Investor Edition

2026- 2027 Year End Guide

LPL Financial

Introduction

As we approach year-end this guide is designed to help you navigate key dates, deadlines, potential challenges, and opportunities, so you can plan ahead with confidence.

To process any of the below requests by December 31, we must receive completed request before the deadline. The sooner we receive your completed forms, the better. Early submission provides additional time for review, follow-up on any missing information, and processing before year-end deadlines.

If you have any questions, contact your financial professional to help you.

Required Minimum Distribution

Once you reach age 73, the IRS generally requires you to take a Required Minimum Distribution (RMD) from your tax-deferred retirement accounts each year by December 31. If this is your first RMD, you may choose to delay taking it until April 1 of the year following the year you turn 73.

Your RMD amount is typically calculated using your retirement account balance as of December 31 of the previous year and a life expectancy factor determined by the IRS Uniform Lifetime Table. If your spouse is your sole beneficiary and is more than 10 years younger than you, a different IRS life expectancy table may be used, which could result in a lower RMD amount.

As the custodian of your IRA, LPL Financial is required to report distributions to the IRS on Form 1099-R. You will receive a copy of this form by January 31 of the year following the distribution. RMDs are generally reported as normal, age-based distributions using IRS distribution code 7.

If your IRA contains assets that do not have a readily available market value, such as privately held stock, real estate, or certain annuities, determining your RMD may be more complex. It is important to ensure the Fair Market Value (FMV) of these assets is accurately documented. If the value is unclear or unavailable, please provide any independent appraisals or valuation reports to your financial professional and consult with a qualified tax advisor. Neither LPL Financial nor the IRA custodian is responsible for any loss resulting from the valuation of these assets.

If you satisfy your RMD obligation through another retirement account and do not need to take a distribution from your LPL Financial IRA, LPL is still required by the IRS to provide you with RMD-related information. If you do need to take an RMD from your LPL account, please contact your financial professional, who can assist you with the distribution process.

RMD Service

New Requests for 2027 Processing: LPL has a Required Minimum Distribution Service (RMD Service) that will allow clients who are subject to RMDs to establish a distribution schedule for their RMD that recalculates each year. During the first year you subscribe to the RMD Service, distributions of the calculated RMD amount will be divided to fit the time remaining in the year.

For example, if you choose a monthly frequency with distributions to begin in October, the RMD amount for the year will be divided into three equal monthly installments. Each following year, the RMD Service will automatically calculate your RMD and withdraw it monthly.

If you'd like to establish RMD Service for 2026, the request should be received no later than December 4 , 2026, as RMD payment cycles occur on the 10 and the 25 of each month. If you fail to withdraw an RMD, fail to withdraw the full amount of the RMD, or fail to withdraw the RMD by the applicable deadline, the amount not withdrawn is taxed at 25%. LPL isn't responsible for any penalties related to failure in withdrawing RMDs.

Note: *If using systematic liquidations to fund Required Minimum Distributions, please review the systematic trade instructions as the amount or quantity may need to be modified to ensure sufficient funds are available to fund recalculated RMD amounts. Systematic liquidations are independent from RMD Service and will NOT automatically adjust to new RMD values*

Federal and State Voluntary Income Tax Withholding

If your mailing address has changed, please notify your financial professional promptly. Timely updates help ensure that any applicable federal and state tax withholding elections are processed correctly within the same tax year. We also encourage you to review your account activity and distribution transactions periodically with your financial professional to confirm that tax withholdings have been applied as intended.

If you are temporarily residing at a seasonal or vacation home during 2026, it is important to ensure that state tax withholding associated with retirement account distributions continues to be reported and remitted to the appropriate state based on your permanent legal residence.

To help avoid disruptions to tax withholding and maintain accurate residency information for tax reporting purposes, consider enrolling in paperless delivery for account statements, tax documents, and other important communications. Electronic delivery allows you to securely access your documents online from any location, reducing the need to update your mailing address when temporarily residing at a seasonal or vacation home. By keeping your permanent residence information up to date while using paperless delivery, you can help ensure that tax withholding and reporting remain aligned with your state of residency.

LPL Financial cannot reverse or adjust federal or state tax withholdings for IRA or qualified retirement plan (QRP) distributions after the tax year in which the distribution occurred. Any amounts withheld will be reported on IRS Form 1099-R, Boxes 4 and 14.

Gifting

Charitable giving is one way you can positively impact your current tax position. You may gift mutual funds, stocks, bonds, or government securities from your LPL non-retirement account to an account holder at another firm or financial institution. There is also an option available for qualified charitable distributions (QCDs).

QCDs must be completed by December 31, and early submission is recommended to allow time for review and processing before year-end.

Currently, QCDs are reported on Form 1099-R as an age-based distribution for non-beneficiary IRAs and as a death distribution for beneficiary IRAs. Beginning in 2027, the IRS will require QCDs to be reported using Code Y in Box 7 of Form 1099-R. For Tax Year 2026, use of Code Y is optional. For additional information, please refer to IRS Publication 590-B and the Instructions for Form 1099-R.

Tax Harvesting: Identify Opportunities

Tax-loss harvesting is a strategy that involves selling investments that have declined in value to help offset capital gains and potentially reduce your tax liability. This approach is often used to minimize the impact of short-term capital gains, which are generally taxed at higher rates than long-term gains.

Depending on your financial situation, tax-loss or tax-gain harvesting may help improve tax efficiency. Consult your financial advisor to determine whether either strategy may be appropriate for your portfolio and year-end planning goals.

Roth Conversions

If you are considering converting a Traditional IRA to a Roth IRA, it may be worthwhile to discuss the strategy with your financial professional before year-end. A Roth IRA can offer several potential benefits, including tax-free qualified withdrawals, no required minimum distributions (RMDs) during the original account owner's lifetime, and increased tax diversification in retirement.

