

2026 EDITION



FERGUSON WELLMAN

Wealth Planning Guide

Our 2026 Wealth Planning Guide is designed to facilitate meaningful conversations about taxes, retirement, estate planning and charitable giving with individual clients and their professional partners. We also offer these insights to investment committees and employees of our institutional clients as a resource for personal wealth planning. The One Big Beautiful Bill Act (OBBBA) has significantly reformed the U.S. tax system and extended many provisions established by the Tax Cuts and Jobs Act of 2017. While most previous measures will continue, reviewing your estate and income tax strategies is essential to prepare for any changes.

Beyond this guide, we look forward to collaborating with you and your other advisors around opportunities to further optimize your financial plans. If it has been several years since your last *Wealth Horizon*TM review or your financial situation has changed considerably, please reach out to your portfolio manager to discuss updating your *Wealth Horizon*TM in 2026.



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Ferguson Wellman creates customized investment portfolios and wealth management strategies with assets starting at \$4 million. Our division, West Bearing Investments, has a minimum of \$1 million for portfolio and wealth management. Our private family office solution, Octavia Group, provides personal financial services for Ferguson Wellman and West Bearing clients who have a minimum of \$10 million managed by our firm.

See important disclosures on the back cover.

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CHARITABLE TAX PLANNING

Supporting philanthropic causes not only allows us to make an impact locally, regionally or globally, but often results in tax savings. With the introduction of a higher standard deduction under the One Big Beautiful Bill Act (OBBBA), taxpayers may find that their annual charitable giving no longer provides a direct tax benefit. If you are taking the standard deduction, it is important to consult with your tax advisor to determine whether you can benefit from strategies such as bunching multiple years of donations within a single tax year, utilizing a donor-advised fund (DAF), or making qualified charitable distributions (QCDs) from a traditional IRA. Starting in 2026, if you don't itemize, you may still qualify for an "above-the-line" deduction for cash-only charitable gifts.

Limitations on Deductibility

Changes to itemized deductions in 2026 may limit the tax benefit of charitable donations due to a new floor based on 0.5% of your adjusted gross income (AGI) and possible caps on the value of deductions. In making donations, the amount eligible to be deducted in a single year may be limited to a percentage of your AGI, which varies based on the type of donated property and the type of organization receiving the donation. There may be additional limitations depending on your total gross income. We recommend reaching out to your advisors before making large charitable contributions.

Type of Property	Public Charity	Private Foundation
Cash	60% of AGI*	30% of AGI*
Appreciated Long-Term Securities	30% of AGI*	20% of AGI*

*Subject to 0.5% AGI floor for itemized filers

Carryover: Amounts exceeding these deduction limits may be carried forward for up to five subsequent tax years.

Timing Matters

Generally, a charitable donation is deductible in the year it is delivered to the charity. While transfers of cash can be completed relatively quickly, it is often more tax-efficient to donate appreciated assets in lieu of cash. Depending on the type of asset you donate and how it is delivered, as well as the organizations involved, some gifts need to be planned and completed by November or early December to ensure there is enough time for processing and delivery to the charity.

Donations from Retirement Accounts

For individuals who are charitably inclined, donating funds directly from a pre-tax individual retirement account (IRA) may be a tax-efficient strategy. Qualified charitable distributions (QCDs) are allowed for IRA owners aged 70½ or older and may total up to \$111,000 per taxpayer per year. QCDs are treated as tax-free withdrawals from the IRA, and may count toward any applicable required minimum distributions (RMDs). To qualify, distributions must be made directly to a qualified 501(c)3 organization.



ESTATE PLANNING

It is good practice to revisit your estate plan each year—even a succinct review is productive. At a minimum, review to see if any major changes have occurred regarding your goals or the authorized decision makers in your plan. The federal estate-tax exemption represents the cumulative amount you can transfer during your lifetime and/or at death without incurring a 40% federal transfer tax. The OBBBA has increased this exemption to \$15 million for individuals and \$30 million for married couples, indexed for inflation in future years, with no scheduled sunset.

Although the higher exemption continues to protect many individual and family estates from federal estate taxes, it is wise to consider the possibility that your estate may become taxable at the federal level in the future. Even those who are under this threshold should review their projected net worth as a proactive measure. In addition to the federal estate tax, several states (including Oregon and Washington) have their own estate or inheritance taxes with unique rates and exemptions that are important to consider when working to minimize overall taxes.

For those looking to further optimize their estate planning, lifetime gifts can be made directly to individuals without restriction or completed through various types of irrevocable trusts. These trusts can distribute assets to beneficiaries for specific periods or purposes and may provide tax benefits, but they require thoughtful planning and time to establish.

