Morgan Stanley

PURPLE MOUNTAIN GROUP
AT MORGAN STANLEY

*Peak Perspectives Quarterly*

Second Quarter 2026

# 7 Steps That May Reduce Taxes on Your Income and Portfolio

A key strategy for boosting long-term investment returns is being smart about tax efficiency.

## Key Takeaways

- Reducing federal tax liabilities in your portfolio can help you build wealth over the long run.
- Tax-loss harvesting may reduce the amount of capital gains taxes you pay on investments.
- Federal estate and gift tax exemptions can provide opportunities for strategic legacy planning.

Achieving your investment goals isn't just about the amount you invest and the returns it generates. Reducing tax liabilities in your portfolio can also play a key role in helping you build wealth over the long run. As you review your income and portfolio, consider these steps to help reduce potential federal tax liabilities.

## 1. Optimize new tax deductions

By taking all available deductions, you can lower your taxable income, which reduces the amount of taxes that you have to pay each year. For the 2025 tax year, the new tax law increased the standard deduction amount to $15,750 for single filers and $31,500 for married couples filing jointly, indexed for inflation. In 2026, the deductions jump to $16,100 for singles and $32,200 for joint filers.[1] This and other changes mean that the majority of the taxpayers will benefit from taking the standard deduction when filing taxes.[1]

If you're among the taxpayers who will still itemize, there are important new deductions under the One Big Beautiful Bill Act (OBBBA) for you to keep in mind as well. Those include a higher individual state and local tax (SALT) deduction limit of $40,000 for 2025, up from $10,000 previously, followed by 1% increases annually from 2026 through 2029.[2]

OBBBA also changes the rules around charitable deductions for taxpayers who itemize their deductions. Under the new rules, charitable contributions will only be deductible to the extent they exceed 0.5% of adjusted gross income (the "AGI floor"). The rules also limit the value of itemized deductions for taxpayers in the highest income bracket.[3]

Work with your tax professional and Financial Advisor to determine which approach to itemizing and potential deductions makes sense for you.

## 2. Employ Tax-Loss Harvesting

Tax-loss harvesting is a tax-efficient investing strategy that can help reduce the amount of federal capital gains taxes you must pay on your investments. Capital gains are generally the profits you realize when you sell an investment for more than you paid for it, and capital losses are generally the losses you realize when you sell an investment for less than you paid for it. "Harvesting" or selling investments at a loss allows you to offset capital gains for US federal income tax purposes.

If you wish to maintain similar portfolio exposure while avoiding a "wash sale" (which would disallow the current deduction of the capital loss), you can sell the original holding, realize the capital loss, then buy back the same or substantially identical security 30 days after the date of the sale or disposition.

Using Morgan Stanley's Total Tax 365, your Financial Advisor can help you "harvest" any capital losses year-round to offset capital gains. In addition, Morgan Stanley's sophisticated tax-management platform lets you design your own tax-loss harvesting experience. For instance, you can select the loss-harvesting frequency, choose your loss-targeting approach or customize with our opportunistic tax-loss harvest feature that systematically identifies losses to capture throughout the year.

*(continued inside)*

**A 2025 FORBES BEST-IN-STATE WEALTH MANAGEMENT TEAM**

Source: Forbes.com (Awarded Jan 2025) Data compiled by SHOOK Research LLC based for the period 3/31/23–3/31/24.
For Ranking Criteria and Methodology, please see disclaimer page.

# 7 Steps That May Reduce Taxes on Your Income and Portfolio *(Cont.)*

### 3. Carry Your Capital Losses Forward

Another strategy to consider is carrying over capital losses from one year to offset capital gains in another year. If you have offset all your capital gains and still have capital losses remaining, you can potentially apply up to $3,000 of capital losses to offset your ordinary income, further reducing this year's tax liability. If you have additional losses that aren't captured, carry those capital losses forward next year. There is no limit to how long you can carry capital losses forward into the future across your lifetime.

### 4. Reduce Federal Taxes on Foreign Investments

Do you hold international securities in your investment accounts?

Investors that own international securities are often subject to withholding taxes by foreign governments on investment income (dividends and interest). If double taxation treaties exist between the country where you reside and the location of the security issuer, you may be entitled to reclaim all or some of these foreign taxes, but you must do so within the statute of limitations.

