

February 11, 2026

“In this world, nothing can be said to be certain, except death and taxes.”
— Benjamin Franklin

Governments have extracted tribute or taxes from their citizens since the dawn of civilization. Shepherds once owed rulers a portion of their flocks based on herd size. Egyptian leaders used formulas tied to farmland and the height of the annual Nile flood to determine the ruler’s share of grain. Athenians imposed special wartime taxes—and then, remarkably, refunded them with the spoils of victory.

Taxation has always been a flash point. Our own country was founded on the rallying cry, *“No taxation without representation.”* Early American leaders viewed a permanent income tax as unconstitutional. Even so, Abraham Lincoln advocated a tax on income to fund the Civil War. The Revenue Acts of 1861 and 1862 introduced a graduated income tax—3% to 5% on income above \$600—defining income broadly as coming from “any source whatever.” Like many wartime measures, it ended when the conflict ended.

It would take a constitutional amendment to make income taxes permanent. In 1913, the Sixteenth Amendment granted Congress the power to tax income “from whatever source derived.” The top tax rate that year was 7%. Just five years later, it reached 77%.

Today, the federal tax code spans roughly four million words, well over ten million when regulations and guidance are included. For context, the Bible has fewer than 800,000 words.

What follows—and the attached summary—touch on a few areas where it’s easy to get a little confused.

Progressive tax brackets are often the most confusing part of the federal tax system. For simplicity, consider a single person with no children or dependents who takes the standard deduction and earns \$202,000. It’s common to hear someone *think* they’ve crossed into the 32% tax bracket and ask, “Does that mean all my income is taxed at that rate?” Or even worse, “Am I really paying something like \$64,000 in federal taxes?”

No. The standard deduction of \$16,100 immediately reduces taxable income to \$185,900, placing this individual’s highest marginal rate at 24%, not 32%. More importantly, that rate applies only to the *last dollars earned*, not the entire income. In practice, this person pays 10% on the first \$12,400, 12% on the next \$38,000, 22% on the next \$55,300, and 24% only on the remaining balance—resulting in a total federal income tax bill of roughly \$36,000, not the feared \$64,000.

As the tax code expanded, complexity didn’t come simply from higher rates—it came from layers. Over time, Congress added parallel systems designed to close loopholes or ensure minimum levels of taxation, rarely removing what came before.

One of the clearest examples of this layering is the Alternative Minimum Tax (AMT). Rather than replacing the regular tax system, the AMT runs alongside it. Some taxpayers must calculate their taxes twice—once under the regular rules and once under the AMT—and then pay whichever amount is higher. Certain deductions that are perfectly acceptable under the regular system are limited or eliminated under AMT, which is why it can reappear unexpectedly after a strong income year or the accumulation of deductions.

For those looking to reduce their estate or simply share wealth with family or friends during their lifetime, we have gifting. This is an area where the rules often feel far more restrictive than they are. In 2026, individuals may gift up to \$19,000 per

recipient per year with no reporting requirement. Gifts above that amount do not automatically result in tax. In most cases, the excess is simply reported and applied against the lifetime estate and gift exemption, currently \$15 million per person. Only after that exemption is fully exhausted does gift tax apply—at a 40% federal rate. In practice, actual gift tax is rare, but misunderstanding these rules often causes families to delay thoughtful gifting altogether.

While I do not provide tax or legal advice, I'm always happy to help however I can—whether that means walking through these concepts, helping frame questions, or coordinating conversations with your tax professional so everyone is aligned.

Franklin was right, but hopefully this makes the inevitability a little easier to understand.

As always, please let us know if you have any questions or if we can help with anything.

My Very Best,

A handwritten signature in blue ink, appearing to be 'JG', written in a cursive style.

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