
BKMWM Newsletter March/April 2026



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- 1) Avoiding Retirement Regrets
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1) Avoiding Retirement Regrets

Many clients are hesitant to spend money during their first few years of retirement. Even after a lifetime of diligent saving and planning, shifting the mindset from accumulating assets to spending can be challenging. It takes some intentionality, and flipping that switch may not happen overnight.

From what we have observed, retirement for our clients generally tends to have three phases: the "Go-Go" years, the "Slow-Go" years and the "No-Go" years.¹

A 2024 report from the Transamerica Center for Retirement Studies summarized the top three retirement regrets Americans have once they reach ages 70-90:²

- They wish they had retired earlier.
- They wish they had spent more when they first retired.
- They wish they had taken better care of their health.

All these regrets point to the same overriding lesson, be sure to accomplish all that you wanted to accomplish in your Go-Go and Slow-Go years before you reach your No-Go years. Once your physical mobility or mental capability declines, it is too late. No one can predict how long your health will last.

The top three retirement aspirations for today's workers are traveling (65%), spending time with friends and family (57%), and pursuing hobbies (49%).³ No matter what enjoying retirement looks like for you, our hope is you complete your retirement goals while you still can.

Contact us to regain confidence in your financial plan and explore strategies to maximize enjoyment during your early retirement years. No matter how hard you may try, you can't take it with you!

Sources: ¹ "How to Plan for Retirement's Go-Go, Slow-Go and No-Go Years" | Kiplinger
² "Here Are The Biggest Retirement Regrets for Retirees"
³ Transamerica Center For Retirement Studies. "Retirement in the USA: The Outlook of the Workforce."

2) 2025-2026 Tax Highlights

Retirement & Savings Limits

Account	2025 Limit	2026 Limit	Increase
Roth & Traditional IRA	\$7,000	\$7,500	\$500
Roth & Traditional IRA Age 50+ Catch-Up	\$1,000	\$1,100	\$100
HSA (Individual)	\$4,300	\$4,400	\$100
HSA (Family)	\$8,550	\$8,750	\$200
401(k) Deferral	\$23,500	\$24,500	\$1,000
401(k) Age 50+ Catch-Up	\$7,500	\$8,000	\$500
401(k) Age 60–63 Enhanced Catch-Up	\$11,250	\$11,250	No Change
401(k) Total Additions Ex-Catch-Ups	\$70,000	\$72,000	\$2,000
SEP-IRA Contribution	\$70,000	\$72,000	\$2,000
SIMPLE IRA / SIMPLE 401(k)	\$16,500	\$17,000	\$500
WI 529 Deduction (Single/Joint)	\$5,130	\$5,280	\$150
WI 529 Deduction (Married Sep.)	\$2,560	\$2,640	\$80

Note: There is an enhanced 401(k) catch-up contribution available to those age 60, 61, 62, or 63. Not all 401(k) plans allow for it, but if yours does, and you have the free cash flow, consider contributing the extra \$11,250. Starting in 2026, 401(k) catch-up contributions for those earning over \$150,000 must be made as Roth (after-tax) contributions.

Retirement Contribution Deductibility Limits

Phase-Out Range	2026 MAGI	2025 MAGI
Traditional IRA – Single, covered by workplace plan	\$81,000–\$91,000	\$79,000–\$89,000
Traditional IRA – MFJ, contributor covered by plan	\$129,000–\$149,000	\$126,000–\$146,000
Traditional IRA – MFJ, spouse covered (not contributor)	\$242,000–\$252,000	\$236,000–\$246,000
Roth IRA – Single / HOH	\$153,000–\$168,000	\$150,000–\$165,000
Roth IRA – Married Filing Jointly	\$242,000–\$252,000	\$236,000–\$246,000

2026 Standard Deductions & Income Tax Brackets

Filing Status	2026 Std. Deduction
Single / Married Filing Separately	\$16,100
Married Filing Jointly	\$32,200
Head of Household	\$24,150

