backdoor Roth IRA

Contributing to a traditional IRA and then converting it to a Roth IRA, known as a backdoor Roth IRA, may allow high earners above the direct Roth income limits to fund a Roth IRA. Annual IRA contribution limits still apply: $7,500 for 2026, or $8,600 at age 50 or older, across traditional and Roth IRAs combined. You also need sufficient eligible compensation.

Any pre-tax money or earnings included in the conversion are generally taxable in the conversion year. The pro-rata rule considers your traditional, SEP, and SIMPLE IRAs, including year-end balances. A nondeductible contribution does not make the conversion tax-free when other pre-tax IRA money is included in that calculation.

For 2026, direct Roth contributions phase out at modified adjusted gross income of $153,000-$168,000 for single filers and heads of household and $242,000-$252,000 for married couples filing jointly. Special rules apply to married people filing separately.

The potential benefit is tax-free qualified withdrawals in retirement, generally after the five-tax-year requirement and age 59½ are met. Always consult a qualified tax professional about suitability, conversion taxes, and required Form 8606 reporting.

Source: IRS Notice 2025-67 | Form 8606 | IRS Publication 590-B

03

# Qualified retirement plan contributions

Pre-tax qualified retirement plan contributions can reduce your current taxable income. Investments grow tax-deferred, and withdrawals of pre-tax contributions and earnings are generally taxed as ordinary income. Many plans also offer an employer match, subject to the plan's formula and vesting rules.

For 2026, the 401(k) employee deferral limit is $24,500. If the plan permits, the additional catch-up is generally $8,000 at age 50 or older, or $11,250 instead for people who turn 60-63 during 2026. Other plans can have different limits.

Starting in 2026, catch-up contributions generally must be Roth if your 2025 wages subject to Social Security tax from the sponsoring employer exceeded $150,000. Roth contributions do not reduce current taxable income, but qualified withdrawals are tax-free. Confirm your plan's contribution and withdrawal rules with your plan administrator and tax professional.



Source: IRS Notice 2025-67

04

# Qualified charitable distributions (QCDs)

Qualified Charitable Distributions (QCDs) allow people age 70½ or older to transfer up to $111,000 per person in 2026 directly from an eligible IRA to an eligible charity, without including the qualifying amount in taxable income.

QCDs can count toward IRA required minimum distributions (RMDs). IRA owners now reaching RMD age generally start at 73; the starting age is 75 for people born in 1960 or later. The QCD eligibility age remains 70½.

Excluding a QCD can keep adjusted gross income (AGI) lower than a taxable IRA withdrawal followed by a donation, which may affect Social Security taxation and Medicare premiums. You cannot also deduct the excluded gift. QCDs cannot go to donor-advised funds. Confirm eligibility and any adjustments with your custodian and tax professional.



Source: IRS Notice 2025-67 | IRS Publication 590-B | RMD starting ages

05

# Charitable contributions

Charitable giving supports the causes you value and may reduce taxable income. Cash donations to qualifying public charities are generally subject to a limit of 60% of AGI.

Beginning in 2026, itemizers can generally deduct only charitable contributions above 0.5% of AGI, subject to other limits. A separate limitation generally reduces the federal benefit of deductions against income in the 37% bracket to 35 cents per dollar; the calculation depends on taxable income and total deductions.

Non-itemizers may deduct up to $1,000, or $2,000 if married filing jointly, of eligible cash gifts in 2026. Donor-advised fund gifts do not qualify for that deduction. Confirm the charity's eligibility, required records, and your deduction with your tax professional.

Source: IRS Publication 505 (2026) | IRS charitable contribution rules

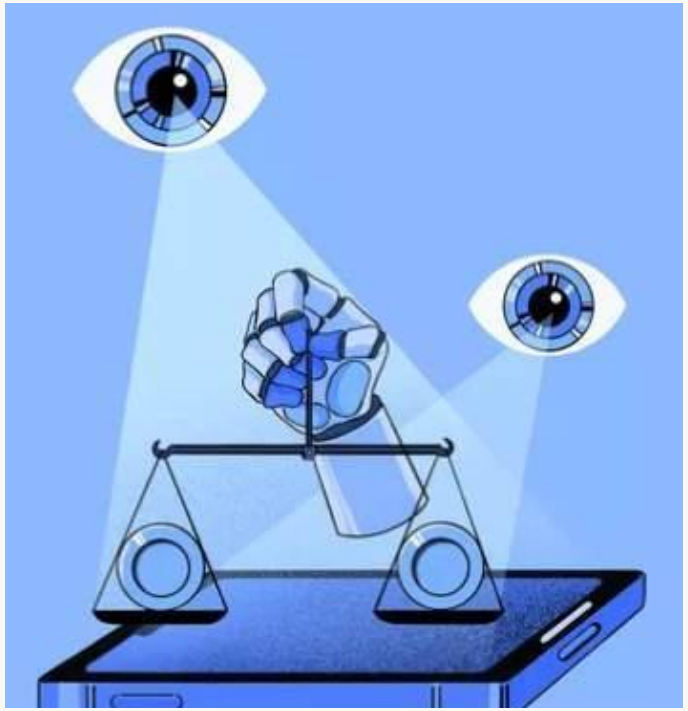
06

# Tax-loss harvesting

Tax-loss harvesting uses realized investment losses in taxable accounts to offset capital gains. By selling investments that have incurred losses, you can offset gains realized elsewhere in your portfolio.