PSA

(Purple Service Announcement)

## IMPORTANT UPDATE: MAIL ROUTING CHANGE

With the start of 2026, all mail directed to Purple Mountain Group in Colorado Springs is being rerouted to our Salt Lake City Office (instead of Denver). Therefore, when physical mail is necessary, please send it directly to the Salt Lake City office, where it will be opened, processed, scanned, and, if needed, routed to Colorado Springs. This applies to any return mail or FedEx packages.

**Salt Lake City Mailing Information: 60 East South Temple, 20th Floor**
**Salt Lake City, UT 84111**

Moreover, we strongly encourage you to minimize the use of physical mail by opting for digital alternatives such as scanning, emailing, and direct check deposits* via mobile apps. This not only expedites the process but also enhances security and efficiency. Additionally, we are advocating for you to sign up for eDelivery services to reduce reliance on paper mail.

*Not all documents can be accepted into Digital Vault.

# Team News

## Henry Bradley, CFP®

*Senior Vice President, Financial Advisor, Portfolio Management Director*

Forbes has just published its annual rankings of their Best-In-State Top Next-Gen Wealth Advisors, highlighting a select group of financial advisors they believe to be the future of our industry. We are pleased to share that for the 2nd year in a row, Purple Mountain Group's Henry Bradley has been named as a **Forbes Best-In-State Top Next-Gen Wealth Advisor** for Colorado.

This accolade is a reflection of Henry's commitment to both our clients and Morgan Stanley.

## Our Commitment to Modern Portfolio Management

**Henry J. Bradley**[1] and **Scott M. Perry**[2] have recently been promoted to **Portfolio Management Director** at Morgan Stanley, joining **Jeff W. Mohrmann**[3], who already held this designation on our team. This designation is awarded within Morgan Stanley based on demonstrated experience and a strong commitment to discretionary portfolio management. They reflect each advisor's leadership in managing investment strategies on behalf of clients and their dedication to building a robust, goals-based advisory practice.

[1]Henry J. Bradley, CFP®, CIMA®, Senior Vice President, Financial Advisor, Portfolio Management Director
[2]Scott M. Perry, MBA, QPFC®, CRPS®, Senior Vice President, Financial Advisor, Corporate Retirement Director, Portfolio Management Director
[3] Jeff W. Mohrmann, CFP®, CPWA®, Senior Vice President, Financial Advisor, Portfolio Management Director

### *Financial Advisors*

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# 7 Steps That May Reduce Taxes on Your Income and Portfolio *(Cont.)*

In addition, you may credit certain foreign tax amounts against United States federal income taxes You should discuss this with your tax advisor, and talk to your Morgan Stanley Financial Advisor about foreign tax reclaim services.

## 5. Prioritize Retirement Contributions

If you are working, money that you contribute to tax-advantaged retirement accounts, such as your workplace 401(k) account and/or an individual retirement account (IRA), can not only help you save money on taxes now but could also potentially help set you up for income in retirement.

**401(k) Accounts**

In 2026, you can contribute up to $24,500 in a 401(k) retirement account in the form of salary deferrals, and those age 50 and older can contribute an extra $8,000 in salary deferrals (with an enhanced catch-up limit for those aged 60-63, in which case that extra catch-up limit is instead $11,250 for 2026).[4] Your contributions to a traditional qualified retirement plan, such as a traditional 401(k), are generally excluded from your income for federal income tax purposes. Investment earnings on those contributions then generally grow tax-deferred, and distributions of your pre-tax contributions and earnings are generally subject to income tax at the time of such withdrawal, except in certain limited circumstances.

Some companies also offer Roth 401(k) accounts. With a Roth retirement account, your contributions are not eligible for a tax deduction and are generally made on an after-tax basis. Investment earnings on those contributions then generally grow tax-free. If certain conditions are met, distributions of your after-tax contributions are not subject to income tax, and distributions of your earnings may be tax-free.

