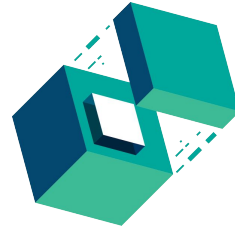


How To Use and Read The Holistiplan Tax Report 2.0



holistiplan

Total Income

Adjusted Gross Income

Taxable Income

“Above the Line” Deductions

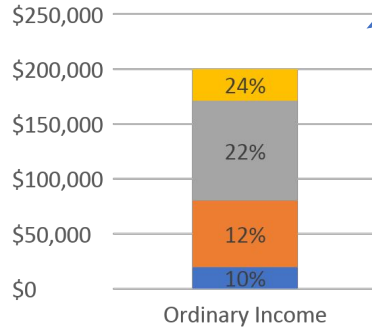
- IRA contributions
- HSA contributions
- SE Tax
- SE Health Insurance
- SEP-IRA/Solo 401k Contributions

Standard/Itemized Deductions

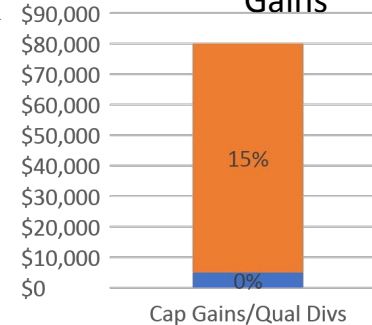
Qualified Business Income Deduction

- Wages
- Taxable Interest
- Ordinary Dividends
- Taxable IRA Distributions
- Taxable Social Security
- Short-Term Capital Gains
- Business Income (Schedule C)
- Rental, Royalty, Partnership, S-Corp (Schedule E)

Ordinary income



Qualified Dividends/Long-Term Capital Gains



Taxes

Taxes and Credits

- Taxes
 - Income taxes
 - Other Taxes
 - Alternative Minimum Tax (AMT)
 - Self-employment tax
 - Additional Medicare tax
 - Net Investment Income Tax
- Credits
 - Non-refundable – reduce tax bill to zero
 - Foreign Tax Credit
 - Child tax credit (mostly)
 - Dependent Care Expenses
 - Refundable: reduce tax bill *below* zero
 - Earned Income Tax Credit
 - ACA Premium Tax Credit
 - American Opportunity Credit (partial)



KEY FIGURES

Total Income	\$57,083	Filing Status	Married Filing Jointly	Tax Exempt Interest	\$3,700
AGI	\$57,083	Marginal Bracket	10.0%	Qualified/Ordinary Dividends	\$12,500 / \$17,500
Deductions	\$27,800	Average Rate	0.3%	ST/LT Capital Gains	(\$5,000) / \$19,500
Taxable Income	\$28,615	Effective Rate	0.6%	Carryforward Loss	\$0
Total Tax	\$161	2022 Safe Harbor	\$0	Total/Taxable Social Security	\$35,000 / \$18,995
		Tax Exempt Pct. of Total Interest	43.8%	Credits Claimed	\$2,800

KEY FIGURES

Total Income	\$57,083	Filing Status	Married Filing Jointly	Tax Exempt Interest	\$3,700
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Marginal rate = Rate of tax on last dollar of ordinary income

KEY FIGURES

Total Income	\$57,083
AGI	\$57,083
Deductions	\$27,800
Taxable Income	\$28,615
Total Tax	\$161

Filing Status	Married Filing Jointly
Marginal Bracket	10.0%
Average Rate	0.3%
Effective Rate	0.6%
2022 Safe Harbor	\$0
Tax Exempt Pct. of Total Interest	43.8%

Tax Exempt Interest	\$3,700
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ST/LT Capital Gains	(\$5,000) / \$19,500
Carryforward Loss	\$0
Total/Taxable Social Security	\$35,000 / \$18,995
Credits Claimed	\$2,800

Average rate = Total tax/Total Income

KEY FIGURES

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Total Tax	\$161	2022 Safe Harbor	\$0	Total/Taxable Social Security	\$35,000 / \$18,995
		Tax Exempt Pct. of Total Interest	43.8%	Credits Claimed	\$2,800

Effective rate = Total tax/Taxable Income



Safe Harbor



This number represents the amount that the taxpayer could pay, via withholding and estimated taxes, to avoid an underpayment penalty.