Single Filers	
10%	\$0 – \$12,400
12%	\$12,401 – \$50,400
22%	\$50,401 – \$105,700
24%	\$105,701 – \$201,775
32%	\$201,776 – \$256,225
35%	\$256,226 – \$640,600
37%	Over \$640,600

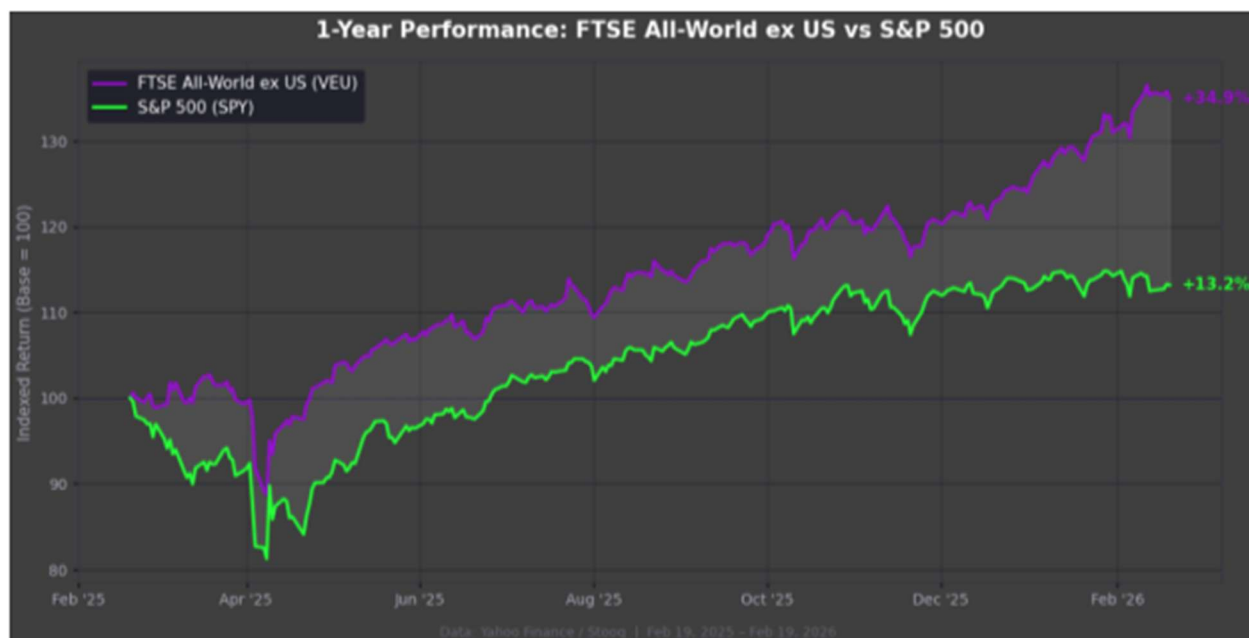
Married Filing Jointly	
10%	\$0 – \$24,800
12%	\$24,801 – \$100,800
22%	\$100,801 – \$211,400
24%	\$211,401 – \$403,550
32%	\$403,551 – \$512,450
35%	\$512,451 – \$768,700
37%	Over \$768,700

3) It's Not All About U.S.

In recent years investors have become accustomed to a United States-first approach. While many of the world's economies were slow to stir from their pandemic slumber, the U.S. economy quickly regained stride at a time when investment in, and development of, technology – particularly Artificial Intelligence (AI) – were coming into prominence.

As a result of this and other factors the U.S. stock market, heavily led by the mega-tech names closely associated with AI, significantly outperformed most of the world for several years. From the start of 2021 to the end of 2024, the S&P 500 returned roughly 55%, despite being down 18% in 2022, and was the top performing asset class in the other 3 years. During the same period, the FTSE All-World ex-US was down around 5%¹.

