

The most important points in plain English

1. Your Roth IRA probably does not require an RMD at age 72.

Under current IRS rules, RMDs generally begin at **age 73** for traditional IRAs and many retirement plans. An owner's Roth IRA generally has **no lifetime RMD requirement**.

So, if the \$500,000 Meridian account really is **your Roth IRA**, the letter deserves clarification before you withdraw anything. It may refer to another retirement account or to beneficiary rules.

2. The \$250,000 life-insurance payment generally isn't taxable income to you.

A death benefit paid because of your father's death is generally excluded from your income.

3. The \$36,000 your father gave you generally isn't taxable income.

Using the money for the children's charity event doesn't change that. The separate question is whether money you personally paid to a **qualified charitable organization** qualifies for a charitable deduction. Starting in 2026, a single taxpayer who doesn't itemize may have a limited deduction for qualifying cash charitable contributions.

4. The books are more complicated.

If the books were worth **\$50,000 when your father died**, that generally becomes your starting tax basis—not his original \$5,000 cost.

Therefore, if you sell them for \$45,000, the preliminary calculation is:

\$45,000 sale – \$50,000 inherited basis = \$5,000 loss.

Because books can constitute **collectibles**, the loss needs to be entered correctly on the capital-gain/loss forms.

5. Your house is the major tax-planning issue.

Using only the numbers you gave me:

- Estimated value: **\$950,000**
- Original cost: **\$150,000**
- Preliminary gain: **\$800,000**

As a single taxpayer, you can generally exclude up to **\$250,000** of gain if you satisfy the ownership and residence tests.

That means a simplified illustration is:

\$800,000 gain – \$250,000 exclusion = approximately \$550,000 potentially taxable gain.

But **do not use that \$550,000 as the final tax number yet**. Your actual basis can be increased by qualifying improvements, and selling expenses reduce the gain. The exact closing price also matters.

For 2026, HSA contribution limits are \$4,400 for self-only coverage and \$8,750 for family coverage, with an additional \$1,000 catch-up contribution for eligible individuals age 55+.

The workbook therefore separates **medical expenses** from **HSA contributions**, because they are not the same thing.

What the workbook contains

The Excel file has separate tabs for:

- **START HERE** — plain-English instructions
- **INPUTS** — replace estimates with your final documents
- **RMD CALCULATOR**
- **HOME SALE**
- **BUDGET COMPARE**
- **2026 TAX PRO FORMA**
- **TURBOTAX INPUT** — organized like a tax-software data-entry screen
- **TODO — IRS + PLAIN ENGLISH**
- **IRS SOURCES**

The 2026 federal tax calculations use the IRS-published inflation-adjusted figures, including the **\$16,100 single standard deduction** and **\$2,050 additional deduction for an unmarried taxpayer age 65+**.