This safe harbor amount is calculated by multiplying last year's tax bill, net of credits, by 100%, (or 110% for taxpayers with AGI over \$150,000, or \$75,000 for married filing separate).

Not depicted here is the alternative calculation, which is to pay at least 90% of the eventual tax bill. This method is potentially more challenging and prone to error, given that estimating the tax bill with certainty will be harder than using a fixed number from last year's return.

Note that this safe harbor amount does not necessarily preclude all penalties. The taxpayer could still get a penalty for incorrectly matching the timing of estimated tax payments against the timing of the actual income.

KEY FIGURES

Total Income

AGI

Deductions

Taxable Income

Total Tax

Three Columns Two Columns

Tax Exempt Interest	\$3,700
Qualified/Ordinary Dividends	\$12,500 / \$17,500
ST/LT Capital Gains	(\$5,000) / \$19,500
Carryforward Loss	\$0
Total/Taxable Social Security	\$35,000 / \$18,995
Credits Claimed	\$2,800

Close

KEY FIGURES

Three Columns Two Columns

Total Income	\$57,083	Filing Status	Married Filing Jointly	Tax Exempt Interest	\$3,700
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Taxable Income	\$28,615	Effective Rate ?	0.6%	Carryforward Loss ?	\$0
Total Tax	\$161	2022 Safe Harbor ?	\$0	Total/Taxable Social Security	\$35,000 / \$18,995
		Tax Exempt Pct. of Total Interest	43.8%	Credits Claimed	\$2,800

$$\text{Tax-Equivalent Yield} = \frac{\text{Tax-Exempt Yield}}{(1 - \text{Tax Rate})}$$

Tax-Exempt Yield = 2%	Tax Equivalent Yield
10%	2.2%
12%	2.27%
22%	2.56%
24%	2.63%
32%	2.94%
35%	3.08%
37%	3.17%



KEY FIGURES

Total Income	\$57,083	Filing Status	Married Filing Jointly	Tax Exempt Interest	\$3,700
AGI	\$57,083	Marginal Bracket	10.0%	Qualified/Ordinary Dividends	\$12,500 / \$17,500
Deductions	\$27,800	Average Rate	0.3%	ST/LT Capital Gains	(\$5,000) / \$19,500
Taxable Income	\$28,615	Effective Rate	0.6%	Carryforward Loss	\$0
Total Tax	\$161	2022 Safe Harbor	\$0	Total/Taxable Social Security	\$35,000 / \$18,995
		Tax Exempt Pct. of Total Interest	43.8%	Credits Claimed	\$2,800