As valuations in the U.S. have ballooned, however, the story has changed.



In the last year, non-U.S. stocks, in aggregate, have significantly outperformed U.S. large cap stocks, as investors have sought to diversify away from rich U.S. stock valuations, and so-called "sell America" global sentiment has grown.

This trend may be set to continue, given the S&P 500 presently sits at a Price-to-Earnings (P/E) ratio of 27.5x, compared with its modern average of around 19-20x, and the FTSE All-World ex-US P/E currently around 18.8x. Foreign markets may additionally benefit from growing AI and tech investment, surging chip and semiconductor demand, and increasing commerce as countries look to find alternative trade partners to the U.S.

In the current environment, portfolio allocations to international developed and emerging markets have the potential to both reduce concentration and secular risk in your portfolio, and provide the opportunity for enhanced returns.

¹⁾ [Source – Yahoo! Finance](#)

4) New Wisconsin Retirement Income Subtraction

Starting with the 2025 tax year, Wisconsin residents age 67 or older by year-end may subtract eligible retirement income from their Wisconsin taxable income:

Filing Status	Maximum Subtraction
Single filer, age 67+	\$24,000
Married filing jointly, both spouses age 67+	\$48,000

Eligible retirement income includes taxable distributions from qualified retirement plans (401(k)s, 403(b)s, pensions) and IRAs that are not already excluded under a separate provision of federal or Wisconsin law.

Important Trade-Off

Claiming the new retirement subtraction means you cannot claim any Wisconsin income tax credits for that tax year (including the school property tax credit, earned income credit, and all others). Unused credits cannot be carried forward. For most retirees whose primary income is retirement distributions, the subtraction will far outweigh any lost credits. Be sure to consult your tax advisor or BKM's Director of Tax Planning, Matt Kabitzke CPA, prior to acting.

What This Means for Your Withholding

If you are currently withholding Wisconsin income tax from your IRA or retirement plan distributions, the new subtraction may dramatically reduce, or nearly eliminate, your Wisconsin tax liability. In the example below, a couple withholding at a typical 4–5% rate on \$80,000 would have \$3,200–\$4,000 withheld annually but owe only \$192.

Illustrative Example: Before vs. After

Jim and Linda, both age 75, are Wisconsin residents filing jointly. Their only income is required minimum distributions of \$40,000 each from their traditional IRAs (\$80,000 total). Estimated figures based on 2025 Wisconsin tax rates and brackets.

	BEFORE	AFTER
	Without New Subtraction	With New Subtraction
Total IRA Distributions	\$80,000	\$80,000
New Retirement Income Subtraction	—	(\$48,000)
Wisconsin Adjusted Gross Income	\$80,000	\$32,000
Estimated Standard Deduction (MFJ)	(\$26,510)	(\$26,510)
Estimated Wisconsin Taxable Income	\$53,490	\$5,490
Tax: First \$19,579 x 3.50%	\$685	\$192
Tax: \$19,580–\$67,299 x 4.40%	\$1,492	—
Estimated Wisconsin Income Tax	\$2,177	\$192
Wisconsin Tax Credits Available?	Yes	No
Estimated Annual Tax Savings	Approximately \$1,985/year	

Note: Tax calculations use 2025 MFJ brackets. The "Before" column of \$2,177 is computed as \$685 (3.50% on the first \$19,579) plus \$1,492 (4.40% on the next \$33,911), totaling approximately \$2,177. The "After" column of \$192 reflects 3.50% on \$5,490 of taxable income. Actual results will vary based on other income, deductions, and individual circumstances. The existing \$5,000 Wisconsin retirement subtraction may also apply and would modestly reduce the "Before" figure.

You may be giving the State of Wisconsin an interest free loan and waiting until you file your return to get it back.

Please contact your accountant and/or your BKM advisor to discuss how this change affects your specific situation and whether adjusting your Wisconsin withholding makes sense for you.