Beyond an annual review of your estate planning documents, it is essential to review your beneficiary designations. Many assets, such as retirement accounts and life insurance policies, are not governed by estate planning documents like wills or trusts. Instead, these assets pass directly to the beneficiaries named by the account owner. Forgotten or overlooked beneficiary designations could result in assets passing to unintended heirs if not updated in accordance with your current wishes.

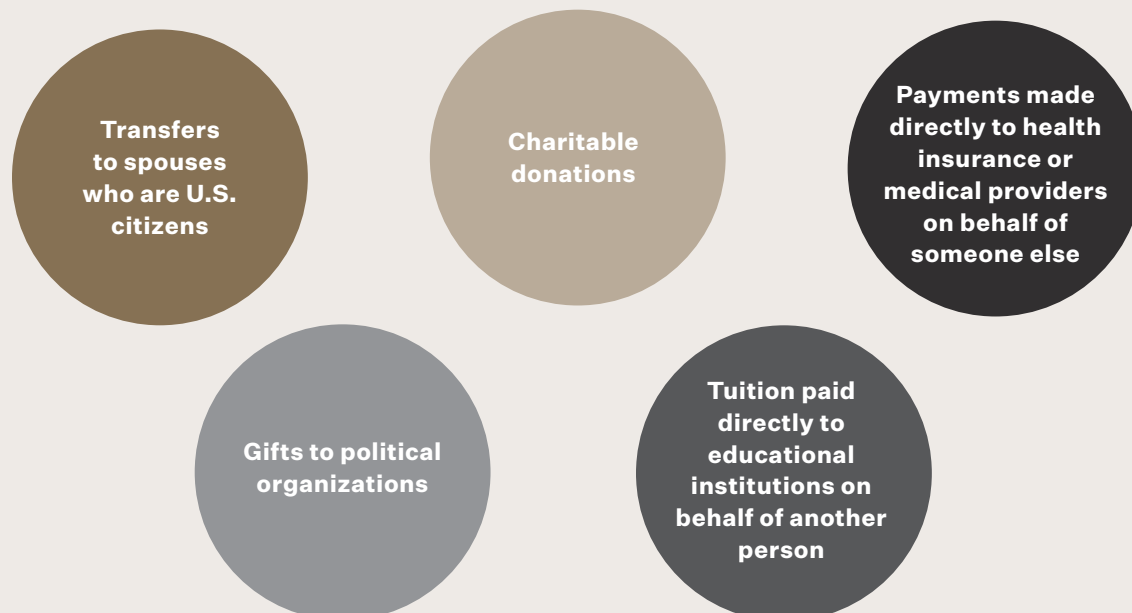
Finally, incorporating charitable giving into your estate plan is another common strategy for reducing estate taxes. It is important to consider not only the amount, but also the source and structure of any charitable giving included in your estate plan to best accomplish your goals.

ANNUAL GIFT EXCLUSION

Individuals can give up to \$19,000 per recipient without incurring federal gift taxes or reducing their available \$15 million lifetime gift and estate tax exemption. Spouses can give away a combined \$38,000 per recipient. These gifts must be both received and deposited by the beneficiary by December 31 to qualify for the current tax year. Making annual gifts can be a useful strategy to lower your taxable estate.

For those interested in funding a 529 plan for education savings, special rules allow for “superfunding” a 529 plan with five years’ worth of annual gifts at once. More details can be found in our 529 Plans for Education Savings section. The Internal Revenue Service (IRS) does not classify certain transfers as gifts, allowing you to give unlimited amounts in these categories without incurring gift taxes.

Non-Taxable Gifting Options





MAXIMIZING CONTRIBUTIONS TO RETIREMENT PLANS

Contributions to traditional IRAs and Roth IRAs may be made until the tax filing deadline, normally April 15 of the following year. However, employee contributions to many employer-sponsored retirement plans such as 401(k)s, 401(a)s, 403(b)s and SIMPLE IRAs, must be completed by December 31 of the current tax year. It is generally advantageous to maximize contributions to retirement plans given their tax treatment and asset protection features.