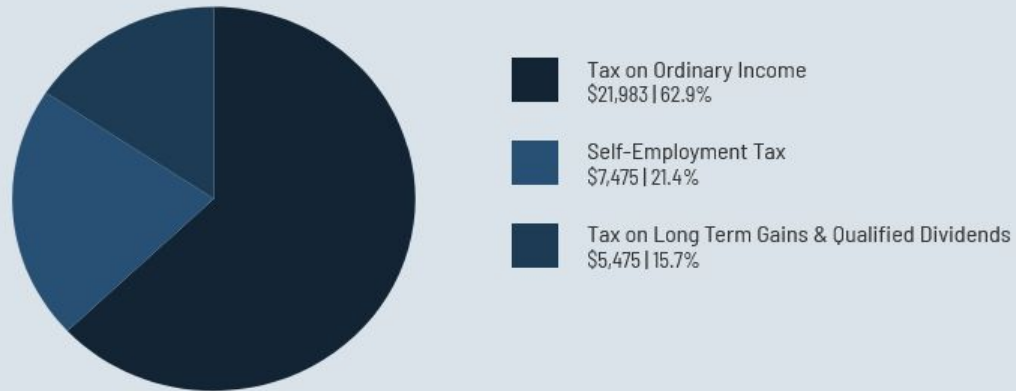


KEY FIGURES

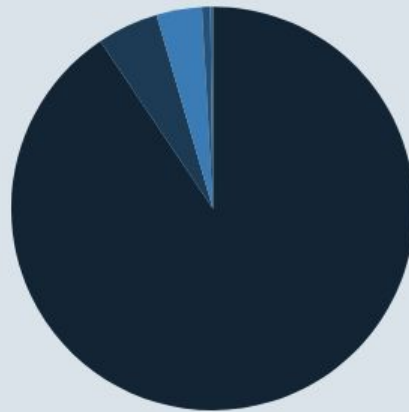
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Taxable Income	\$28,615	Effective Rate	0.6%	Carryforward Loss	\$0
Total Tax	\$161	2022 Safe Harbor	\$0	Total/Taxable Social Security	\$35,000 / \$18,995
		Tax Exempt Pct. of Total Interest	43.8%	Credits Claimed	\$2,800

Social Security – anywhere between 0-85% of benefit is taxable, depending on income

Let's take a look at your Tax Breakdown



Let's take a look at your Tax Breakdown



	Tax on Ordinary Income \$41,465 90.6%
	Tax on Long Term Gains & Qualified Dividends \$2,250 4.9%
	Net Investment Income Tax \$1,670 3.6%
	Self-Employment Tax \$304 0.7%
	Additional Medicare Tax \$94 0.2%

Total Income	\$234,650
AGI	\$230,912
Deductions	\$42,000
Taxable Income	\$179,080
Total Tax	\$25,233

Qualified/Ordinary Dividends	\$17,000 / \$20,000
ST/LT Capital Gains	\$2,500 / \$19,500

Marginal Tax Brackets: Ordinary Income [?](#)

The marginal tax rate for your ordinary income is as follows:

Marginal Rate	Ordinary Income Threshold	Ordinary Income	Tax
10%	\$0 to \$22,000	\$22,000	\$2,200
12%	\$22,000 to \$89,450	\$67,450	\$8,094
22%	\$89,450 to \$190,750	\$53,131	\$11,689
24%	\$190,750 to \$364,200	\$0	\$0
32%	\$364,200 to \$462,500	\$0	\$0
35%	\$462,500 to \$693,750	\$0	\$0
37%	\$693,750 and above	\$0	\$0
Total		\$142,581	\$21,983





Total Income	\$234,650
AGI	\$230,912
Deductions	\$42,000
Taxable Income	\$179,080
Total Tax	\$25,233

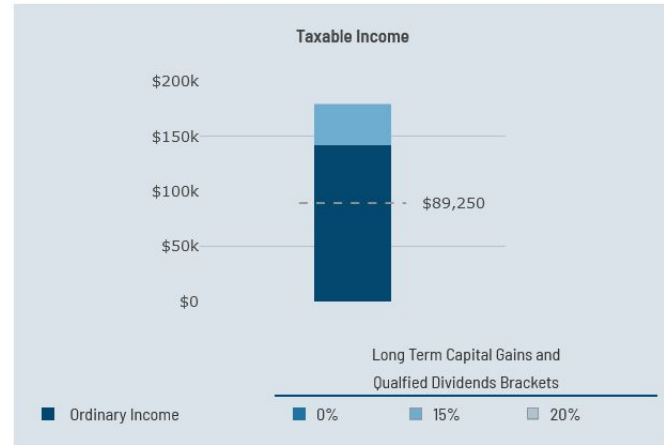
Qualified/Ordinary Dividends \$17,000 / \$20,000

ST/LT Capital Gains \$2,500 / \$19,500

Marginal Tax Brackets: Long Term Capital Gains & Qualified Dividends

Your taxable income of \$179,081 includes \$36,500 of long-term gains and qualified dividends which are taxed at lower rates compared to ordinary income. Long-term gains are added on top of your ordinary income to determine the tax rates that apply.

Marginal Rate	Taxable Income Threshold	Taxable Income	Qualified Income	Tax
0.0%	\$0 to \$89,250		\$0	\$0
15.0%	\$89,250 to \$553,850	\$179,081	\$36,500	\$5,475
20.0%	\$553,850 and above		\$0	\$0
Total			\$36,500	\$5,475



Marginal Tax Brackets: Ordinary Income ?