If capital losses exceed gains, you can generally deduct up to $3,000 against other income each year, or $1,500 if married filing separately, with unused losses carried forward.

Be mindful of the wash-sale rule: a loss can be disallowed if the same or substantially identical stock or securities are acquired within 30 days before or after the sale. IRA purchases, spousal purchases, and automatic reinvestments can also matter. Coordinate transactions with your advisor and tax professional; investment goals and trading costs still matter.



Source: IRS capital gains and losses | IRS wash-sale rules

07

# Qualified medical expenses

For those with high out-of-pocket medical costs, you may deduct only the portion of eligible medical and dental expenses above 7.5% of AGI if you itemize.

Only eligible expenses paid during the year and not reimbursed by insurance or another source count. Expenses paid or reimbursed with tax-free HSA funds cannot also be deducted. Ask your tax professional which expenses qualify.



Source: IRS medical expense deductions | IRS HSA rules

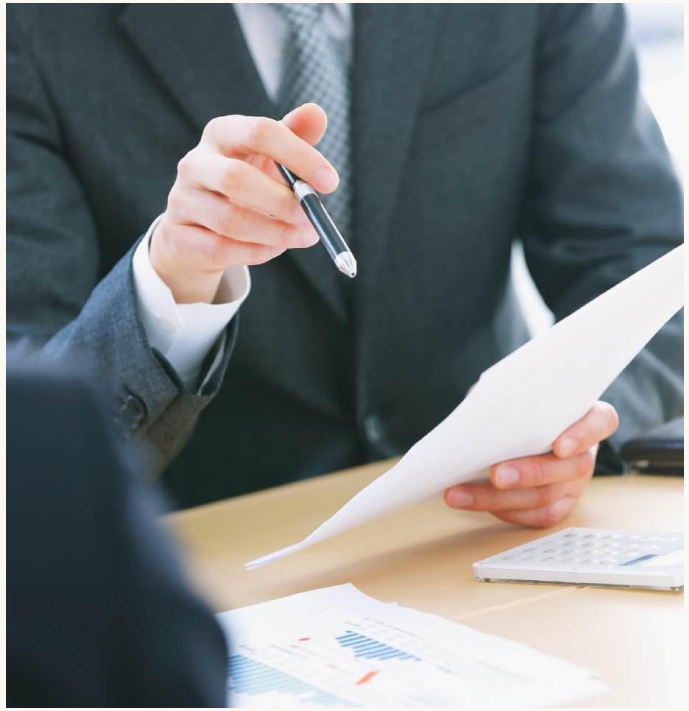
08

# Donor-advised funds

Donor-advised funds (DAFs) allow you to make a charitable contribution now and recommend grants to eligible charities over time. If you itemize, the contribution may be deductible in the year you give, subject to AGI limits and the 2026 charitable and itemized-deduction limitations. The full amount is not necessarily deductible that year.

Gifts of appreciated publicly traded shares held for more than one year generally avoid personally realizing the embedded capital gain and may qualify for a fair-market-value deduction, subject to the rules. Real estate and other assets require additional review.

A DAF can keep giving records in one account. Contributions are irrevocable, the sponsor has legal control, and fees and grant restrictions apply. There is no second deduction when grants are paid. Review the sponsor’s terms and your deduction with your tax professional.



Source: IRS donor-advised funds | IRS Publication 526 | 2026 limitations

DANERWEALTH MANAGEMENT

LET'S TALK

# Take control of your wealth today

To discuss tax strategies suited to your situation, contact Daner Wealth Management for a personalized consultation.

Call **(770) 368-6033** or visit www.danerwealth.com to schedule your free consultation.

## IMPORTANT INFORMATION

This guide is for general educational purposes only and is not tax, legal, or individualized investment advice. It addresses federal tax rules for 2026 based on sources checked October 26, 2026. State treatment may differ, and laws and limits may change. Strategies involve eligibility requirements, costs, risks, and trade-offs and may not be appropriate for every person. No tax savings or investment outcome is guaranteed. Consult your qualified tax professional or attorney and financial advisor before acting.

Daner Wealth Management, LLC is an SEC-registered investment adviser. Registration does not imply a certain level of skill or training.

**2026 federal rules**

Sources checked October 26, 2026