

Put your cash to work!

In 2025 the inflation rate was 2.7% per the Consumer Price Index (CPI). Meanwhile, as of May 2026, the average bank savings rate pays just 0.39% as banks continue to take advantage of their customers. The result is money sitting in a standard bank account is losing more than 2% of its purchasing power every year.

Use this knowledge to rethink where your cash lives and whether it's pulling its weight. Here are several practical strategies worth putting on your radar.

Better savings options

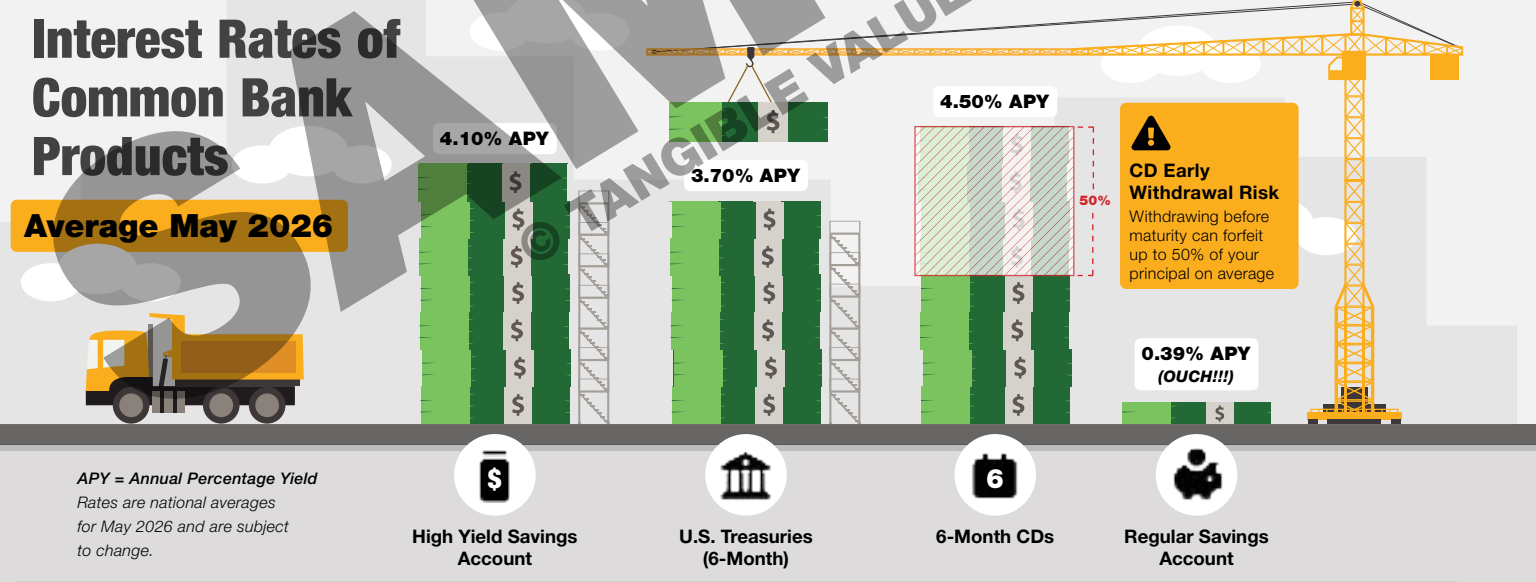
- Look at your current bank.** Banks often offer higher-yield savings accounts to attract new deposits while paying lower rates to existing customers. It's your bank's way of getting new money into the bank without paying fair rates to current customers. So play their game, and get some of your money into that higher yielding account. Be prepared to move some of your money out of the bank and then transfer it back to get the rate.
- Search out high-yield accounts.** According to Kiplinger, there are banks offering competitive annual percentage yields approaching 4.0% without monthly fees, meaning your cash can outpace inflation while staying liquid. Just make sure the bank is on solid footing and the deposits are FDIC insured.
- Look to credit unions.** Historically they pay higher savings rates than banks, their deposits are insured, AND the rules to become a member are much more flexible than in the past.

- Certificates of deposit are an option, but be careful.** CDs offer higher interest rates in the low-to-mid-4% range, but now have hefty fines if you pull the money before the maturity date of the certificate. Consider a ladder of CDs with varying maturities and double check that you can easily stop rollovers when each certificate matures as some banks do not allow you to do this without actually stopping into a branch.
- Treasury securities and savings bonds.** Short-term treasuries still offer attractive yields relative to many bank products, with 1-year and 2-year yields often above 3%, and longer maturities trending higher depending on market conditions.
- U.S. Treasury I-Bonds.** For those looking for an inflation-linked option with tax perks, U.S. Treasury I bonds continue to carry a composite rate over 4% with interest income exempt from state and local taxes. I Bonds must be held at least one year. A modest interest penalty applies if redeemed before five years.

Combining strategies to meet your goals

Where you place your cash depends on the balance you want between safety, return, accessibility, and time horizon. For example, a core emergency fund may be best kept in high-yield cash accounts or short-term treasuries, while everyday cash can remain easily accessible even if it earns a lower rate.

A good place to start is reviewing your current bank to determine whether they're taking advantage of you. Unfortunately, many of them are and it's up to you to take action to fix the situation. ☐



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Dear Clients and Friends,

The best time to start lowering your 2026 tax bill is now, as the most effective tax strategies are built throughout the year. To help you get started, included here are several go-to tax planning ideas to consider for 2026.

Also take a look at how new Roth retirement contribution rules will impact catch-up contributions for many in 2026. Plus, there are suggestions on how to stop letting your bank take advantage of you with little to no interest income on your deposit accounts.