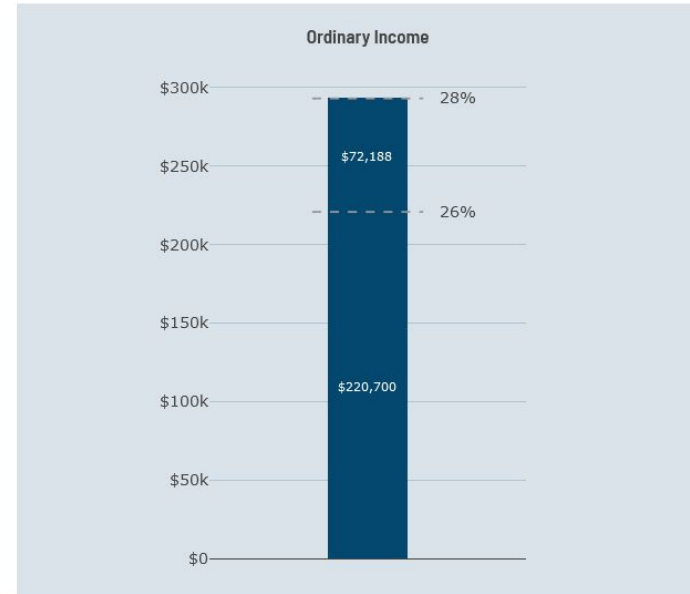
Alternative Minimum Tax (AMT)

Technically, the IRS asks taxpayers to calculate their taxes two ways (the standard way and the Alternative Minimum Tax way), with the resulting tax liability being whichever method results in a higher amount. The AMT method starts with the taxable income of the standard way, then adds back certain deductions and "preference items." Qualified dividends and long-term capital gains are taxed the same in both systems, but ordinary income is subject to just two marginal rates of 26% and 28% in the AMT system.

Before factoring in any other taxes, your standard tax liability was \$70,503, while your AMT tax liability was \$87,145, so you paid the latter.

The marginal tax rate for your ordinary income is as follows:

Marginal Rate	AMT Ordinary Income Threshold	AMT Income	Tax
26%	\$0 to \$220,700	\$220,700	\$57,382
28%	\$220,700 and above	\$72,188	\$20,213
Total		\$292,888	\$77,595





Medicare Part B/D Premiums for 2025

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income* (MAGI). Your MAGI is \$230,913. Amounts are monthly per person.

*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	MAGI	Part B Premium	Part D Premium
\$0 to \$206,000		\$174.70	your plan premium
\$206,000 to \$258,000	\$230,913	\$174.70 + \$69.90 = \$244.60	Your Plan Premium + \$12.90
\$258,000 to \$322,000		\$174.70 + \$174.70 = \$349.40	Your Plan Premium + \$33.30
\$322,000 to \$386,000		\$174.70 + \$279.50 = \$454.20	Your Plan Premium + \$53.80
\$386,000 to \$750,000		\$174.70 + \$384.30 = \$559.00	Your Plan Premium + \$74.20
\$750,000 and above		\$174.70 + \$419.30 = \$594.00	Your Plan Premium + \$81.00

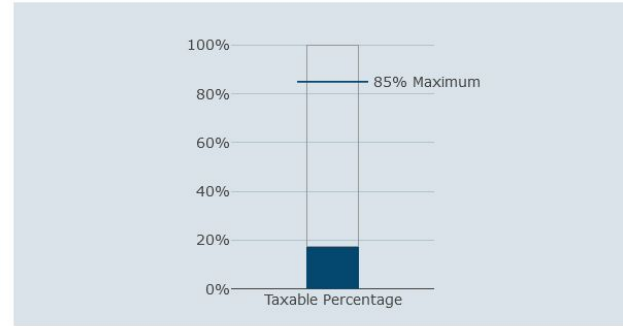
Social Security

TAXATION OF SOCIAL SECURITY

Taxable Percentage	Income Threshold	Combined Income *	Your Taxable Percentage
0% Taxable	Less than \$32,000		
Up to 50.0% taxable	\$32,000 to \$44,000		
Up to 85.0% taxable	More than \$44,000	\$46,089	17.3%

SOCIAL SECURITY

Description	Amount
Total Benefits	\$45,000
Taxable Percentage	17.3%
Taxable Benefits	\$7,776



* Combined income (provisional income)

