

Short 'Stuff'

Quick-Takes: A couple of new IRS Forms and Social Security information as we approach the end of the calendar year.

2026 Taxable Wage Base: The Social Security Administration announced the annual cost-of-living adjustment to the maximum amount of earnings that are subject to the Social Security tax, or the taxable wage base, for 2026. That amount of wages for 2026 that will be subject to the Social Security withholding tax will be \$184,500 (up from \$176,100 in 2025.) This change may also impact some 401(k) plans that provide for profit sharing contributions which use the Social Security taxable wage base for its permitted-disparity allocation formula, and the change could also impact contributions to some cafeteria plans.

QCD Reporting: The IRS added a new Code Y for the reporting of qualified charitable distributions (QCDs) in 2025. In the past an IRA custodian was not required to report a QCD differently than from any other traditional IRA distribution. It was up to the IRA owner to alert the IRS that the distribution was a QCD. Earlier this year the IRS released instructions for Form 1099-R, which introduced new Code Y to report QCDs. Apparently due to some pushback from large IRA custodians the IRS published a Notice on October 16 that the Code Y on Form 1099-R is optional, not mandatory, at least for 2025 reporting purposes. It remains unclear how QCDs will be reported for 2026.

Trump Accounts: The IRS in its 2025 Publication 590-A indicates that the election that is related to funding a Trump Account will be made on Form 4547. Trump Accounts become available to be funded on July 4, 2026. There are two elections associated with a Trump Account. The first is an election to establish a Trust Account that can accept multiple contribution types created under OB3. The second election is required to receive the federal government's \$1,000 Pilot Contribution, which is only one of the many different possible source of contributions to a Trump Account. Consequently, the Pilot contribution will not be an automatic contribution for eligible individuals. Instead, it will require an affirmative election using Form 4547, which has yet to be released by the IRS. Without this separate election, there will be no Pilot contribution to a Trump Account. Because employer and other charitable contributions can also be made to a Trump Account, which will involve compliance with nondiscrimination rules, we can expect a lot more IRS

regulations in the next six months on how contributing organizations are made aware of the Trump Account eligibility rules.

This is just the beginning of expected onslaught of IRS Regulations and Form arising from the OB3 and the SECURE 2.0 Acts. With the IRS being deliberately understaffed these days, we could be waiting a long time for the needed guidance on how these new tax laws will be implemented.

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