

Profile	
Mike and Julie. Let's look at them at ages 55, 65, and 75.	
Age 55: Working, live off W-2 income.	
Age 65: Retired, living off taxable account dividends and capital gains income.	
Age 75: Retired, living off taxable account dividends, Social Security, and traditional IRA distributions.	
They want to spend \$200K annually, \$6K of which goes to charity.	
All numbers 2026 numbers.	

Mike & Julie, Both Age 55									
Married Filing Jointly									
Uses 2026 Numbers									
W-2 Income		\$267,000							
Interest Income		\$2,000							
Other Nonqualified Dividends		\$750							
Section 199A Dividends		\$750							
Qualified Dividends		\$13,500							
Long Term Capital Gains		\$0							
Adjusted Gross Income		\$284,000							
Standard Deduction		\$32,200		https://www.irs.gov/pub/irs-drop/rp-25-32.pdf					
Additional Standard Deduction		\$0							
Senior Deduction		\$0							
Section 199A Deduction		\$150							
Nonitemizers Charitable Deduction		\$2,000							
Total Deductions		\$34,350							
Taxable Income		\$249,650							
Ordinary Income		\$236,150							
Federal Income Tax		\$43,897							
Net Investment Income Tax		\$646							
IRMAA in 2 Years		\$0							
Total Tax		\$44,543							
Effective Rate on Income		15.68%							
FICA Taxes		\$21,956		Assumes \$20K in t401(k) contributions for which FICA taxes have to be paid					
After Tax Cash Flow		\$200,502							

Taxable Income Stacking				
Level	Item	Amount	Tax Bracket	Federal Income Tax
Level Nine	Qualified Dividends in 15% Tax Bracket	\$13,500	15% Long-Term Capital Gains Tax Bracket	\$2,025
Level Eighth	W-2 Income 24% Bracket	\$24,750	24% Ordinary Income Tax Bracket	\$5,940
Level Seven	W-2 Income 22% Bracket	\$110,600	22% Ordinary Income Tax Bracket	\$24,332
Level Six	W-2 Income 12% Bracket	\$76,000	12% Ordinary Income Tax Bracket	\$9,120
Level Five	W-2 Income 10% Bracket	\$24,800	10% Ordinary Income Tax Bracket	\$2,480
Level Four	W-2 Income Against Available Deductions	\$30,850	Standard Deduction (\$28,700), Nonitemizers' Charitable Deduction (\$2,000), Section 199A Deduction (\$150).	\$0
Level Three	Other Nonqualified Dividends	\$750	Standard Deduction (all \$750)	\$0
Level Two	Section 199A Dividends	\$750	Standard Deduction (all \$750)	\$0
Level One	Interest Income	\$2,000	Standard Deduction (all \$2,000)	\$0
	Total Income	\$284,000		
	Less Standard Deduction	\$32,200		
	Less Additional Standard Deduction	\$0		
	Less Section 199A Deduction	\$150		
	Less Senior Deduction	\$0		
	Less Nonitemizers Charitable Deduction	\$2,000		
	Taxable Income	\$249,650		
	Total Federal Income Tax			\$43,897

Mike & Julie, Both Age 65						
Married Filing Jointly						
Uses 2026 Numbers						
Interest Income		\$2,000				
Other Nonqualified Dividends		\$1,875				
Section 199A Dividends		\$1,875				
Qualified Dividends		\$33,750				
Long Term Capital Gains		\$115,000		30% Basis	\$49,286	
Adjusted Gross Income		\$154,500				
Standard Deduction		\$32,200		https://www.irs.gov/pub/irs-drop/rp-25-32.pdf		
Additional Standard Deduction		\$3,300				
Senior Deduction		\$11,460				
Section 199A Deduction		\$0				
Nonitemizers Charitable Deduction		\$2,000				
Taxable Income		\$105,540				
Federal Income Tax		\$996				
Net Investment Income Tax		\$0				
Total Tax		\$996				
Effective Rate on Income		0.64%				
FICA Taxes		\$0				
After Tax Cash Flow		\$200,790				

Letter	Item	Amount
A	Modified Adjusted Gross Income	\$154,500
B	Initial Threshold Amount (MFJ)	\$150,000
C	Excess MAGI (A minus B , cannot be less than \$0)	\$4,500
D	Reduced Deduction (C times 6 percent)	\$270
E	2026 First Spouse Senior Deduction (\$6,000 minus D)	\$5,730
F	2026 Second Spouse Senior Deduction (\$0 unless both spouses are at least age 65 by year end. If both are at least 65 at year end, enter the same amount as " E ")	\$5,730
G	Total Senior Deduction (E plus F)	\$11,460
Source	https://www.irs.gov/pub/irs-dft/f1040s1a--dft.pdf	