AGI (not including Social Security benefits)	\$23,589
Nontaxable Interest	\$0
50% of your Social Security benefits	\$22,500
Total combined income	\$46,089

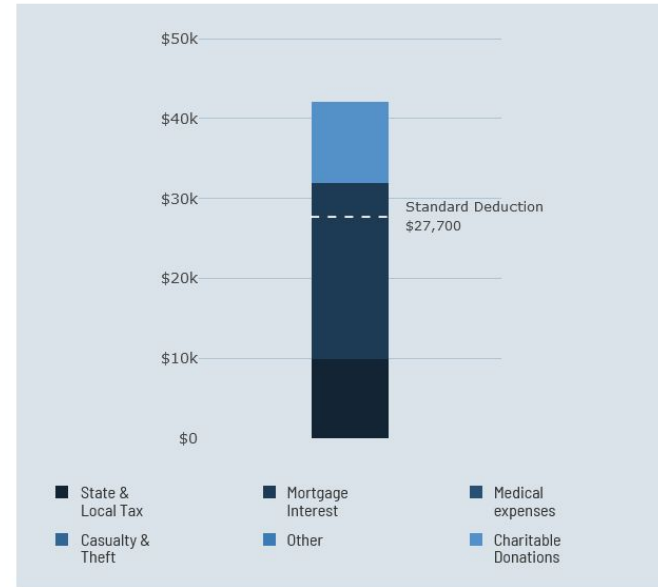
Schedule A

The tax return listed the following items on Schedule A:

ITEMIZED DEDUCTION SUMMARY

Deduction	Amount Claimed
Medical & Dental Expenses	\$0
State & Local Taxes	\$10,000
Mortgage & Investment Interest Expense	\$22,000
Gifts To Charity	\$10,000
Casualty & Theft Losses	\$0
Other Itemized Deductions	\$0
Total Itemized Deductions	\$42,000

Your total itemized deductions exceeded the standard deduction by \$14,300



Schedule B - Income Sources

The tax return listed the following income sources on Schedule B

INTEREST

Description	Amount
BANK OF AMERICA	\$1,500.00
ALLY BANK	\$2,000.00
SCHWAB	\$2,500.00

DIVIDENDS

Description	Amount
VANGUARD	\$10,000.00
SCHWAB	\$10,000.00

- Did we know about these accounts?
- If there is significant interest coming from a bank, is that an indication that there are large amounts of cash potentially sitting unproductive?



Schedule D - Capital Gains/Losses

The tax return listed the following sources of capital gains/losses

SHORT TERM

Description	Amount
Short Term Gain/Loss for 2023	\$5,000
Short Term Loss Carryover from 2022	(\$10,000)
Total Short Term Gain/Loss for 2023	(\$5,000)

TOTAL

Total Gains/Losses for 2023 \$55,000

LONG TERM

Description	Amount
Long Term Gain/Loss for 2023	\$50,000
Capital Gain Distributions for 2023	\$10,000
Total Long Term Gain/Loss for 2023	\$60,000

CARRY FORWARD LOSSES TO 2024

Short Term Loss \$0
Long Term Loss \$0

GAINS AND COLLECTIBLES

1250 Gains: \$10,000

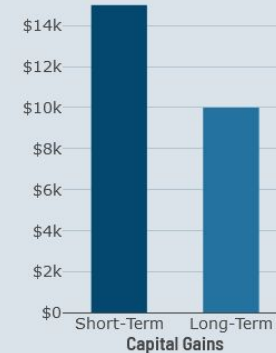
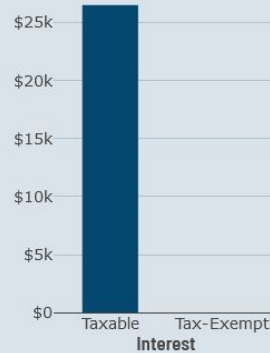
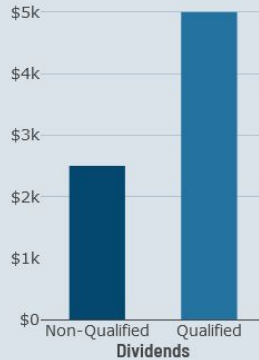
Section 1250 depreciation capture is taxed as ordinary income up to a maximum rate of 25%. You had \$10,000 of this type of income that was taxed at the 25% rate for \$2,500, with any remainder that helped make up taxable income taxed as ordinary income.

