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Make your money match your priorities: A 2026 playbook for savvy investors

Starting the new year is more than a time for resolutions; it's a powerful moment to align your financial life with what matters most to you and your family.

The opportunity in new-year planning

The past several years have been unusually strong for markets, even with periods of volatility mixed in. Many investors have benefited from double-digit equity gains and rising account balances — but that strength can quietly distort portfolios, tax exposure and even day-to-day spending patterns if you "set and forget" your plan.

At the same time, tax rules are evolving. For example, beginning in 2026, current law is scheduled to disallow deductions for the first one-half of 1% of your income given to charity each year — a change that will matter to many everyday givers, not just large philanthropists.

Against that backdrop, thoughtful planning can help you:

- Express your values through charitable giving
- Capture powerful, tax-advantaged savings opportunities
- Right-size the risk you're actually taking
- Turn a loose collection of accounts into a coherent balance sheet
- Build a realistic plan for next year and beyond

What follows is a practical framework to help you use the start of the year as a turning point.

1 Turn generosity into strategy

For many households, charitable giving is the most personal line item in the plan — and one of the most flexible from a tax standpoint. The mechanics matter.

There are three primary ways to give:

- **Cash gifts:** The simplest approach: writing a check or making an online donation.
- **Appreciated securities:** If you hold stock in a taxable account that has grown significantly, you can donate shares directly instead of selling them first. The charity can sell the position without owing tax, while you may receive a deduction for the full fair market value and avoid realizing the embedded gain yourself.
- **Qualified charitable distributions (QCDs) from IRAs:** If you're at least 70½, you can direct part of your IRA — including required minimum distributions (RMDs) once those begin — straight to

a qualified charity. The amount sent directly to charity is excluded from your taxable income, potentially lowering your overall tax bill, Medicare surcharges and the taxation of Social Security.

These tools become even more important given the upcoming change in 2026, when the first 0.5% of income given to charity will no longer be deductible under current law. That means someone earning $200,000 would receive no tax benefit on their first $1,000 of annual charitable giving and only deduct contributions above that amount.

To preserve both your tax benefit and your giving rhythm, many investors are exploring donor-advised funds (DAFs) in advance of this change. A DAF allows you to “bunch” several years’ worth of charitable contributions into one higher-deduction year, then recommend grants to your favorite organizations over time.

The key mindset shift: treat generosity not just as a series of yearly transactions, but as a multi-year strategy that reflects your values, your tax picture and your legacy goals.

2 Maximize tax-advantaged savings while you still can

The start of a new year is also a checkpoint for tax-deferred and tax-free savings — areas where a few timely adjustments can compound for decades.

Workplace retirement plans

In 2026, employees can contribute up to a specified annual limit to 401(k) or 403(b) plans, with additional catch-up contributions available beginning at age 50 and again in the early 60s.

IRAs and Roth IRAs

For those with additional savings capacity, traditional and Roth IRAs can add flexibility. Roth IRAs are particularly compelling for younger earners in lower tax brackets: they contribute after-tax dollars today in exchange for potentially tax-free withdrawals in retirement.

Parents and grandparents can even help fund Roth IRAs for teens and young adults who have earned income, up to the lesser of the annual limit or the amount the young person earned that year. For a 15-year-old who earned $5,000 at a summer job, a Roth contribution in that amount has decades to grow tax-free.

Health Savings Accounts (HSAs)

HSAs are often called a “triple tax advantaged” account — and for good reason:

- Contributions are tax deductible in the year you make them
- Growth inside the account is tax-free
- Withdrawals for qualified health expenses are tax-free

Beyond that, there’s a powerful, lesser-known strategy: if you have the capacity to pay current medical expenses out of pocket, you can save your receipts and let your HSA stay fully invested for years. Later, you can reimburse yourself for those prior expenses at any time, allowing the funds to grow unspent in the meantime.

Across 401(k)s, IRAs, Roths and HSAs, the common theme is simple: small, timely adjustments now can meaningfully change your future flexibility.

3 Use education planning to build family legacy

For families with children or grandchildren, 529 plans remain one of the most effective ways to save for education.

In Illinois, contributions to Bright Start or Bright Directions 529 plans are eligible for a state income tax deduction, and all qualified withdrawals for education expenses are tax-free at the federal level.

Two strategic ideas drawn from client conversations:

- **Front-loading contributions -** Because compounding works best with time, contributing more in the first five to ten years of a child’s life can significantly increase the amount available for college, even if total dollars contributed are the same. Some grandparents, for example, choose to concentrate their gifts in early years rather than spreading a smaller amount evenly over 18 years.
- **Broadening who can give -** You don’t have to be a parent to contribute. Friends, extended family and even colleagues can add to an existing 529 plan, often using a unique contribution code provided by the plan. This makes 529 contributions a meaningful alternative — or complement — to traditional holiday and birthday gifts.

Education planning is ultimately about more than covering tuition; it’s a way to signal priorities across generations and to turn everyday gifting into a longer-term legacy.

4 Rebalance risk while markets are strong

Strong markets can feel reassuring. They can also quietly push your portfolio far from the risk level you originally intended.

When you first built your investment plan, you likely set a target asset allocation — for example, 70% stocks and 30% bonds. But if stocks have delivered double-digit gains for several years while bonds have grown more modestly, your portfolio might now be closer to 80/20 or even 90/10, without you ever making an active decision.

That drift has consequences:

- Your portfolio may now be riskier than you are comfortable with, especially as you move closer to — or into — retirement.
- A market downturn from inflated levels can feel more painful when your equity exposure has quietly climbed.

