PART 1 OF 4 · THE HIDDEN COST OF INCOME

THE INCOME-TAX TORNADO

As your income climbs, the storm grows — and drags in **more tax.**

25+ hidden taxes swirl inside this storm.

See every one — and the income where it strikes — then the brackets themselves. →

PART 2 OF 4 · THE CLIMB BEGINS

WHAT THE STORM DRAGS IN

Sorted by the income where each one strikes — low at top, higher below. **S** = single · **J** = married-jointly.

S $25K J $32K	**Social Security gets taxed** Up to half your benefits become taxable income.	50%	NOT INDEXED
S $34K J $44K	**The Social Security "tax torpedo"** Up to 85% taxed — a 12% bracket can act like 22%+.	85%	NOT INDEXED
S $49K J $99K	**0% capital-gains bracket lost** Long-term gains & dividends jump from 0% to 15%.	0→15%	INDEXED
S $75K J $150K	**Senior bonus deduction erodes** The new $6,000 (65+) deduction phases out ~6¢ per $1.	−$6K	2025–28
S $80K J $160K	**Education credits fade** AOTC & Lifetime Learning shrink, gone by $90K / $180K.	−$2.5K	INDEXED
S $81K J $129K	**Traditional IRA deduction lost** The pretax IRA write-off phases out if you're covered at work.	−$7.5K	INDEXED
S $109K J $218K	**IRMAA surcharge kicks in** Medicare Part B+D climbs — and it's a 2-year lookback.	+$1,148/yr	CLIFF
S $153K J $242K	**The Roth IRA door closes** Direct Roth contributions phase out to zero by $168K / $252K.	$0 Roth	INDEXED
S $200K J $250K	**Additional Medicare Tax** An extra 0.9% on wages & self-employment income.	+0.9%	NOT INDEXED
S $200K J $250K	**Net Investment Income Tax** A 3.8% surtax on interest, dividends, rents & gains.	+3.8%	NOT INDEXED
S $200K J $400K	**Child Tax Credit phases out** The credit drops $50 for every $1,000 of income over the line.	−$50/$1K	PHASEOUT
S $202K J $404K	**The 32% bracket begins** Your next dollars jump from a 24% to a 32% marginal rate.	24→32%	INDEXED

The higher you climb, the worse it gets. **Part 3 →**

Sources: IRS Rev. Proc. 2025-32 · IRS NIIT & Topic 560 · CRS · CMS · Notice 2025-67 · TY2026 · not tax advice

PART 3 OF 4 · THE HIGH WINDS

WHERE THE STORM IS WORST

The high-income rungs — surtaxes stack, cliffs bite, deductions vanish. **S** = single · **J** = joint.

S $200K J $250K	**Gains now cost 18.8%** The 15% capital-gains rate picks up the 3.8% NIIT surtax.	**18.8%** NOT INDEXED
S $202K J $404K	**QBI 20% break phases out** The pass-through deduction vanishes by $277K / $554K.	**−20%** INDEXED
J $242K → $252K	**Spousal IRA deduction lost** Even a non-covered spouse's IRA write-off phases out.	**−$7.5K** INDEXED
S $256K J $512K	**The 35% bracket begins** Your marginal ordinary rate climbs from 32% to 35%.	**32→35%** INDEXED
S $500K J $1M	**AMT exemption clawed back** The parallel tax removes your exemption at a 50% rate.	**AMT** INDEXED
MAGI $500K	**SALT cap phases down** The $40,400 cap drops 30¢ per $1 toward a $10K floor.	**−30¢/$1** 2025–29
S $500K J $750K	**IRMAA hits its top tier** Medicare Part B climbs to ~3.4× standard (~$690/mo) + Part D.	**3.4×** CLIFF
S $546K J $614K	**The 20% capital-gains rate** Long-term gains & qualified dividends jump from 15% to 20%.	**15→20%** INDEXED
S $546K J $614K	**Gains now cost 23.8%** That top 20% rate plus the 3.8% NIIT surtax, stacked.	**23.8%** NOT INDEXED
S $641K J $769K	**The top 37% bracket** The highest ordinary income-tax rate there is.	**37%** INDEXED
HIGH MAGI	**The stack compounds** Brackets + NIIT + IRMAA + phaseouts all hit the same dollar.	**45%+** COMPOUNDS

SHRINK THE STORM

Lower your MAGI: **QCDs · Roth conversions in low years · harvest under the breakpoints · bunch + DAF · HSA.**
The QCD is one of the cleanest levers — see the **QCD infographic.** Mind IRMAA's 2-year lookback.

...plus the adoption credit, ACA premium-tax-credit cliff, saver's credit & more — 25+ in all.