Collectibles: \$10,000

Collectibles are taxed as ordinary income up to a maximum rate of 28%. You had \$0 of this type of income that was taxed at the 28% rate for \$0, with any remainder that helped make up taxable income taxed as ordinary income.

Let's take a look at the tax efficiency of your investment income

Different types of investment income are taxed differently. For example, non-qualified dividends and short-term capital gains are taxed as ordinary income at higher rates, while qualified dividends and long-term capital gains are taxed at lower preferential rates. And depending on your marginal bracket, it may be more tax efficient to use tax-free income vehicles like municipal bonds/bond funds instead of taxable income options.





Schedule C/E - Income Sources

The tax return listed the following businesses and entities on schedules C or E

SCHEDULE C

Business Name	Net Profit
PAULA'S PALATE	\$60,000.00

- Did we know about the business?
- Liability protection?
- Are there opportunities for retirement plan contributions?
- Are there opportunities for *other* deductions, like self-employed health insurance?

SCHEDULE E

Rental Real Estate and Royalties

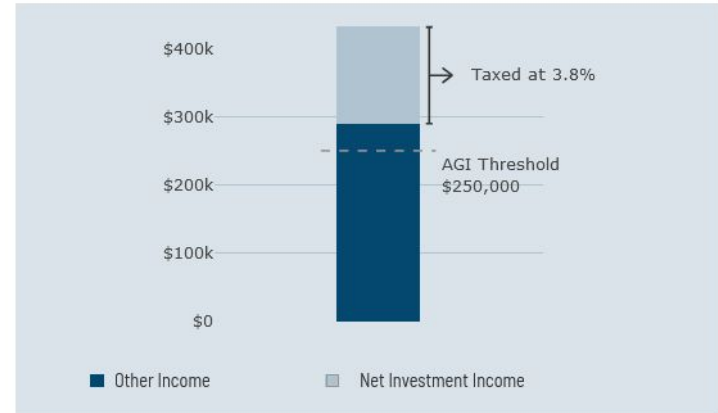
100 BEACHFRONT DRIVE WILMINGTON, NC 27516

- Did we know about these entities?
- Are rental properties productive/cash flow positive?
- Potential depreciation recapture upon sale of rental properties
- Liability protection?
- Estate distribution ramifications

Net Investment Income Tax Summary

The Net Investment Income Tax (NIIT) is a 3.8% tax on the lesser of investment income or the amount over the income threshold where the NIIT is triggered which is \$200,000 (single filers) or \$250,000 (joint filers).

Description	Amount
Modified adjusted gross income	\$430,761
Threshold for Net Investment Income Tax	\$250,000
Net Investment Income	\$141,000
Lesser of Net Investment Income or MAGI in excess of the NIIT threshold	\$141,000
Net Investment Income Tax	\$5,358



Modified Adjusted Gross Income (MAGI): Planning Considerations

Certain deductions and tax incentives phase out as income reaches certain levels. The definition of "Income" for these phase outs can be different. The term "Modified Adjusted Income" (MAGI) is generally used, but there are several definitions of MAGI that are slightly different

Savers Credit

x

MAGI Definition 1 [?](#) ([Hide All Items](#))

- Coverdell ESA [?](#)
- Lifetime Learning Credit [?](#)
- American Opportunity Credit [?](#)
- Child Tax Credit [?](#)
- Qualified Adoption Expenses Credit [?](#)
- Savers Credit [?](#)
- Clean Vehicle Credit (New) [?](#)
- Clean Vehicle Credit (Used) [?](#)

Credit for contributions to an IRA or employer-sponsored retirement plan, or an ABLÉ account (if the taxpayer is the designated beneficiary). Depending on AGI, credit could be 10%, 20%, or 50% of the first \$2,000 (\$4,000 for joint filers) contributed to eligible retirement accounts.

