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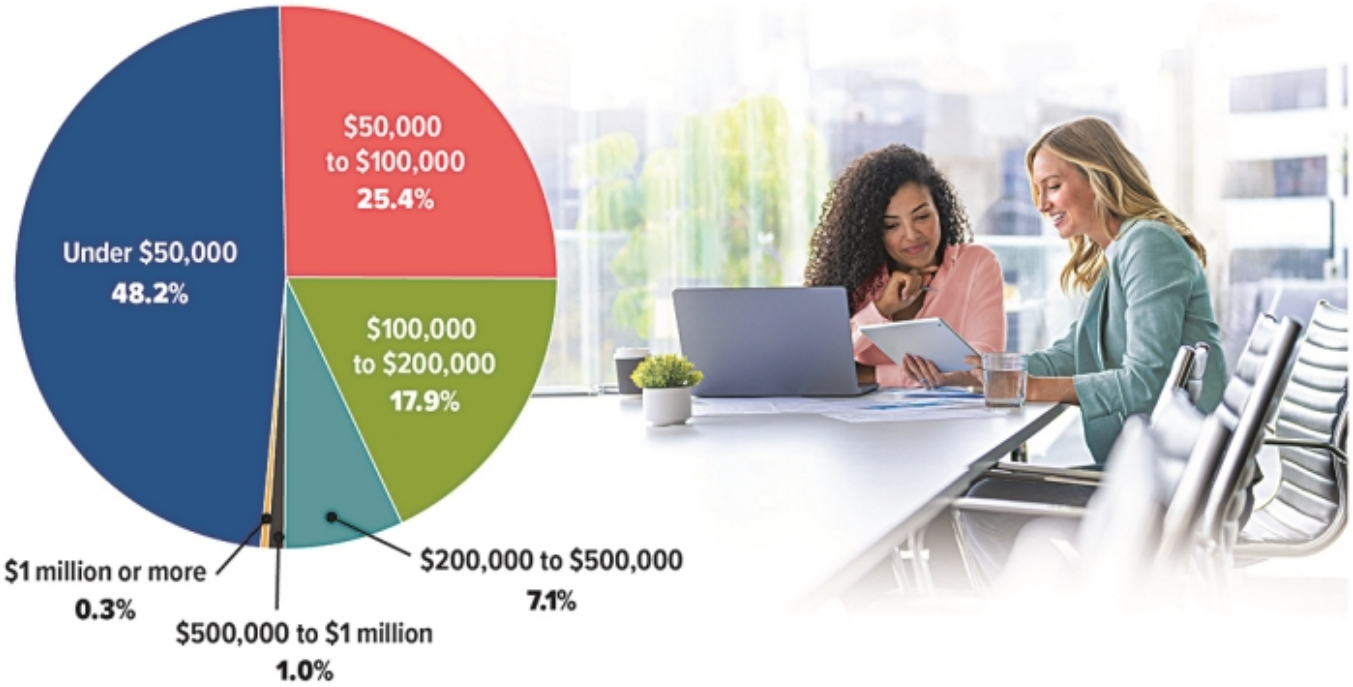
How Does Your Income Compare?

Almost half of U.S. taxpayers had an adjusted gross income (AGI) of less than $50,000 in 2024, and about one in four had an AGI of $50,000 to $100,000.



Source: Internal Revenue Service, 2025 (for tax year 2024 returns processed through July 24, 2025; does not total 100% due to rounding)

No More Groundhog Day for Your Finances: Time for a Financial Wellness Checkup

Just like Groundhog Day, our financial habits can repeat themselves, month after month and year after year. That is, until we consciously break the pattern. Now is a good time to check on your finances, since it's still early enough in the year to make meaningful changes. A financial wellness checkup can help you identify patterns that keep you stuck with bad habits and open the door to new behaviors that move you closer to financial stability.

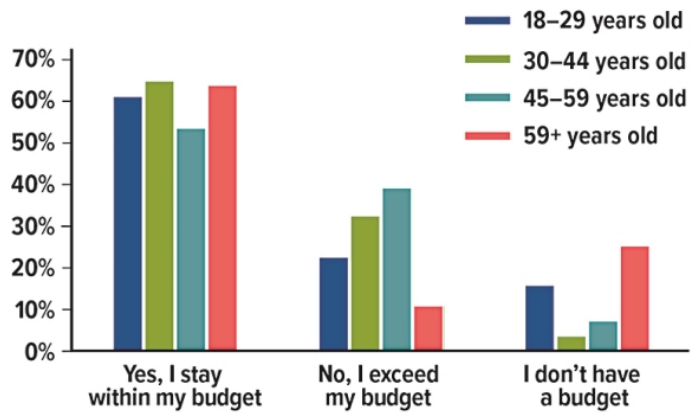
Review your spending and budget

Start out by reviewing your spending over the last month by checking your bank, credit card, and payment app statements. Next, identify what money is coming in, whether earned income or from other sources, such as investments. Add them up and compare the two totals to make sure you are spending within your means. If your expenses outweigh your income, you'll likely need to make some adjustments, such as reducing your discretionary spending.