Part 4: the brackets themselves →

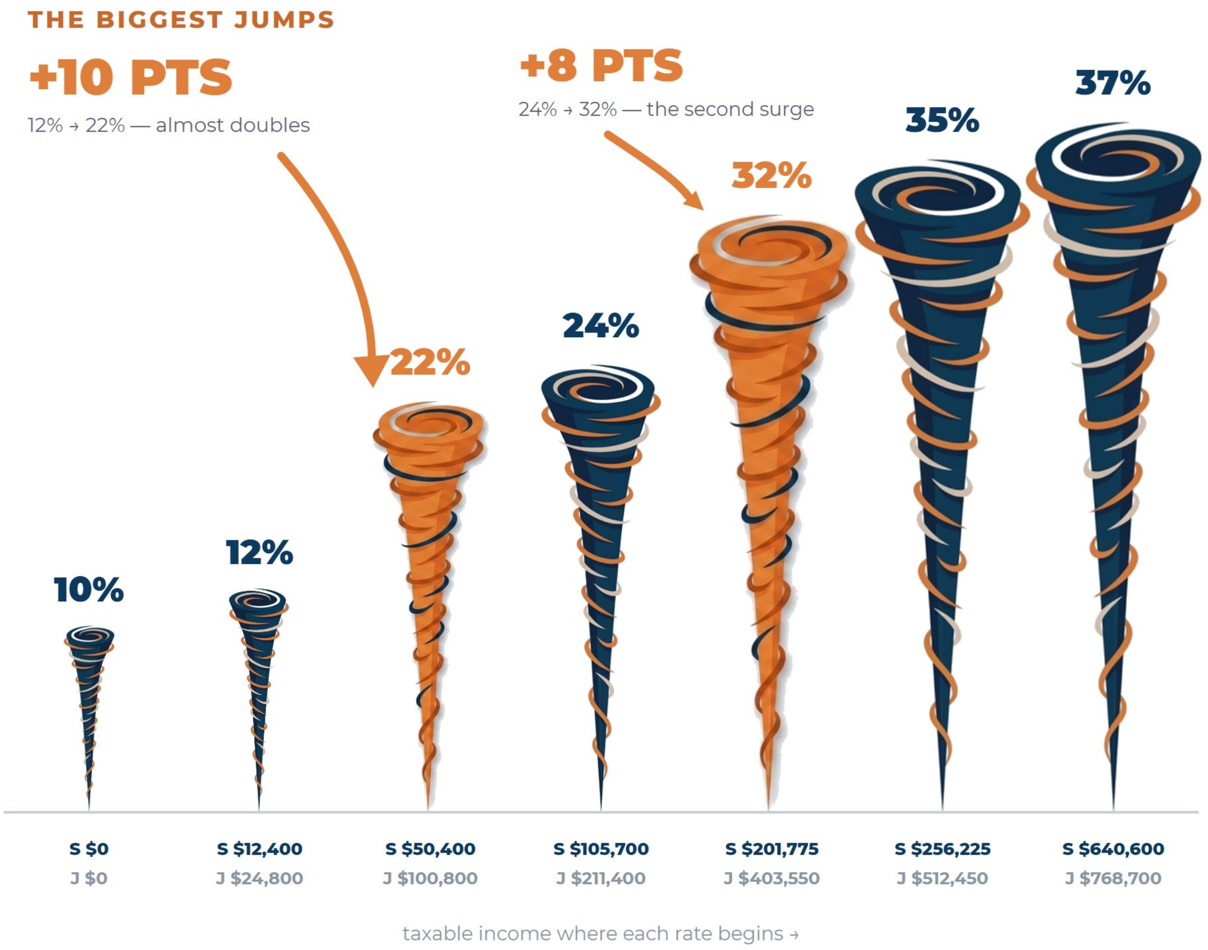
Sources: IRS Rev. Proc. 2025-32 · IRS NIIT/AMT · CMS IRMAA · OBBBA · TY2026 · educational, not individualized tax advice

PART 4 OF 4 · AND DON'T FORGET THE BASE RATES

THE BRACKETS THEMSELVES

Everything so far is the **extra** stuff the tornado drags in — underneath, the base rates climb too.

TY2026 marginal rates on **taxable income** · **S** = single · **J** = married-jointly



THE TORNADO RIDES ON TOP OF THESE RATES

These base brackets are only the floor. The 25+ hidden taxes from parts 2–3 — NIIT, IRMAA, phaseouts, the SS torpedo — all stack on this ladder as income climbs, pushing your **true** marginal rate far above the bracket number.

Higher income, higher brackets — plus the storm on top.

Every rate here is marginal — only the dollars above each threshold pay it.

Source: IRS Rev. Proc. 2025-32 (official TY2026 brackets) · educational, not individualized tax advice