**IRAs**

If you don't have an employer-sponsored retirement account, you can still save for retirement through an IRA as noted above. The limit for traditional IRA contributions for the 2025 tax year is $7,000, with an additional $1,000 catchup contribution limit for those age 50 and older.[5] For 2026, the limit for traditional IRA contributions is $7,500, with an additional $1,100 limit for catch-up contributions.[6]

You can contribute to either a traditional IRA or a Roth IRA, although the ability to contribute to a Roth IRA is phased out:

1. for 2025, for single filers with a Modified Adjusted Gross Income (MAGI) between $150,000 and $165,000, and for those married filing jointly with a MAGI between $236,000 and $246,000; and,

2. for 2026, for single filers with a MAGI between $153,000 and $168,000, and for those married filing jointly with a MAGI between $242,000 and $252,000.

## 6. Maximize Your Health Savings Account

If you are enrolled in a qualifying high-deductible health plan (HDHP), you may be eligible to contribute to a health savings account (HSA). The funds you contribute to an HSA are generally tax deductible if you make them directly. Depending on your employer, your employer may also contribute to your HSA with a pre-tax salary reduction.

Any earnings in HSA accounts generally grow income tax-free, and distributions may be income tax-free if used to pay for qualified medical expenses like medication, doctor's fees and X-Rays. State and local tax treatment may vary.

HSA funds remain in your account from year-to-year if they aren't spent, and you retain ownership of the account, even if you leave your job or switch health plans.

You have until your tax filing deadline without extensions—April 15, 2026, for most individual taxpayers—to contribute funds to an HSA account for the 2025 tax year. For 2025 taxes, if your HDHP covers only yourself, you can generally contribute up to $4,300 to an HSA. If you have family HDHP coverage, you can generally contribute up to $8,550 to an HSA.[7] There is also a catch-up contribution limit of $1,000 at any time during the calendar year for those who are 55 or older, and are not enrolled in Medicare.

For 2026, contribution limits rise to $4,400 for an HSA for individual coverage or up to $8,750 for family coverage. If you have more than one HSA account, your total contributions to all HSA accounts cannot exceed these limits.[7]

## 7. Take Advantage of Higher Estate and Gift Tax Exemption

The 2026 federal estate and gift tax exemption is $15 million per individual or $30 million for a married couple.[8] The OBBBA permanently extended these higher exemption amounts, which will adjust annually for inflation after 2026.

You can also give annual gifts of up to $19,000 per recipient (or $38,000 from a married couple electing to split gifts) without any federal gift tax consequence.[8]

## How a Financial Professional Can Help

With Total Tax 365, your Financial Advisor can integrate tax aware solutions, including Tax Management Services, into your investment plan to help you reduce the impact of federal taxes in your portfolio.

In addition, if you have complex tax planning needs, your Morgan Stanley Financial Advisor can connect you to experienced tax professionals from U.S.-based providers across the country to help ensure your tax strategy is optimized.

Connect with your Morgan Stanley Financial Advisor to learn more.

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**Footnotes:**

[1] https://www.irs.gov/newsroom/one-big-beautiful-bill-act-tax-deductions-for-working-americans-and-seniors
[2] https://taxfoundation.org/research/all/federal/obbba-income-tax-complexity-tax-breaks/
[3] https://taxfoundation.org/blog/charitable-deduction-big-beautiful-bill/
[4] The full deduction can be claimed by individuals and married couples filing jointly with income less than $500,000 per year and phases out at higher income levels.
[5] https://www.irs.gov/newsroom/401k-limit-increases-to-23500-for-2025-ira-limit-remains-7000
[6] https://www.irs.gov/newsroom/401k-limit-increases-to-24500-for-2026-ira-limit-increases-to-7500
[7] https://www.irs.gov/pub/irs-drop/rp-24-25.pdf
[8] https://www.irs.gov/newsroom/irs-releases-tax-inflation-adjustments-for-tax-year-2026-including-amendments-from-the-one-big-beautiful-bill

# What Is a Financial Plan and Why Do I Need One?

## Here's how a financial plan can help you stay on track, adapt to uncertainty and make confident decisions.

*Anthea N. Tjuanakis Cox, Head of Financial Planning*

## Key Takeaways

- Managing your financial life can be complex and may come with inevitable tradeoffs.
- A financial plan can help you make short-term decisions in the context of your long-term goals and provide a roadmap to achieve them.
- Like any roadmap, a financial plan can help you avoid feeling anxious when uncertainty strikes, such as market volatility or change in career paths.
- It's never too early or too late to have a financial plan. A Financial Advisor can help you kickstart the planning process.