While it's normal to stray from your budget occasionally, there are some ways to help make working within it a bit easier:

- Make budgeting a part of your daily routine.
- Build occasional rewards into your budget.
- Evaluate your budget regularly and make changes if necessary.
- Use budgeting software/apps to track your progress.

Staying On Budget, by Age Group



Source: WalletHub, September 12, 2025

Set new financial goals and reprioritize existing ones

Next, take a look at the financial goals you set for yourself — both short- and long-term. Perhaps you wanted to increase your cash reserve or save money for a down payment on a home. Maybe you wanted to invest more money towards your retirement. Did you accomplish any of your goals? Do you have any new goals that you would like to target?

Finally, have your personal or financial circumstances changed during the past year (e.g., marriage, the birth of a child, or a job promotion)? Would that warrant a reprioritization of goals?

Make sure your investment portfolio is still on target

Review your investment portfolio to ensure that it is still on target to help you pursue your financial goals. Ask yourself the following questions:

- Do I still have the same time horizon for investing as I did last year?
- Has my tolerance for risk changed?
- Do I have an increased need for liquidity?
- Does any investment now represent too large (or too small) a part of my portfolio?*

Focus on reducing your debt

An essential part of any financial wellness checkup focuses on reducing debt. Here are some tips to help you keep your debt in check:

- Keep track of all of your credit card balances and be aware of interest rates and hidden fees.
- Develop a plan to manage your payments and strive to avoid late fees.
- Optimize your repayments by paying off high-interest debt first or consider taking advantage of debt consolidation/refinancing programs.
- Avoid charging more than you can pay off at the end of each billing cycle.

Take steps to improve your credit health

Having healthy credit is another important part of financial wellness. Check your credit report, which contains information about your past and present credit transactions and is used by potential lenders to evaluate your creditworthiness. A positive credit history helps you obtain credit when you need it and possibly at a lower interest rate.

Review your credit report for inaccuracies. To establish a good track record with creditors, always pay your monthly bills on time and try to limit credit inquiries on your credit report. You are entitled to a free copy of your credit report every 12 months from each credit reporting company. Visit www.annualcreditreport.com for more information.

**Rebalancing involves selling some investments in order to buy others. Selling investments in a taxable account could result in a tax liability.*

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Key Retirement and Tax Numbers for 2026

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are some of the key adjustments for 2026.

Estate, gift, and generation-skipping transfer tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2026 is $19,000, unchanged from 2025.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2026 is $15,000,000, up from $13,990,000 in 2025.

Standard deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2026, the standard deduction is:

- $16,100 (up from $15,750 in 2025) for single filers or married individuals filing separate returns
- $32,200 (up from $31,500 in 2025) for married joint filers
- $24,150 (up from $23,625 in 2025) for heads of households

The additional standard deduction amount for the blind and those age 65 or older in 2026 is:

- $2,050 (up from $2,000 in 2025) for single filers and heads of households
- $1,650 (up from $1,600 in 2025) for all other filing statuses

Special rules apply for an individual who can be claimed as a dependent by another taxpayer.

The One Big Beautiful Bill Act, signed into law in July 2025, introduced a new senior deduction of $6,000 for taxpayers filing individually who are age 65 or older for tax year 2026. A deduction of up to $12,000 may be claimed by married couples filing jointly if they are both age 65 or older. This deduction is stacked on top of the standard deduction and additional deduction for the blind and those age 65 or older or on top of itemized deductions.

