

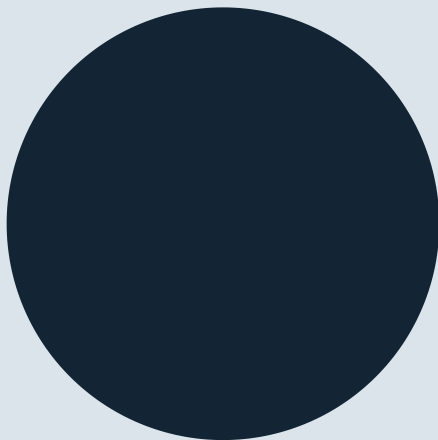


2023 Tax Report for John Smith and Sally Smith

KEY FIGURES

Total Income	\$114,550	Filing Status	Married Filing Jointly	Tax Exempt Interest	\$200
AGI	\$114,550	Marginal Bracket	12.0%	Qualified/Ordinary Dividends	\$2,250 / \$10,000
Deductions	\$30,700	Average Rate	7.9%	ST/LT Capital Gains	\$1,000 / \$3,000
Taxable Income	\$83,850	Effective Rate	10.7%	Carryforward Loss	\$0
Total Tax	\$8,995	2024 Safe Harbor	\$8,995	Total/Taxable Social Security	\$57,000 / \$48,450
		Tax Exempt Pct. of Total Interest	8.7%	Credits Claimed	\$0

Let's take a look at your Tax Breakdown

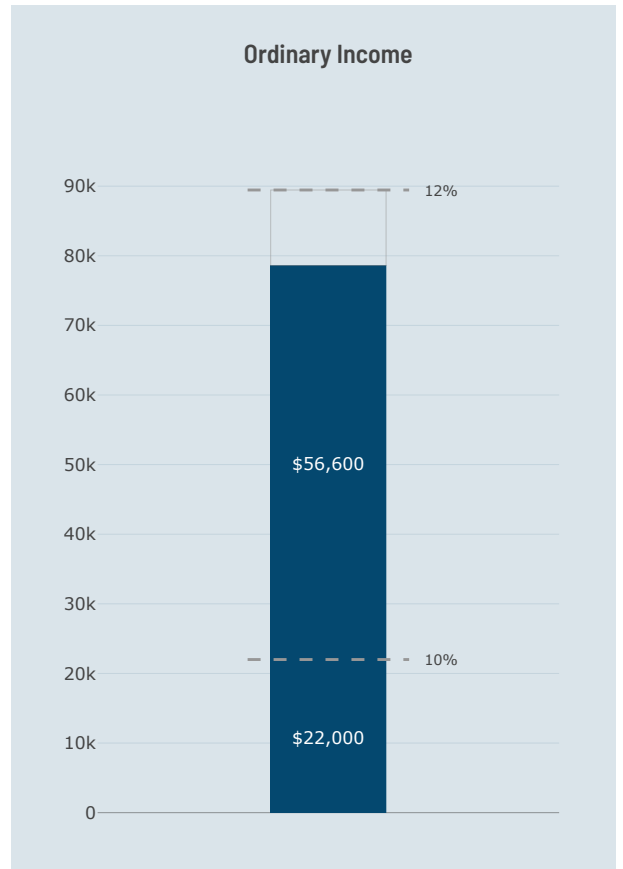


■	Tax on Ordinary Income \$8,992 100.0%
■	Tax on Long Term Gains & Qualified Dividends \$0 0.0%
■	Self-Employment Tax \$0 0.0%
■	Additional Medicare Tax \$0 0.0%
■	Net Investment Income Tax \$0 0.0%
■	Other Taxes \$0 0.0%

Marginal Tax Brackets: Ordinary Income

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

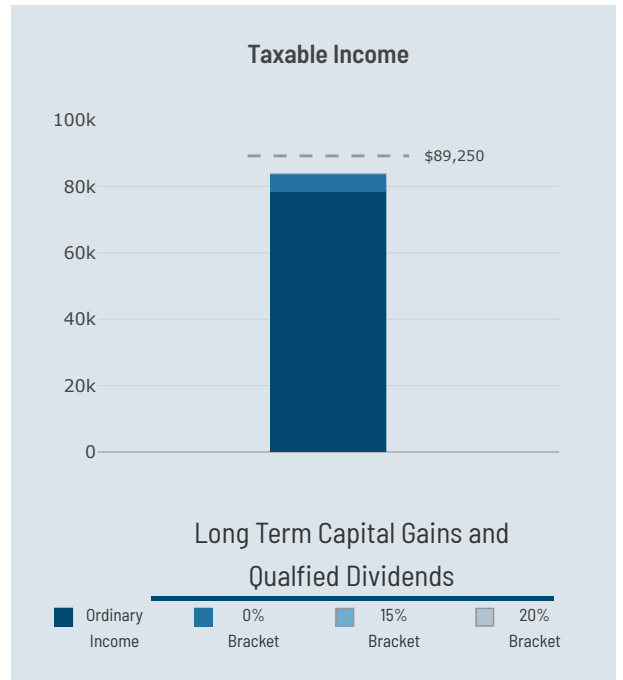
Marginal Rate	Ordinary Income Threshold	Ordinary Income	Tax
10%	\$0 to \$22,000	\$22,000	\$2,200
12%	\$22,000 to \$89,450	\$56,600	\$6,792
22%	\$89,450 to \$190,750	\$0	\$0
24%	\$190,750 to \$364,200	\$0	\$0
32%	\$364,200 to \$462,500	\$0	\$0
35%	\$462,500 to \$693,750	\$0	\$0
37%	\$693,750 and above	\$0	\$0
Total		\$78,600	\$8,992