If you're investing, saving money for retirement and paying down debt, you probably feel good about your financial future. That said, even the most experienced investors can have a hard time shaking the feeling that they're making it up as they go along. And when uncertainty strikes in the form of a market decline, job loss or unexpected expenses, anxiety and worry are never far behind. That's where a financial plan comes in.

A financial plan aligns your goals with your tolerance for risk and the amount of time you have until major goals such as retirement, while giving you the adaptability to manage whatever life throws your way. Think of it like a roadmap: It can tell you where to go, along with alternative paths to take when you run into a detour or decide to take the scenic route.

To better understand the value of financial planning, Morgan Stanley Wealth Management's Global Investment Office polled more than 1,000 respondents to understand financial planning trends among today's investor population for our 2025 The Power of Financial Planning Survey.1 Three-quarters (76%) of respondents said they wish they had had a financial plan sooner and 66% reported feeling a lack of strong confidence in their ability to achieve long-term goals.

Creating a financial plan as early as possible can help you feel prepared, no matter what.

Here's how to get started.

## What is a financial plan?

A financial plan is more than just an investment strategy. It is a personalized roadmap that can help you make decisions about financial tradeoffs and manage your money throughout your life. With the help of a Financial Advisor, you'll review your assets, such as your investment portfolio; consider your liabilities, such as debt; and discuss your personal goals. Those details can help you create a step-by-step plan that will map out your timeline to achieve short- and long-term goals.

For example, your plan can help you determine how you'll save to buy a home in a way that considers the market and interest rate environment. Or it might account for the way a career pivot or earlier retirement date may change your savings goals. You can also model what-if scenarios so you're prepared for the things that keep you up at night, for example, inflation or loss of a family member. Modeling different scenarios can help you be more informed and confident about the decisions you make.

## Why do I need a financial plan?

Like any roadmap, a financial plan can help you avoid feeling stressed. According to our research, people with a financial plan are less likely to worry about whether they are on track to meet their financial goals (36% of survey respondents) compared to people without a financial plan (47%). At the same time, respondents with a financial plan are about 10% more likely to say they are satisfied with their personal relationships, investment portfolio, life direction and financial health.

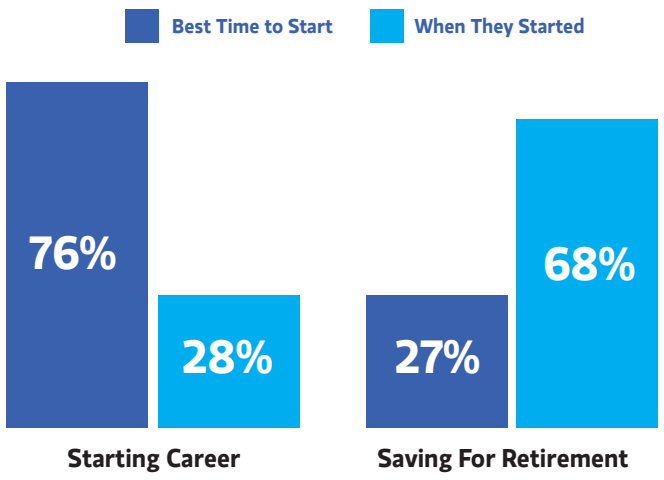
One reason for this increased satisfaction is that a financial plan helps remove some of the worry of investing by helping you make decisions and balance trade-offs.

For example, think back to the early days of the COVID pandemic. In just one month, the market plunged about 34%. For investors who didn't have a plan in place, the temptation to panic and sell at the market low would have been tremendous. However, investors with a financial plan in place – say, an investor who won't need their retirement funds for decades – could rest easy, wait for the market to recover and stay on track with their long-term goals. In fact, a Morgan Stanley Global Investment Committee study of nearly 120,000 clients using Morgan Stanley's Goals Based Planning System during the 2020 COVID market crash found that more than three-quarters of those who were initially considered "on track" in their plan remained so, even at the market's bottom.[1]

## Do I have enough assets for a financial plan?

One common misconception is that a financial plan is only for people with significant wealth. However, a financial plan isn't about what you have. It's about what you want to achieve. Rather than starting with a specific level of wealth, the key to success is time. Creating a financial plan sooner can give you more time to let your wealth grow, with the added flexibility for when goals change. Starting sooner instead of starting with more is one of the biggest regrets for most investors: 76% of respondents say they wish they created a financial plan as soon as they started their career. However, only 28% of investors say they started planning when they first started working, while 68% only started thinking about a financial plan when they began saving for retirement.