Plan Type	2026 Limits
401(k), 403(b), profit-sharing plans, etc.	\$24,500
<i>Catch-up contributions for those age 50-59 and 64+</i>	\$8,000
<i>Catch-up contributions for those age 60-63*</i>	\$11,250
Combined employee + employer contribution 401(k) and Solo 401(k)	\$72,000
SEP IRA	Lesser of \$72,000 or 25% wages
SIMPLE plans**	\$17,000
<i>Catch-up contributions for those age 50-59 and 64+</i>	\$4,000
<i>Catch-up contributions for those age 60-63</i>	\$5,250
Traditional IRA and Roth IRA	\$7,500
<i>Catch-up contributions for those age 50 and older</i>	\$1,100

*Catch-up contributions must be Roth if a participant's income exceeds the applicable IRS threshold

**Certain applicable SIMPLE plans have slightly higher limits

Single taxpayers with a modified adjusted gross income (MAGI) exceeding \$168,000 and married taxpayers with MAGI above \$252,000 are fully phased out from making direct contributions to a Roth IRA. High-income earners seeking to increase their tax-advantaged retirement savings may consider nonqualified compensation plans (e.g., deferred compensation plans), and backdoor Roth contributions.

By making a non-deductible IRA contribution with after-tax dollars, the backdoor Roth strategy avoids the income limits that apply to direct Roth IRA contributions. Assuming no existing pre-tax IRA balances exist, this contribution can then be converted to a Roth with no additional tax due, assuming there was no investment growth between contribution and conversion. Additional limitations and considerations apply and we recommend coordinating with your tax advisor.

ROTH IRA CONVERSIONS

If you are currently in a low-tax bracket and think your rates will go up in future years, you may benefit from converting a portion of your tax-deferred retirement account into a Roth IRA. While the conversion will create taxable income in the year of conversion, it can also result in long-term tax savings by paying tax at a lower rate instead of a possible higher rate in the future. This approach can be especially useful in years when your taxes are uniquely low, such as following a significant charitable donation, during temporary unemployment or being newly retired.

Roth IRA conversions can also benefit multiple generations. If your heirs may be in higher income tax brackets than you are, converting now means paying taxes at your lower rate, which could reduce future tax bills for them. Additionally, Roth conversions prior to death can reduce potential estate taxes because the income taxes paid during your lifetime can lower the value of your taxable estate.



REQUIRED MINIMUM DISTRIBUTIONS

The age at which required minimum distributions (RMDs) begin has changed twice in recent years due to new legislation. The SECURE 2.0 Act brought further changes to required beginning dates:

Birth Year	Age at Which RMDs Begin
1950 or earlier	72 (70½ for those who turned 70½ prior to 2020)
1951 - 1959	73
1960 or later	75

Starting in the year that your RMDs begin, the IRS requires a certain amount of funds to be withdrawn from your IRA annually by December 31. Your initial distribution may be deferred until April 1 of the year after you reach your required beginning age. However, the subsequent year's distribution will also be taken in the same tax year. While deferring that first distribution can benefit some individuals through tax deferral for one calendar year, others may be pushed into a higher tax bracket when they receive two distributions the following year.

For those interested in supporting charitable organizations, especially those who do not itemize deductions, QCDs from your IRA may be beneficial. These transfers are made directly from your IRA to a charitable organization. While the transfers are not deductible, they are excluded from your adjusted gross income and not subject to income tax. Equally important, they are eligible to apply toward satisfying your RMD. QCDs are permitted for those over 70½ and may not exceed \$111,000.

Additionally, the SECURE Act replaced the lifetime “stretch” provision for certain beneficiaries of inherited IRAs after 2020 with a 10-year distribution requirement. This change has led many individuals to adjust their estate plans. Strategies for mitigating the future tax impact to heirs include: taking larger withdrawals than required, converting all or part of the IRA balance to a Roth IRA and including charitable beneficiaries who aren't subject to income or estate taxes.



HEALTH SAVINGS ACCOUNTS AND FLEXIBLE SPENDING ACCOUNT FUNDS

Contributions to health savings accounts (HSAs) for a given year must be completed by the tax filing deadline, normally April 15 of the next calendar year. Individuals and families enrolled in high-deductible healthcare plans may be eligible to open and fund an HSA, even without employer sponsorship. These accounts offer significant tax advantages: contributions are deductible, funds can be invested and experience tax-free growth and distributions are tax-free when used for qualified medical expenses.

Individuals may contribute up to \$4,400 annually, while those with family coverage can contribute up to \$8,750 for the year. Additionally, individuals aged 55 or older are permitted an additional \$1,000 catchup contribution to their HSA. After age 65, any remaining HSA funds can be withdrawn for non-medical purposes without penalty, which means the account can effectively function like a traditional IRA, though such withdrawals are taxed as ordinary income. Keep in mind that spouses must be enrolled in the same type of medical plan; one spouse cannot use an HSA while the other uses a medical FSA.