These insights are sent as our continued commitment to help you minimize your taxes and optimize your wealth. Please call if you have any questions about your situation.

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Tax Planning Insights, Mid Year 2026: This newsletter is issued annually to provide you with information about minimizing your taxes. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be summarized easily. For details and guidance in applying the tax rules to your individual circumstances, please contact us.

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tax planning ideas

Here are several moves to consider as you create your tax plan for 2026.



Time itemized deductions to hit your highest tax brackets

Deductions matter most when they reduce income that would otherwise be taxed at higher marginal rates. By intentionally clustering

deductible expenses into a single year and using the standard deduction in other years, it's often possible to increase total deductions across a multi-year period without increasing overall spending. Consider whether strategies like donor-advised funds, prepaying certain taxes when permitted, and coordinating the timing of discretionary medical expenses make sense for you to consider in 2026.

Treat estate administration as an extension of tax planning

With the estate tax exemption now set at \$15 million per person (\$30 million for married couples), keeping your taxable estate below this threshold is an important part of estate planning. But the work doesn't stop there. Many of the most consequential estate planning decisions do not occur at death, but in the administrative window immediately after. Who controls valuations, which elections are made, whether assets are distributed in kind or sold, and how expenses are allocated can permanently affect after-tax outcomes. The documents that control these decisions often receive far less attention than the clauses that say who gets what, especially in larger or more complicated estates. So spend some time going through the documents and figuring out if adjustments are required.



Use unrealized gains to choose when tax shows up

Unrealized gains are usually considered a looming liability: sell and you owe tax, hold and you defer the tax for a future date. But deferral itself can also be an asset and a surprisingly flexible one. As long as a gain remains unrealized, you effectively control when the tax system gets to participate on your tax return. For example, you can realize gains in low-income years, during gaps between jobs, early retirement, or before RMDs and Social Security push your marginal rate higher. You can also match gains to specific deductions or losses rather than taking them whenever the market happens to be up.



Use investment losses as insurance against future gains

If you sell an asset at a loss and aren't permitted to deduct the full loss in the year of sale, you can carry the unused portion forward indefinitely to offset gains realized in future years. This gives you the ability to strategically offset future gains, especially gains taxed at higher rates, against losses from prior investments. Used thoughtfully, losses you must use in future years



can reduce or even prevent a larger tax bill years after the original investment declined in value.

Pay close attention to Washington, D.C.

Even if 2026 passes without a new headline tax bill, the practical impact of prior legislation is still very much in motion. The OBBB Act left behind a long tail of interpretive questions that can only be resolved through regulations, notices, and other administrative guidance. So stay tuned as the IRS, Treasury, and related departments will be filling in the gaps.



The (Roth) Line in the Sand for high earners



A new rule puts Roth accounts squarely in the spotlight, changing where certain earners can place their 401(k) savings. Here's a closer look at who's affected, what steps to take now, and how this shift could reshape retirement planning in the years ahead.

The new rule

A new rule effective January 1, 2026 mandates that employees age 50 or older with earnings more than \$150,000 in the prior year must make catch-up contributions to their 401(k) or 403(b) accounts into a Roth (after-tax) account. Employees who earn less than \$150,000 can continue to choose whether their catch-up contributions are made before tax or after tax. The catch-up contribution limit in 2026 is \$8,000 if you're age 50 or older, or \$11,250 if you're age 60 to 63. The initial \$24,500 contribution limit in 2026 can continue to be made either before tax or after tax for employees at all income levels.

Why the government created this new rule

This rule was designed by the federal government to eliminate some of the tax-deferred benefit of employer retirement savings plans for higher earners. It pulls future tax revenue into the present by requiring taxes to be paid now. From Washington D.C.'s perspective, it's a timing win.

How the rule may impact you

What's interesting is that this same timing shift can benefit you as well:

► Tax uncertainty is eliminated.

First, the new Roth rule replaces uncertainty with clarity. Paying your tax bill today locks in known rates and known income, removing the risk that future policy changes or higher brackets will take a bigger tax bite later. This can create greater confidence and flexibility in long-term retirement planning.

► Heirs receive a tax-free gift.

Second, Roth assets carry powerful estate-planning advantages. When passed to heirs, Roth accounts avoid income taxes entirely, allowing more of your savings to transfer intact. What began as a revenue move for the government can ultimately translate into cleaner planning and fewer tax surprises for your family.

Your catch-up contribution action plan

► Confirm whether your employer's retirement plan includes a Roth 401(k) option, and review any enrollment or contribution-change windows so you're not caught off guard when catch-up rules are applied.

► If a Roth option isn't currently available, ask your HR or benefits team whether one is planned, when it might be implemented, and how the new catch-up requirement will be handled in the meantime.

► Review how your payroll system processes after-tax Roth contributions since these deductions are calculated differently than pre-tax deferrals and may affect your take-home pay more noticeably than expected.

Please call if you have questions about how this new rule applies to you or how Roth catch-up contributions fit into your overall tax and retirement plan. ☐

New Trump Accounts for children

Beginning after July 4, 2026, you can contribute as much as \$5,000 each year on behalf of qualifying children who are under age 18. Once the child reaches age 18, the balance must be rolled over or paid out, with distributions handled in a manner similar to those of a traditional IRA.

In addition, children born after 2024 can have \$1,000 contributed by the government into their account using a federal pilot program. Plus, there are additional gift deposits available to those with children under the age of 10 in lower income counties and in Connecticut.

Action: Stay tuned to this program status and apply as soon as the program is available if you wish to take advantage of the free money. There can only be one account per child, so it is also important to coordinate who is opening the account for each child. Priority is given to legal guardians, then parents, but grandparents can also open the account. ☐