Taxable Income Stacking				
Level	Item	Amount	Tax Bracket	Federal Income Tax
Level Six	Capital Gains and Qualified Dividends in 15% Tax Bracket	\$6,640	15% Long-Term Capital Gains Tax Bracket	\$996
Level Five	Capital Gains and Qualified Dividends in 0% Tax Bracket	\$98,900	0% Long-Term Capital Gains Tax Bracket	\$0
Level Four	Capital Gains against Available Deduction	\$43,210	Standard Deduction (\$26,450), Additional Standard Deduction (\$3,300), Senior Deduction (\$11,460), and Nonitemizers' Charitable Deduction (\$2,000).	\$0
Level Three	Other Nonqualified Dividends	\$1,875	Standard Deduction (all \$1,875)	\$0
Level Two	Section 199A Dividends	\$1,875	Standard Deduction (all \$1,875)	\$0
Level One	Interest Income	\$2,000	Standard Deduction (all \$2,000)	\$0
	Total Income	\$154,500		
	Less Standard Deduction	\$32,200		
	Less Additional Standard Deduction	\$3,300		
	Less Section 199A Deduction	\$0		
	Less Senior Deduction	\$11,460		
	Less Nonitemizers Charitable Deduction	\$2,000		
	Taxable Income	\$105,540		
	Total Federal Income Tax			\$996

Mike & Julie, Both Age 75						
Married Filing Jointly						
Uses 2026 Numbers						
Traditional IRA Distribution		\$139,000				
Interest Income		\$2,000				
Other Nonqualified Dividends		\$375				
Section 199A Dividends		\$375				
Qualified Dividends		\$6,750				
Social Security		\$68,000		Nontaxable portion		\$12,000
Qualified Charitable Distribution		\$6,000				
Adjusted Gross Income		\$210,500				
Standard Deduction		\$32,200		https://www.irs.gov/pub/irs-drop/rp-25-32.pdf		
Additional Standard Deduction		\$3,300				
Senior Deduction		\$4,740				
Section 199A Deduction		\$75				
Taxable Income		\$170,185				
Ordinary Income		\$163,435				
Federal Income Tax		\$26,392				
Net Investment Income Tax		\$0				
IRMAA in 2 Years		\$0				
Total Tax		\$26,392				
Effective Rate on Income		11.55%				
FICA Taxes		\$0				

After Tax Cash Flow		\$200,108				
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Taxable Income Stacking				
Level	Item	Amount	Tax Bracket	Federal Income Tax
Level Eleven	Qualified Dividends in 15% Tax Bracket	\$6,750	15% Long-Term Capital Gains Tax Bracket	\$1,013
Level Ten	Traditional IRA Distribution 22% Bracket	\$62,635	22% Ordinary Income Tax Bracket	\$13,780
Level Nine	Traditional IRA Distribution 12% Bracket	\$70,365	12% Ordinary Income Tax Bracket	\$8,444
Level Eight	Social Security Income 12% Bracket	\$5,635	12% Ordinary Income Tax Bracket	\$676
Level Seven	Social Security Income 10% Bracket	\$24,800	10% Ordinary Income Tax Bracket	\$2,480
Level Six	Social Security Against Available Deductions	\$37,565	Standard Deduction (\$29,450), Additional Standard Deduction (\$3,300), Senior Deduction (\$4,740), Section 199A Deduction (\$75)	\$0
Level Five	Other Nonqualified Dividends	\$375	Standard Deduction (all \$375)	\$0
Level Four	Section 199A Dividends	\$375	Standard Deduction (all \$375)	\$0
Level Three	Interest Income	\$2,000	Standard Deduction (all \$2,000)	\$0
Level Two	Excluded Qualified Charitable Distribution	\$6,000		\$0
Level One	Excluded Social Security	\$12,000		\$0
	Total Income	\$228,500		
	Less Standard Deduction	\$32,200		
	Less Additional Standard Deduction	\$3,300		
	Less Section 199A Deduction	\$75		
	Less Senior Deduction	\$4,740		
	Less Nonitemizers Charitable Deduction	\$0		
	Less Excluded Qualified Charitable Distribution	\$6,000		
	Less Excluded Qualified Charitable Distribution	\$12,000		
	Taxable Income	\$170,185		
	Total Federal Income Tax			\$26,392

Letter	Item	Amount
A	Modified Adjusted Gross Income	\$210,500
B	Initial Threshold Amount (MFJ)	\$150,000
C	Excess MAGI (A minus B , cannot be less than \$0)	\$60,500
D	Reduced Deduction (C times 6 percent)	\$3,630
E	2026 First Spouse Senior Deduction (\$6,000 minus D)	\$2,370
F	2026 Second Spouse Senior Deduction (\$0 unless both spouses are at least age 65 by year end. If both are at least 65 at year end, enter the same amount as " E ")	\$2,370
G	Total Senior Deduction (E plus F)	\$4,740
Source	https://www.irs.gov/pub/irs-dft/f1040s1a--dft.pdf	

Item	Age 55	Age 65	Age 75
Total Federal Income Tax Paid	\$43,897	\$996	\$26,392
Total Net Investment Income Tax Paid	\$646	\$0	\$0
Total Estimated IRMAA in Two Years	\$0	\$0	\$0
Total Taxes	\$44,543	\$996	\$26,392
Effective Tax Rate	15.68%	0.64%	11.55%
Marginal Income Tax Rate (Next Dollar of Ordinary Income)	24%	16.8%	24.64%