A Roth conversion may support your long-term financial and tax planning objectives, but it is important to understand the potential tax consequences. Generally, the amount converted from a Traditional IRA to a Roth IRA is subject to ordinary income tax in the year of conversion. Your financial professional can help you evaluate whether a conversion is appropriate based on your age, income, and overall financial situation.

Keep in mind that Roth IRA conversions are irrevocable under current tax law. Once assets are converted to a Roth IRA, the transaction cannot be undone or recharacterized back to a Traditional IRA.

Cost Basis on Transferred Securities

If you have any securities which were received from your prior broker by transfer, please review your cost basis information to ensure we have your complete cost basis information on file. Provide any missing or amended cost basis information to your financial advisor.

Note: LPL may receive Cost Basis information from your former firm or financial institution automatically. This may take up to 15 days from the date of transfer to receive cost basis information and, firms are required to send tax lot details only for covered tax lots.

If you hold corporate, municipal, or government bonds (e.g., fixed income securities), please review your fixed income elections. Provide your elections to your financial professional. Updates to fixed income elections may affect tax reporting on your 1099-INT.

Premier Check Writing for Distributions

If you're planning on using Premier Check Writing for a current year distribution, please be aware the distribution is reported for the tax year the check is **cashed** (not the year that check is written). It's strongly recommended you avoid using Premier Check Writing checks on retirement accounts near year-end if the check is intended to be reported in the current tax year because neither you nor LPL can control when a check is cashed.

All Premier Check Writing distributions are processed without any federal or state income tax withholding. You should speak to your financial professional prior to processing a distribution without withholding as under-withholding penalties may apply to those that choose not to withhold taxes.

Other methods you can use to request distributions near year-end are ACH, wire transfer, or manual check created and mailed by LPL.

Return of Excess and Recharacterization Deadline

If you over-contribute or erroneously contribute to your retirement account, there are processes you can use to resolve these mistakes. The IRS deadline for processing prior-year return of excess and recharacterizations is the tax return due date for the tax year of the contribution (including extensions).

If you have excess contributions for 2026, there are several options available. If the 2026 excess contribution occurred between January 1, 2027, and April 15, 2027, we can accept a letter of instruction or form CM100 asking LPL to change the reporting to a 2027 contribution. By changing the tax year of the contribution to 2027, you can leave the funds in the account as a current year contribution or remove it by October 15, 2027.

In general, if the excess contributions for a year are not withdrawn by the date your return for the year is due (including extensions), you are subject to a 6% tax. You must pay the 6% tax each year on excess amounts that remain in your account at the end of your tax year.

Unfortunately, we cannot recharacterize any prior-year contributions after the deadline. Please discuss this with your financial professional before making any decisions.

Important Information Regarding Postmark on Mailings of Contributions

In late December 2025, the IRS and U.S. Postal Service clarified how mail is postmarked, which may affect how contributions are credited for tax reporting purposes. A postmark now reflects when an envelope enters USPS processing – not necessarily the day it's dropped in the mail. In some cases, postmarks may be applied days after mailing. Additionally, preprinted or kiosk postage labels do not indicate when USPS took possession of your envelope. Checks processed or postmarked after key deadlines may not qualify for the intended tax year, which could impact tax planning and deductions.

The deadline to make IRA contributions for the 2026 tax year is April 15, 2027. Contributions to a Traditional IRA, Roth IRA, or Coverdell Education Savings Account (ESA) must be received by the tax filing deadline to be applied toward the 2026 tax year. Please note that the IRS does not permit filing extensions for contribution eligibility.

How to prevent late contributions:

• Mail contributions earlier than usual.

• Use trackable options – Certified Mail, Registered Mail, or a Certificate of Mailing provide confirmation of when the Postal Service accepted your envelope.

• Request a manual postmark when mailing close to a deadline - local Postmarks applied at the post office at the time of acceptance reflect the date USPS took possession of the mail.

• Avoid relying on printed or kiosk postage labels as proof of timing. These reflect purchase date, not confirmed receipt by the Postal Service.

• Submit contributions electronically to avoid ambiguity and ensure credits are made on time.

Important Year-End Deadlines

Submit forms as early as possible. Early submission gives us more time to review your request, resolve any missing information, and process transactions before year-end deadlines.

Plan Establishment Through Ascensus

For pre-approved plan document services, submit plan establishment paperwork by December 4, 2026.

IRA Distribution

To ensure processing by December 31, submit completed distribution requests as early as possible.

Note: Distributions made through the LPL Premier Check Writing Program are reported for the tax year in which the check is cashed, not when it is written.

In-Kind Distributions of Equities

Requests to transfer retirement account securities into direct registration must be submitted by October 30, 2026. Re-registration can take 2 to 6 weeks.

Disposition Request for a Worthless Security Position (receipt of deposit)

To obtain a receipt of deposit for a security without a transfer agent, submit a Disposition Request form by December 11, 2026.

Backup Withholding due to missing New Account Application/W9

Submit a completed IRS Form W-8, W-9, or account application by December 31, 2026 to avoid backup withholding. Please note that withholding applied in 2026 cannot be reversed in 2027.

Trade Settlement and Adjustments

To be reported on your 2026 tax forms, trades must settle by December 31, 2026.

Courtesy 1099

If you would like a courtesy 1099 for an eligible non-reportable account, submit your request by December 31, 2026. Contact your financial professional for assistance.

Qualified Plan Establishment

New 401(k) and profit-sharing plans must be adopted by December 31, 2026, to be effective for the 2026 plan year.

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