While it's never too late, it can be beneficial to start sooner, even if you don't think you have enough assets available to warrant a plan.




*Source: Morgan Stanley Wealth Management Global Investment Office, The Power of Financial Planning: A Road Map to Achieving Goals With Confidence Survey*

## What if my financial plan needs to change?

Keep in mind that a financial plan isn't something you create once and never touch again. It's meant to evolve as life changes. Whether you're buying a home, saving to pay for college or preparing for retirement, your financial plan will adjust to reflect your new goals and current circumstances.

Tracking your progress against your plan can also help you determine when it's time to update your strategy, revise your savings targets or adjust your timeline. While more than half of respondents track their account value (83%), changes in their account balances (71%) and total net worth (62%), only 38% track their progress toward their goals. A financial plan can help you create goals and track progress so you can make the right change at the right time as needed.

## How do I get started?

Creating and managing a financial plan doesn't have to be difficult or overwhelming. Your Morgan Stanley Financial Advisor can help you develop a personalized plan based on your needs and current portfolio, and then create a benchmark that helps gauge success based on your goals.

In addition, your Morgan Stanley Financial Advisors can stress test your personalized financial plan against more than 10,000 possible market scenarios so you can be certain that your plan is ready for any uncertainty that comes your way.

The bottom line: a financial plan is a practical tool you can use to make short-term decisions while keeping your long-term goals in focus, regardless of your circumstances and needs. Having a financial planning conversation with your Morgan Stanley Financial Advisor can be the next step in helping you feel more prepared to tackle your evolving and complex financial life.

To learn more and view the full survey results used for this article, ask your Financial Advisor for a copy of The Power of Financial Planning: A Road Map to Achieving Goals With Confidence.

**Footnotes:**

[1]The Morgan Stanley Financial Plan Survey was conducted by Ipsos Public Affairs using the Knowledge Panel, the only large-scale representative panel of the adult population in the US, for which members are recruited using a probability-based, address-based sampling methodology. In order to maintain full representation of all adults, households without internet access are provided internet-enabled devices and an internet service provider (ISP). From Sept. 27 to Oct. 11, 2024, Ipsos interviewed a random sample of 1,013 respondents across the U.S. In order to qualify for this study, respondents were required to have $250,000 or more in liquid household investable assets and be between the ages of 25 and 75. Results were weighted to age by liquid household investable assets, using benchmarks from the Federal Reserve's 2022 Survey of Consumer Finances.

[2] "Special Report: Plan Not to Panic: Navigating Market Volatility with Financial Planning," Morgan Stanley Wealth Management Global Investment Office, April 16, 2024.

**PURPLE MOUNTAIN GROUP**
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# *Peak Perspectives Quarterly*

Second Quarter 2026

Purple Mountain Group Financial Advisors L to R: Emily Hershberger, Jeff Mohrmann, Herman Tiemens, Scott Perry, Jonathan Grant, Henry Bradley

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MS Customer Service: **(800) 688-3462**

## Calendar

**Purple Mountain Group Educational Opportunities** (Webinars are held from 1-2pm MT.)

| | | | | | |
|---|---|---|---|---|---|
| **Apr 16** | **Peak Perspectives Webinar** Q2 Economic & Market Outlook | **May 5** | **Purple Mountain Group Wealth Summit** (for Accredited Investors) | **May 21** | **Peak Perspectives Webinar** Psychology of Investing |
| **June 18** | **Peak Perspectives Webinar** Alternative Investments: Access to Private Markets | | | | |