Flexible Spending Account (FSA) Provisions

Unlike HSAs, funds in flexible spending accounts (FSAs) generally do not carry over from year-to-year. The FSA contribution limit is \$3,400 per employer and married couples may contribute up to \$3,400 each through their respective employers. Each plan is unique, but FSAs typically operate under a “use-it-or-lose-it” policy, requiring eligible expenses to be incurred by December 31. To avoid forfeiting unused funds, we recommend confirming the deadline for your FSA, reviewing outstanding balances and planning qualifying expenses accordingly.

Certain plans may permit a balance of up to \$680 to be rolled over to future years if completed within a specific time frame. Alternatively, some plans provide a grace period of up to two and a half months. We suggest consulting with your employer to confirm the exact rules and deadlines for their specific FSA.

Additional Consideration

If you have already satisfied your health insurance plan’s annual deductible, consider incurring any additional qualifying medical expenses before year-end, as deductibles will reset at the beginning of the new year.

529 PLANS FOR EDUCATION SAVINGS

If you are planning for the education of family members, consider making annual contributions to a 529 plan. Many states offer a tax benefit in the form of a deduction or credit for contributing to a 529 plan.

Contributions to 529 plans are treated as gifts for tax purposes. Individuals may contribute up to \$19,000 per recipient without triggering a gift tax. Additionally, a special provision permits donors to “superfund” five years’ worth of annual gifts into a 529 plan in a single year without gift tax implications. As such, individuals can contribute up to \$95,000 per 529 plan beneficiary in a single year and treat the contribution as if it were made over five consecutive years; married couples may contribute up to \$190,000 in a single year under this rule. This superfunding approach enables donors to front-load a 529 plan and remove assets from their estate over time. We suggest reviewing the specific rules for your state plan and working with a tax advisor to determine whether state tax benefits are available.

A new savings option, the Trump Account, functions similarly to an IRA for children under 18. These accounts allow after-tax contributions of up to \$5,000 per year until the beneficiary turns 18. Earnings grow tax-free, and after age 18, withdrawals may be allowed without penalty for certain purposes. While additional details are needed regarding the process for opening and managing these accounts, they could serve as a useful tool to help minors save for college or other goals.

Recent expectations indicate that college costs are projected to inflate by around 7% annually. If you’d like stand-alone education cost projections based on a student’s current age, please contact your portfolio manager. Estimates are available by tuition type or specific university and can help clarify future costs under different inflation scenarios.

Type of Institution	National Average Cost*
Public in-state (four years)	\$29,910*
Public out-of-state (four years)	\$49,000*
Private (four years)	\$62,920*

*Includes tuition, fees, living expenses and supplies

Source: Peterson’s Undergraduate & Graduate Institution Databases, 2025



STRATEGIZING WITH YOUR TAX ADVISOR

Your income level not only influences your tax rates, but also affects how your Social Security benefits and Medicare premiums are taxed. Depending on your circumstances, you may benefit from shifting income between tax years, for example by harvesting capital losses or even accelerating capital gains as part of a multi-year tax and investment strategy.

Most individuals will benefit from thinking strategically about how their income tax brackets and rates are likely to evolve over their lifetime. This planning may be more meaningful if you live in a state or locality that assesses additional taxes. Working closely with your tax, legal and financial advisors can help identify strategies to manage your tax exposure effectively.

While it may seem that income or deductions are fixed, in fact there are numerous strategies to shift them between tax years. Evaluating these from a multiyear perspective may reveal opportunities to move income into lower tax-rate years or group deductions to offset income in higher tax-rate years.

Topics to Discuss with Your Tax Advisor

Grouping Deductions

- Charitable deductions (including the use of donor-advised funds, qualified charitable distributions or charitable remainder trusts)
- Healthcare expenses
- Business expenses for pass-through entities

Deferring Income

- Contributing to qualified retirement plans
- Nonqualified retirement savings such as a deferred compensation plan
- Harvesting investment losses
- Structuring installment sales
- Utilizing 1031 like-kind exchange for real estate

Accelerating Income

- Withdrawals from retirement accounts
- Partial Roth conversions
- Strategic sales of appreciated assets
- Taking bonuses or other compensation early
- Exercising stock options



REVIEW YOUR BUDGET

Evaluating how your actual income and expenses align with your financial plan provides valuable insight into your spending habits and overall progress toward your goals. During this review, take another look at recurring expenses like subscriptions or memberships and cancel those you no longer use or enjoy. Make sure you have enough cash on hand for your near-term needs, in addition to an appropriate emergency fund. A good practice is to have enough cash available to cover at least three to six months' worth of expenses.

