



# Majestic Oak Financial

A Registered Investment Advisor

Anna M. Popke, CFP®, RICP®  
4411 Pasada Lane  
Round Rock, Texas 78681  
(512) 291-3546 (no texts)  
anna@majesticoakfinancial.com  
www.majesticoakfinancial.com

January 8, 2026

Happy New Year! I hope you had a wonderful holiday season and that 2026 brings us all health and calm and peace.

## Tax Changes Effective for 2026

Another new year, new tax guidelines. Here are the tax numbers that may be relevant to you in everyday life.

- Standard deductions for 2026 increase to \$16,100 (single), \$32,200 (married filing jointly) and \$24,150 (head of household). For 2025 - 2028, there is an additional "senior bonus" standard deduction amount of \$6,000 for each taxpayer aged 65 or over. This additional amount is subject to phase-outs for higher earners and sunsets after 2028.
- Retirement plan and catch-up contributions have increased for employer-sponsored plan accounts while limits remain the same for personal retirement plan accounts. Note that there is an increased separate bracket for those age 60-63.
  - \$24,500 for 401(k), 403(b), and 457 plans + \$8,000 catch up for those aged 50-59 or age 64 and older; or \$11,250 catch up for those aged 60-63. If you contribute to a 401k AND earned over \$150k in 2025, the catch-up contribution in 2026 must go into a Roth subaccount in the plan – meaning it is not tax deductible but grows tax-free.
  - \$17,000 for Simple IRA plans (\$18,500 for employers with fewer than 25 employees/larger employers that contribute more to the plan) + \$4,000 catch up for those aged 50-59 and 64 and older; catch up for ages 60-63 remains at \$5,250.
  - \$7,500 for IRA and Roth IRA accounts + \$1,100 catch up.
- IRA contributions for retirement plan participants are fully deductible as long as AGI is less than \$129,000 (married filing jointly) or \$81,000 (single or head-of-household). A higher AGI limit of \$242,000 applies if you do not have access to a retirement plan but your working spouse does.
- Adjusted Gross Income limits for full Roth IRA contributions remain the same at \$242,000 (married filing joint) or \$153,000 (single or head-of-household).
- Maximum contributions for SEP IRA/Individual 401(k) plans increase to \$72,000 based upon a maximum considered income limit of \$360,000.
- Foreign Earned Income Exclusion increases to \$132,900 for 2026.
- Flexible Spending Accounts contributions have increased to \$3,400 per year.
- Capital gains federal tax remains at 15% for assets held at least 12 months with a 0% rate for 10-12% tax bracket taxpayers. Those in the top 35-37% tax brackets incur a 20% long-term capital gains rate. An additional Net Investment Income tax of 3.8% will be levied against income generated from interest, dividends, capital gains, rental and royalty income, nonqualified annuity income, passive business activities, etc. if modified adjusted income exceeds \$200,000 for single filers or \$250,000 for married filing joint. FINAL



### Your Individual Investment Reports

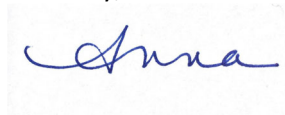
The following reports for 4th Quarter 2025 are provided for your review:

- **Calendar Year 2025 Portfolio Performance** – Compares the Calendar Year 2025 performances of the S&P 500 & Lehman Aggregate Bond Index with your portfolio performance
- **2025 Portfolio Performance vs. Inflation** – Performance of your investment portfolio compared to the rate of inflation as measured by the Consumer Price Index (CPI) for both the since inception period of your accounts and 2025
- **Account Summary** – Current market value of each asset within your accounts as of 12/31/2025
- **Investment Billing Statement** for the 1<sup>st</sup> Quarter 2026<sup>\*\*</sup>: Investment advisory fees for the period of 01/01/2026 through 03/31/2026 (based on 12/31/2025 values). *This is an informational billing only.* Your account is automatically debited unless other arrangements have been made.

*Please remember that this investment reporting is for informational purposes only. You should also refer to the monthly account statements you receive from Charles Schwab & Co., Inc..*

As always, please do not hesitate to contact me if you have any questions about your reports or wish to discuss any other financial matters.

Sincerely,



Anna M. Popke, CFP<sup>®</sup>, RICP<sup>®</sup>

\*Index performance is provided as a benchmark only. The performance of your individual investment portfolio will vary from that of any one index. Past performance of an index is never a guarantee of future results.

**\*\*PLEASE NOTE:** Clients who hold “cash reserves” within their brokerage accounts will have slightly different portfolio balances depicted on the Statement of Assets Summary and the Billing Statement. This is because “cash reserves” are excluded from the advisory fee. However, cash held awaiting investment in the upcoming quarter *will* be subject to the normal quarterly fee.

**Investment Advisory Fee Calculations:**

Fees are paid in advance on the 7th (or prior closest business day) of the month following the end of the quarter. The amount due is calculated by applying the prorated annual fee percentage to the previous quarter-end account value(s). Fees are further prorated for accounts opened after the beginning of a new quarter. Fees may be paid directly from the investment account(s) or consolidated and paid from a specified account. Money market/cash reserves are excluded from totals. Statements have been prepared by Majestic Oak Financial from information provided by Schwab and while deemed reliable, are not guaranteed.