Over [?](#)

Over [?](#)

Over [?](#)

Under [?](#)

Under [?](#)

Over [?](#)

Under [?](#)

Over [?](#)

Close

MAGI Definition 2 [?](#) ([Hide All Items](#))

- Net Investment Income Tax [?](#)

\$230,913

\$0 - \$250,000

Under [?](#)

MAGI Definition 3 [?](#) ([Hide All Items](#))

- Roth IRA Contribution [?](#)

\$221,163

\$218,000 - \$228,000

Phase Out [?](#)

MAGI Definition 4 [?](#) ([Hide All Items](#))

- Student Loan Interest Deduction [?](#)

\$230,913

\$155,000 - \$185,000

Over [?](#)

MAGI Definition 5 [?](#) ([Hide All Items](#))

- IRA Contribution Deductibility - Covered by Qualified Plan [?](#)
- IRA Contribution Deductibility - Not Covered/Spouse Covered [?](#)

\$230,912

\$116,000 - \$136,000

Over [?](#)

\$218,000 - \$228,000

Over [?](#)

MAGI Definition 6 [?](#) ([Hide All Items](#))

- ACA Premium Credit [?](#)

\$230,913

832% of federal poverty limit (48 States and DC)

[?](#)

Modified Adjusted Gross Income (MAGI): Planning Considerations

Certain deductions and tax incentives phase out as income reaches certain levels. The definition of "income" for these phase outs can be different. The term "Modified Adjusted Income" (MAGI) is generally used, but there are several definitions of MAGI that are slightly different from each other.

MAGI Definition 1 (Hide All Items)	\$230,913
Coverdell ESA ?	\$190,000 - \$220,000
Lifetime Learning Credit ?	\$180,000 - \$180,000
American Opportunity Credit ?	\$160,000 - \$180,000
Child Tax Credit ?	\$400,000 - \$440,000
Qualified Adoption Expenses Credit ?	\$239,230 - \$279,230
Savers Credit ?	\$43,500 - \$73,000
Clean Vehicle Credit (New) ?	\$0 - \$300,000
Clean Vehicle Credit (Used) ?	\$0 - \$150,000

MAGI Definition 2 (Hide All Items)	\$230,913
Net Investment Income Tax ?	\$0 - \$250,000

MAGI Definition 3 (Hide All Items)	\$221,163
Roth IRA Contribution ?	\$218,000 - \$228,000

KEY FIGURES

Total Income	\$234,650
AGI	\$230,912
Deductions	\$42,000
Taxable Income	\$179,080
Total Tax	\$25,233

Under [?](#)

Phase Out [?](#)

Formulas [Hide All Formulas](#)

- MAGI Definition 1: AGI + Foreign Housing Exclusion + Foreign Earned Income Exclusion + Foreign Housing Deduction [?](#)
- MAGI Definition 2: AGI + Excluded Foreign Earned Income [?](#)
- MAGI Definition 3: AGI + IRA Deduction + Student Loan Interest Deduction + Tuition and Fees Deduction + Total Foreign Income Exclusions + Foreign Housing Deduction - Taxable Roth Conversions [?](#)
- MAGI Definition 4: Worksheet 4-1 from Publication 970, Total Income, Several Above the Line Deductions, + Total Foreign Income Exclusions + Foreign Housing Deduction [?](#)
- MAGI Definition 5: AGI + (unemployment comp. in 2020 only) + Student Loan Interest Deduction + Tuition and Fees Deduction + Total Foreign Income Exclusions + Foreign Housing Deduction [?](#)
- MAGI Definition 6: AGI + Excluded Foreign Income + Nontaxable Social Security Benefits (Including Tier 1 Railroad Retirement Benefits) + Tax Exempt Interest [?](#)



Deductions & Credits

Deductions reduce the amount of income subject to tax while credits reduce taxes dollar for dollar.

DEDUCTIONS

Claimed	Deduction
Deductible Part of Self-Employment Tax	\$3,737
State, Local, and Other Taxes Deducted	\$10,000
Mortgage and Investment Interest Expense Deduction	\$22,000
Gifts to Charity	\$10,000
Qualified Business Income Deduction	\$9,832

CREDITS

Claimed	Credit	Type
Non-Refundable Child Tax Credit + Credit for Other Dependents	\$2,500	Non-refundable
Dependent Care	\$1,200	Non-refundable
Residential Clean Energy Credit	\$6,000	Non-refundable