Additionally, clients and their families have access to our *DollarSense* financial education program, which includes *Money Matters*— a series of six self-paced budgeting videos and activities. Contact dollarsense@fergwell.com for information about these resources.

INSURANCE REVIEW

Planning for the risk of unknown events is a key component of a solid financial plan. There are many details to consider when building a suitable insurance plan. We recommend conducting an annual review with your insurance agent, particularly given the changes to real estate values and replacement costs in recent years. If you are looking for an agent specializing in coverage for high-net-worth individuals, we are happy to provide potential resources.

Annual Insurance Considerations

Homeowners

- Does your policy allow you to repair or rebuild your home at today's replacement costs?
- Is your property vulnerable to natural catastrophe (e.g., earthquake, wildfire, flood)?
- Do you have unique or valuable assets that require their own riders or separate policies?

Health/Long-Term Care/Life

- Do you have a plan for coverage throughout retirement?
- If retiring prior to age 65, will you have coverage prior to Medicare?
- Can you afford to self-insure your potential long-term care needs?
- Would your family need additional resources if you died prematurely?

Personal Liability

- Is your coverage appropriate to your risk factors and net worth?
- Common risk factors include ownership of a swimming pool, trampoline or dog; the presence of teenage drivers in the household; maintaining a high public profile; business ownership; investment real estate holdings; and employing staff.

Additional Considerations

- Are you a board member of a public, private or nonprofit company?
- Do you have coverage for personal or cybersecurity threats?
- Have you had any significant changes in personal status?

LIABILITY REVIEW

Credit Card Review

Assess whether you are effectively utilizing credit card benefits and rewards, ensuring you are getting real value from them. Carefully review the annual fees associated with each card to determine if they are justified by the benefits they offer. Additionally, consider how different types of rewards, such as cashback versus airline miles, align with your spending habits and financial goals.

Mortgage Refinance

Before deciding to refinance your mortgage, consider the terms of your mortgage, particularly the interest rate and remaining term. Evaluate potential risks of variable rate mortgages such as rising interest rates. Many lines of credit adjust at least once a year, and changes in interest rates could affect your cash flow.

Additionally, the OBBBA permanently extends the reduced limit on mortgage interest deductions for new mortgages and restored the deductibility of mortgage insurance premiums. Most homeowners who itemize may deduct mortgage interest paid on up

to \$750,000 of acquisition debt for primary residences or vacation homes if the loan originated after December 15, 2017; for loans established on or before that date, the deductible limit remains at \$1 million in principal. Homeowners surpassing these thresholds may consider whether refinancing could increase deductibility or rate savings.

Credit Lines

Accessing lower-cost credit lines can give you greater financial flexibility. You may consider reviewing options such as margin lines, pledged-asset lines, or home-equity lines of credit. Even in higher interest rate environments, adding credit before it is needed can help you adapt if circumstances change.

Credit Report Check

Monitor for credit for fraud and ensure your file is accurate before you ask a prospective lender to review it during underwriting. You can access your free credit report at annualcreditreport.com, the official free credit report available from the three most prominent credit bureaus: Equifax, Experian and TransUnion. By regularly monitoring your credit report, you can identify any errors or discrepancies and stay informed about your credit health.

WEALTH HORIZON™

Wealth planning is a comprehensive process of understanding a client's financial, family and philanthropic goals in the context of their current resources and projected cash flow.

At Ferguson Wellman and West Bearing, our *Wealth Horizon™* planning process may include:

- Wealth projections
- Asset allocation review
- Cash flow and spending analysis
- Retirement planning
- Philanthropic strategies
- Estate considerations
- Risk management review
- Gifting analysis
- Tax planning considerations
- Education planning and funding

The *Wealth Horizon™* process can be especially helpful in forming a plan or evaluating your readiness for retirement, reviewing your asset allocation, assessing the impact of a large family or charitable gift, and may identify other ongoing planning opportunities and risks. If you have not completed a *Wealth Horizon™* or changes have occurred in your life that warrant a refresh, please contact your portfolio manager to begin the process.



ADDITIONAL RESOURCES

Our *Wealth Management Spotlights* feature a curated collection of articles, insights and commentary on wealth management topics, offering expert perspectives from our team.

They highlight thought leadership, with updates on wealth planning and practical guidance for informed decision-making. Learn more about these focus areas by visiting our website, fergusonwellman.com/spotlight.

*Wealth Horizon*TM

Umbrella Insurance

Roth IRA Conversions

Backdoor Roth IRAs

Qualified Charitable Distributions

Social Security

Medicare

LGBTQ+ Financial Planning

Superfunding 529

Excess 529 Funds

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