Tax Planning

An Educational Factsheet on Tax-Aware Wealth Management

WaFd Wealth Management

Investment returns tell only part of the story — what matters is what you keep after taxes. Every decision in a wealth plan, from which account holds an investment to when you sell it or draw income, carries a tax consequence. WaFd Wealth Management builds tax awareness into each step of your plan and coordinates with your CPA or tax advisor so that investment, retirement, and giving decisions work together.

Why Tax Planning Belongs in Your Wealth Plan

The U.S. tax system is layered. Ordinary income, long-term capital gains, the 3.8% Net Investment Income Tax, and state taxes each have their own rates and thresholds. Crossing one of these lines — often because of a single sale, bonus, Roth conversion, or distribution — can raise the tax on every additional dollar. Planning ahead lets you see those lines coming and decide, deliberately, how close to get.

Where Tax Planning Shows Up

Bracket Management

Timing income, Roth conversions, and IRA withdrawals to fill lower brackets without spilling into higher ones.

Asset Location

Placing tax-inefficient holdings in IRAs and 401(k)s and tax-efficient ones in taxable accounts.

Gain & Loss Management

Harvesting losses, favoring long-term holding periods, and spreading large gains across tax years.

Charitable Giving

Gifting appreciated securities, donor-advised funds, and qualified charitable distributions from IRAs.

Our Tax-Aware Planning Process

Understand Your Tax Picture	We review your recent returns, income sources, and account types, and coordinate with your tax professional.
Map Your Brackets & Thresholds	We identify how close you are to the next income bracket, capital gains rate, NIIT threshold, and state capital gains limit.
Implement Tax-Aware Strategies	We apply the right tools — loss harvesting, asset location, withdrawal sequencing, and gift timing — within your investment strategy.
Coordinate RMDs & Tax Payments	We help determine how best to use your required minimum distributions to meet tax payment needs, such as withholding from an RMD to cover estimated taxes.
Revisit Before Year-End	We review your projected income each fall and adjust as tax laws, markets, and your goals change.

Key 2026 Tax Thresholds We Plan Around

Federal figures apply to 2026 taxable income; amounts are indexed for inflation unless noted

Federal Income Tax Brackets

Rate	Single	Married Filing Jointly
10%	$0 – $12,400	$0 – $24,800
12%	$12,401 – $50,400	$24,801 – $100,800
22%	$50,401 – $105,700	$100,801 – $211,400
24%	$105,701 – $201,775	$211,401 – $403,550
32%	$201,776 – $256,225	$403,551 – $512,450
35%	$256,226 – $640,600	$512,451 – $768,700
37%	Over $640,600	Over $768,700

Short-term gains (assets held one year or less) are taxed at these ordinary rates.

Long-Term Capital Gains Rates

Rate	Single	MFJ
0%	Up to $49,450	Up to $98,900
15%	Up to $545,500	Up to $613,700
20%	Over $545,500	Over $613,700

3.8% **Net Investment Income Tax**

Applies to the lesser of net investment income or modified AGI above **$200,000** (single), **$250,000** (married filing jointly), or **$125,000** (married filing separately). These thresholds are not indexed for inflation.

Long-term gains stack on top of ordinary income. A large sale or Roth conversion can push gains from the 0% to the 15% rate, trigger the 3.8% NIIT, and raise Medicare premiums at the same time — so we evaluate these thresholds together, not one at a time.

State Capital Gains Considerations

State taxes on capital gains vary widely, and they apply on top of federal tax. Where you live when a gain is realized can matter as much as how much you sell.

Taxed as Ordinary Income

Most states with an income tax, such as Oregon, tax capital gains at the same rates as wages, with no lower long-term rate.

Separate Rules or Thresholds

Some states offer partial exclusions or a stand-alone tax. Washington, for example, taxes long-term gains only above an annual deduction ($278,000 for 2025).

No State Income Tax

States such as Nevada, Texas, Florida, and Wyoming do not tax capital gains, though residency rules apply.

We factor your state's rules into decisions such as spreading a sale across tax years, gifting appreciated assets, or timing a sale around a planned move.

Important Information

This factsheet is for general educational purposes only and is not personalized investment, tax, or legal advice. WaFd Wealth Management does not provide tax or legal advice; consult your tax advisor or attorney before acting. Federal figures reflect IRS Rev. Proc. 2025-32; State figures reflect state revenue department guidance. Tax laws change and vary by state. Not all tax-management strategies are appropriate for every investor, and the potential benefits should be evaluated in light of individual financial circumstances. Tax-aware strategies may help improve after-tax outcomes but cannot guarantee tax savings or investment results.

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