Marginal Tax Brackets: Long Term Capital Gains & Qualified Dividends

Your taxable income of \$83,850 includes \$5,250 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	\$83,850	\$5,250	\$0
15.0%	\$89,250 to \$553,850		\$0	\$0
20.0%	\$553,850 and above		\$0	\$0
Total			\$5,250	\$0



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 \$114,750. Amounts are monthly per person.

*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium	Part D Premium
\$0 to \$206,000	\$174.70	your plan premium
\$206,000 to \$258,000	\$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

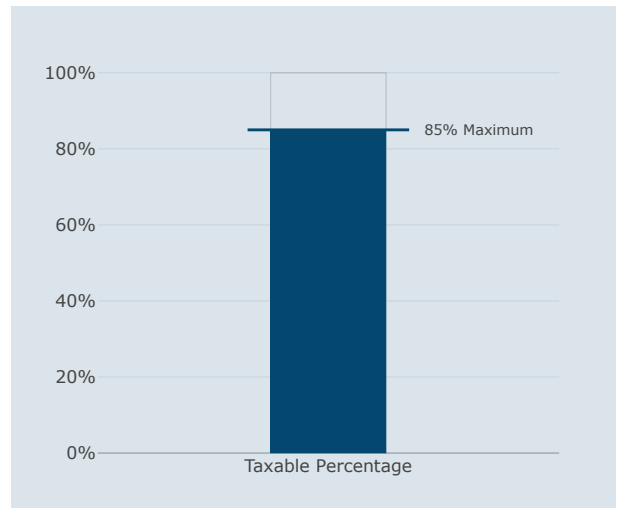
Social Security

TAXATION OF SOCIAL SECURITY

Taxable Percentage	Income Threshold	Your 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	\$94,800	85.0%

SOCIAL SECURITY

Description	Amount
Total Benefits	\$57,000
Taxable Percentage	85.0%
Taxable Benefits	\$48,450



* Combined income (provisional income)

AGI (not including social security benefits)	\$66,100
Nontaxable Interest	\$200
50% of your social security benefits	\$28,500
Total combined income	\$94,800

Schedule B - Income Sources

The tax return listed the following income sources on Schedule B

INTEREST

Description	Amount
LAKE MICHIGAN CREDIT UNION	\$2,000.00
FIDELITY	\$100.00

DIVIDENDS

Description	Amount
FIDELITY	\$10,000.00

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	\$1,000
Total Short Term Gain/Loss for 2023	\$1,000

LONG TERM

Description	Amount
Long Term Gain/Loss for 2023	\$3,000
Total Long Term Gain/Loss for 2023	\$3,000

TOTAL

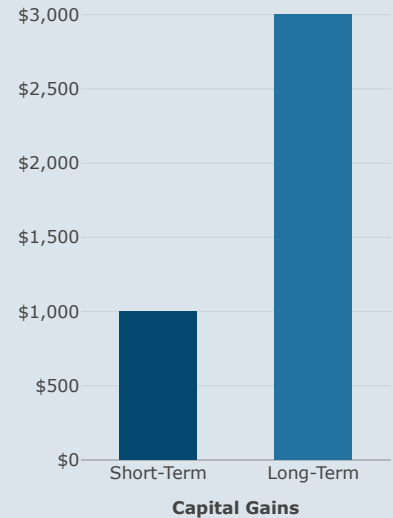
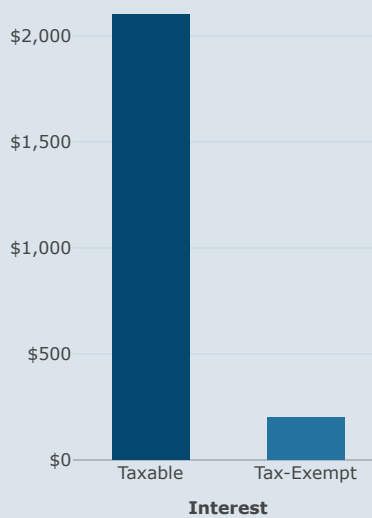
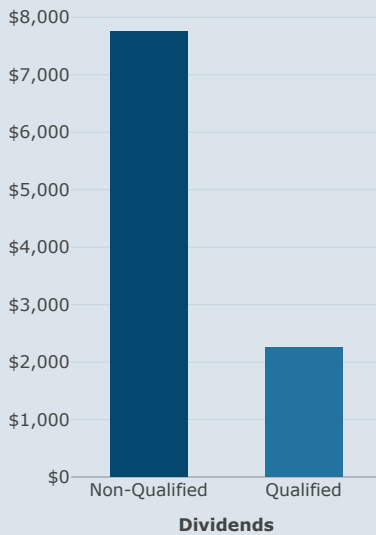
Total Gains/Losses for 2023 \$4,000