IRAs

The combined annual limit on contributions to traditional and Roth IRAs is $7,500 in 2026 (up from $7,000 in 2025), with individuals age 50 or older able to contribute an additional $1,100 in 2026 (up from $1,000 in 2025). The limit on contributions to a Roth IRA phases out for certain modified adjusted gross income (MAGI) ranges *(see table).* For individuals who are active participants in an employer-sponsored retirement plan, the deduction for contributions to a traditional IRA also phases out for certain MAGI ranges *(see table).* The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

MAGI Ranges:
Contributions to a Roth IRA

	2025	2026
Single/Head of household	$150,000–$165,000	$153,000–$168,000
Married filing jointly	$236,000–$246,000	$242,000–$252,000
Married filing separately	$0–$10,000	$0–$10,000

MAGI Ranges:
Deductible Contributions to a Traditional IRA

	2025	2026
Single/Head of household	$79,000–$89,000	$81,000–$91,000
Married filing jointly	$126,000–$146,000	$129,000–$149,000

Note: The 2026 phaseout range is $242,000–$252,000 (up from $236,000–$246,000 in 2025) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered. The phaseout range is $0–$10,000 when the individual is married filing separately and either spouse is covered by a workplace plan.

Employer-sponsored retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to $24,500 in compensation in 2026 (up from $23,500 in 2025); employees age 50 or older can defer up to an additional $8,000 in 2026 (up from $7,500 in 2025). For employees ages 60 to 63, the additional deferral limit is $11,250 for 2026 (unchanged from 2025).
- Employees participating in a SIMPLE retirement plan can defer up to $17,000 in 2026 (up from $16,500 in 2025), and employees age 50 or older can defer up to an additional $4,000 in 2026 (up from $3,500 in 2025), with an increase to $5,250 in 2026 (unchanged from 2025) for ages 60 to 63.

Kiddie tax: child's unearned income

Under the kiddie tax, a child's unearned income above $2,700 in 2026 (unchanged from 2025) is taxed using the parents' tax rates.

Wealthy Colleges Face Expanded Endowment Tax

Over the past year, colleges have faced several headwinds, including funding cuts, political entanglements, and student concerns about affordability and return on investment. Now, some wealthy colleges are facing another obstacle: an expanded tax on their endowments.

A new tiered endowment tax

The One Big Beautiful Bill Act (OBBBA), signed into law in July 2025, established a new tiered tax rate on the endowments of wealthy colleges and universities starting in 2026.

Previously, private schools with at least 500 tuition-paying students and an endowment of at least $500,000 per student paid a 1.4% tax on the net investment income from their endowments. This tax, enacted by the Tax Cuts and Jobs Act of 2017, was the first time a federal tax had been levied on educational institutions. In 2023, 56 schools paid $381 million in endowment tax.[1]

Under OBBBA, starting in 2026, private colleges and universities with more than 3,000 tuition-paying students will be subject to a new tiered tax rate based on an "endowment dollars per student" model as follows:

- $500,000 to $750,000 endowment per student: 1.4%
- $750,001 to $2 million endowment per student: 4%
- Over $2 million endowment per student: 8%

Based on prior endowment values and enrollment numbers, 15 universities — many of the nation's top research institutions — are expected to be subject to the new rates in 2026, with 10 schools facing an 8% or 4% tax rate and five schools remaining at the 1.4% rate.[2] Congressional tax analysts have estimated that the new tiered tax rates will bring in $761 million over 10 years, money that will flow into the general coffers of the U.S. Treasury.[3] The winners under the new rules are the more than two dozen smaller, highly selective colleges that were paying a 1.4% tax pre-2026 but will now be exempt from any endowment tax because they enroll fewer than 3,000 tuition-paying students.[4]

Impact on colleges and students

Colleges generally rely on income from their endowments to act as a cushion to help protect their budgets from cyclical pressures, unanticipated changes in enrollments, and other temporary revenue disruptions. Colleges also use their endowments to fund research, institutional operations, and financial aid programs for undergraduate and graduate students, among other things. Schools impacted by the new endowment tax could potentially adjust their spending in these areas, possibly leaving students with reduced financial aid packages, research opportunities, and/or college enrichment programs.

1-2, 4) *Forbes,* July 5, 2025

3) Joint Committee on Taxation, July 1, 2025

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FINRA

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

December 18, 2025

Kyle Smith
BROADRIDGE BUSINESS PROCESS OUTSOURCING, LLC

Reference: **FX2025-1216-0042/E** Org Id: 114212

1. Broadridge Newsletter: February 2026 - Income; Penny; FinWell; KeyNum; TxSS; EndowTx; Roadmp (BroadridgeNewsletter0226)
   Rule: FIN 2210
   7 Pages Total Fee: $600

Dear Kyle Smith,

Our review is based on the understanding that in its final form, this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3), as represented by your firm in the explanation uploaded with this submission.

In light of the above, the material generally appears consistent with applicable standards.

Please feel free to call me at 240-386-4500 if you have questions about the comment above.
Reviewed by,

Thomas G. Dineen, III
Principal Analyst

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