**Wealth Education for the Next Generation | Morgan Stanley Virtual Client Events** – 2-3pm MT

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|---|---|---|---|---|---|
| **Apr 6** | **Building a Meaningful Career & Elevating your Elevator Pitch** | **May 4** | **Mental Health, Money, and The Next Generation: Financial Wellness** | **June 1** | **Tying the Financial Knot: Navigating Joint Finances & Communication** |

**Arts and Cultural Highlights** | Pikes Peak Region, Colorado

### April

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|---|---|
| **1-Jul 25** | **Where I Learned to Look: Art from the Yard Exhibit** Colorado Springs Fine Arts Center Museum |
| **3** | **First Friday** \| Downtown Colorado Springs |
| **9-May 3** | **Romeo x Juliet** \| UCCS Theatreworks |
| **10-11** | **Wickedly Broadway** \| Colorado Springs Philharmonic |
| **16** | **Lumnious: 99 Years of Music and Artistry** Colorado Springs Philharmonic |
| **18** | **Itzhak Perlman: Cinema Serenade** \| Colorado Springs Philharmonic |
| **20** | **Harmony in Bloom, Spring Fundraiser** \| ChoralSong |
| **23** | **Marsalis/Rachmaninoff Open Rehearsal** Colorado Springs Philharmonic |
| **25-26** | **Marsalis / Rachmaninoff** \| Colorado Springs Philharmonic |
| **30-May 24** | **Alanis Morissette's Jagged Little Pill: The Musical** Colorado Springs Fine Arts Center Theatre |

### May

| | |
|---|---|
| **1** | **First Friday** \| Downtown Colorado Springs |
| **3-4** | **The State of Colorado, Celebrating 150 Years** \| ChoralSong |
| **8-9** | **Star Wars: The Empire Strikes Back** \| Colorado Springs Philharmonic |
| **9** | **FloraFest** \| Cottonwood Center for the Arts |
| **16-17** | **Gershwin: Porgy and Bess** \| Colorado Springs Philharmonic |

### June

| | |
|---|---|
| **5** | **First Friday** \| Downtown Colorado Springs |
| **11-28** | **The Garbologists** \| UCCS Theatreworks |

**Colorado College Summer Music Festival | June 6-26**

| | |
|---|---|
| **9** | **Festival Artists Concert** at 7pm |
| **13** | **Festival Artists Concert** at 7pm |
| **16** | **Festival Orchestra Concert** at 7pm |
| **18** | **Piano Extravaganza! Festival Artists Pre-Concert Recital** at 5:45pm |
| **18** | **Festival Artists Concert** at 7pm |
| **20** | **Fellow Concerto Readings** at 2pm |
| **21** | **Faculty/Fellow Concert** at 4pm |
| **22** | **Festival Artists Concert** at 7pm |
| **25** | **Grande Orquesta Navarre Festival Artists Pre-Concert Recital** at 5:45pm |
| **25** | **Festival Artists Concert** at 7pm |
| **26** | **Festival Orchestra Concert** at 7pm |

**For additional festival details visit: www.coloradocollege.edu/other/summermusicfestival or call (719) 389-6552.**

CRC 5275877 03/26

## Disclosures

### 2025 Forbes Best-In-State Wealth Management Teams

Source: Forbes (Awarded January 2025). This ranking was determined based on an evaluation process conducted by SHOOK Research LLC (the research company) in partnership with Forbes (the publisher) for the period 3/31/23–3/31/24. Neither Morgan Stanley Smith Barney LLC nor its Financial Advisors or Private Wealth Advisors paid a fee to SHOOK Research LLC, for placement on its rankings. This ranking is based on in-person and telephone due diligence meetings to evaluate each Financial Advisor qualitatively, a major component of a ranking algorithm that includes client retention, industry experience, review of compliance records, firm nominations, and quantitative criteria, including assets under management and revenue generated for their firms. Investment performance is not a criterion. Rankings are based on the opinions of SHOOK Research LLC and may not be representative of any one client's experience; investors must carefully choose the right Financial Advisor or team for their own situation and perform their own due diligence. This ranking is not indicative of the Financial Advisor's future performance. Morgan Stanley Smith Barney LLC is not affiliated with SHOOK Research LLC or Forbes. For more information, see www.SHOOKresearch.com.

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### *What Is a Financial Plan and Why Do I Need One?*

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**Disclosures**

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