Thoughtful rebalancing is the antidote. This involves selectively selling positions that have grown beyond target and reallocating to areas that have lagged — essentially “selling high and buying low” within the guardrails of your long-term plan.

A few nuances:

- Some workplace 401(k)s automatically rebalance on a set schedule, but IRAs, joint accounts and trusts typically do not, unless you or your advisor are actively managing them.
- Where possible, rebalancing within IRAs and Roth IRAs avoids triggering current capital gains taxes, while still restoring your desired overall allocation.
- In taxable accounts, investors sometimes hesitate to rebalance because they don’t want to “create” taxes — but the only scenario where you truly avoid tax on gains is if the market later gives those gains back. The goal is not to eliminate tax; it’s to pay tax in service of a better-aligned, more resilient portfolio.

The beginning of a new year is a natural checkpoint to ask: *Is the risk I’m taking today still the risk I intended to take?*

5 Make smart, long-term tax moves — not just this year's

Year-end “tax planning” often gets reduced to scrambling for deductions. In reality, some of the most powerful strategies stretch over years or even decades.

Required minimum distributions (RMDs)

Once you reach a specified age — currently 73, scheduled to rise to 75 in future years under existing law — you must begin taking minimum distributions from traditional IRAs and certain employer plans. The first year’s RMD is roughly 4% of the account balance and increases gradually over time.

Missing an RMD can lead to significant penalties, so it’s critical to:
- Confirm whether you are subject to RMDs this year
- Coordinate withdrawals with your spending needs and estimated taxes
- Avoid waiting until the last business day of the year to act

Tax-loss harvesting

In years when markets are down or when specific holdings have declined, it may be possible to harvest losses by selling positions that are worth less than what you paid. Realized capital losses can offset realized gains elsewhere, and up to a portion of ordinary income each year, with unused losses carrying forward indefinitely.

Even in strong markets, some investors holding individual stocks still have “losers” in their portfolios that could be harvested and later repurchased after the required waiting period. The rules are nuanced, and the strategy is most powerful in years with significant realized gains.

Roth IRA conversions

Another multi-year lever is converting part of a traditional IRA into a Roth IRA. When you convert, the amount moved is taxed as ordinary income in the year of conversion, but future growth and qualified withdrawals from the Roth are tax-free.

Conversions can be particularly compelling in:

- Years when your income is temporarily lower — for example, after retiring but before RMDs and Social Security begin, during a career break, or when transitioning between jobs
- Periods when markets have declined, allowing you to convert a given number of shares at a lower valuation, then participate in any subsequent recovery inside the Roth

Because conversions can generate substantial tax bills, they require careful coordination with your advisor and tax professional — including ensuring you have sufficient cash outside the IRA to pay the resulting tax without eroding the newly converted Roth. Many households choose to spread conversions over several years to manage their tax brackets.

Together, RMD planning, loss harvesting and strategic Roth conversions help you manage not just how much tax you pay, but when you pay it, aligning your lifetime tax profile with your goals.

6 Step back: Build your personal balance sheet

Beyond accounts and tactics, true financial wellness depends on clarity. One of the most impactful new year exercises is also one of the simplest: building — or updating — a personal balance sheet.

That means:

- Listing all of your assets (accounts, real estate, business interests)
- Listing all of your liabilities (mortgages, student loans, credit cards, lines of credit)
- Ensuring at least one trusted person knows where this information is stored and how to access it in an emergency

This process often reveals accounts that can be consolidated, forgotten 401(k)s from previous employers, or cash sitting idle that could be working harder for you. It can also highlight higher-interest debt that warrants attention.

On the spending side, tracking a few months of actual outflows — including online purchases and subscriptions that can be easy to ignore — can be eye-opening. Like keeping a food journal, writing down every expense does not mean you have to eliminate all indulgences, but it makes each choice conscious. You may decide to redirect some of that same money toward:

- A future home or renovation
- College savings
- A dedicated "vacation fund"
- Accelerating your retirement timeline

Many clients find it helpful to set up separate, clearly labeled accounts (for example, "Italy 2027" or "Next Car") and schedule automatic transfers, turning goals into line items they fund every month.

Finally, if you carry debt beyond your primary mortgage, focus less on paying off the smallest balance first and more on targeting the highest interest rates. In an environment where credit card and other variable-rate debt can be especially costly, prioritizing high-rate balances can free up cash flow more efficiently over time.

7 From checklist to conversation

Checklists are useful; conversations are indispensable. Many of the strategies above — charitable giving, retirement savings, rebalancing, tax planning and debt management — overlap and interact in ways that are unique to your life stage, family structure, income and values.

2026 offers a natural pause to ask:

- Is my portfolio still aligned with my risk comfort and time horizon?
- Am I taking full advantage of the tax-advantaged tools available to me?
- Are my giving, saving and spending choices truly reflecting what I value?
- Do I have a clear, up-to-date picture of my whole financial life, not just isolated accounts?

These ideas are only useful if they lead to action. The most effective next step is often as simple as a conversation with a trusted advisor — at the start of the new year and again as new opportunities and challenges emerge.

At Mesirow, we pair comprehensive, multi-generational wealth plans with research-driven investment selection, then revisit those plans regularly as your circumstances evolve. Life events — a birth, a new business, a liquidity event, caregiving responsibilities, a divorce or the loss of a loved one — often trigger the need to revisit decisions you made years ago under very different conditions. Connect with an advisor now.

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