CARRY FORWARD LOSSES

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

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.



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	\$114,550	
Coverdell ESA	\$180,000 - \$220,000	Under
Lifetime Learning Credit	\$160,000 - \$180,000	Under
American Opportunity Credit	\$160,000 - \$180,000	Under
Child Tax Credit	\$400,000 - \$400,000	Under
Qualified Adoption Expenses Credit	\$239,230 - \$279,230	Under
Savers Credit	\$43,500 - \$73,000	Over
Clean Vehicle Credit (New)	\$0 - \$300,000	Under
Clean Vehicle Credit (Used)	\$0 - \$150,000	Under

MAGI Definition 2	\$114,550	
Net Investment Income Tax	\$0 - \$250,000	Under

MAGI Definition 3	\$114,550	
Roth IRA Contribution	\$218,000 - \$228,000	Under

MAGI Definition 4	\$66,100	
Student Loan Interest Deduction	\$155,000 - \$185,000	Under

MAGI Definition 5	\$114,550	
IRA Contribution Deductibility - Covered by Qualified Plan	\$116,000 - \$136,000	Under
IRA Contribution Deductibility - Not Covered/Spouse Covered	\$218,000 - \$228,000	Under

MAGI Definition 6	\$123,300	
ACA Premium Credit	673% of federal poverty limit (48 States and DC)	

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
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Deductions & Credits

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

DEDUCTIONS

Claimed	Deduction
Standard Deduction	\$30,700

CREDITS

Claimed	Credit Type
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Observations

Less than 50% of dividend income came from qualified dividends. You may consider reviewing the portfolio to determine if this percentage can be increased to reduce the overall tax paid on dividends.

\$48,450, or 85%, of your total Social Security earnings of \$57,000 was taxable as ordinary income. Social Security income is excluded from taxes to varying degrees, based on total income from other sources.

Your taxable income appears to be low enough to have allowed you to recognize long term capital gains at a 0% tax rate. If you expect to have low taxable income this year as well, you might consider taking some or all of any unrealized capital gains you might have.

Given that you are in a lower marginal tax bracket, you may consider converting any eligible retirement accounts to Roth

The 2024 safe harbor for underpayment penalties is your total tax x 100%, or \$8,995. Note that the timing of your payments is also important with respect to avoiding penalties. Withholding from a paycheck or retirement account distributions are considered to have happened throughout the year, but estimated tax payments should be timed to correspond with the timing of the income earned. A tax professional should be able to help in cases where income is uneven throughout the year.

Your Modified Adjusted Gross Income (MAGI) suggests you are eligible to contribute to a Roth IRA. Note that Roth contributions must come from what the IRS calls "compensation income". This tax return does not appear to include compensation income.

You owed additional taxes beyond any withholding or estimated tax payments. If this was due to a one-time event, you may not need to take any action. If not, consider adjusting your withholding to avoid any surprise lump sum payments due at tax time.

Your return indicates that the entirety of IRA distributions for the year were taxable. Confirm that your total IRA distributions didn't include any Qualified Charitable Distributions (QCDs) or the return of any basis (which should be reported on Form 8606), as either activity would result in a portion of an IRA distribution that is not subject to taxation.

For the ACA Premium Tax Credit, taxpayers with MAGI of less than 100% of the Federal Poverty Limit (FPL) are not eligible to receive any credits. Generally, taxpayers with MAGI between 100% and 400% of the FPL are eligible to receive the credit on a sliding scale. Taxpayers with MAGI above 400% of the FPL may receive the credit, to the extent the credit will keep the cost of the benchmark plan to no more than 8.5% of household income.

Your modified adjusted gross income (MAGI) appears to be low enough to qualify for either the new or used clean vehicle credit for a purchase of an eligible vehicle this year or next year, assuming that purchase meets the other eligibility criteria.

Disclaimer

This report is for illustration purposes and the information herein may not represent data or information that is complete and/or accurate. Please consult with your financial advisor and/or tax advisor prior to using the information included in this report to make any decisions related to your financial situation.