



## 2020 TAX REPORT FOR DAVID SAMPLE AND CAROL SAMPLE

### KEY FIGURES

Total Income:	\$124,732	Filing Status:	Married Filing Jointly	Tax Exempt Interest:	\$0
AGI:	\$124,732	Marginal Rate:	22.0%	Qualified/Ordinary Dividends:	\$3,850 / \$4,650
Deductions:	\$27,400	Average Rate:	10.0%	ST/LT Capital Gains:	\$0 / \$4,175
Taxable Income:	\$97,332	2021 Safe Harbor:	\$12,436	Carryforward Loss:	\$0
Total Tax:	\$12,436				

### MARGINAL TAX BRACKET INFORMATION

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

Marginal Rate	Ordinary Income Threshold	
10.0%	\$0 to \$19,750	
12.0%	\$19,750 to \$80,250	
22.0%	\$80,250 to \$171,050	<b>You: \$89,307</b>
24.0%	\$171,050 to \$326,600	
32.0%	\$326,600 to \$414,700	
35.0%	\$414,700 to \$622,050	
37.0%	\$622,050 and above.	

The marginal tax rate for your *capital gains and qualified dividends income* is as follows:

Marginal Rate	Taxable Income Threshold	Qualified Income (\$8,025 Total)	
0.0%	\$0	\$0	
15.0%	\$80,000	\$8,025	<b>You: \$97,332</b>
20.0%	\$496,600	\$0	

### MEDICARE PART B/D PREMIUMS FOR 2022

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income\* (MAGI). Amounts below are in addition to the base premiums. Amounts are monthly.

\*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium Adjustment	Part D Premium Adjustment	
\$0 to \$176,000	\$0	\$0	<b>You: \$124,732</b>
\$176,000 to \$222,000	\$59	\$12	
\$222,000 to \$276,000	\$149	\$32	
\$276,000 to \$330,000	\$238	\$51	
\$330,000 to \$750,000	\$327	\$71	
\$750,000 and above.	\$356	\$77	

### MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Under
Coverdell ESA	\$190k - \$220k	Under
Roth IRA Contribution	\$196k - \$206k	Under
Lifetime Learning Credit	\$118k - \$138k	In Phaseout
Student Loan Interest Deduction	\$140k - \$170k	Under
American Opportunity Credit	\$160k - \$180k	Under
Child Tax Credit	\$400k - \$440k	Under
Qualified Adoption Expenses Credit	\$217k - \$257k	Under
Saver's Credit	\$39k - \$65k	Over
IRA Contribution Deductibility - Covered Spouse	\$104k - \$124k	Over
IRA Contribution Deductibility - Non-Covered Spouse	\$196k - \$206k	Under

### SCHEDULE D - CAPITAL GAINS/LOSSES

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

#### SHORT TERM

Description	Amount
Short Term Loss Carryover from 2019	\$0
Short Term Gain/Loss for 2020	\$0
Total Short Term Gain/Loss for 2020	\$0

#### LONG TERM

Description	Amount
Long Term Loss Carryover from 2019	\$0
Long Term Gain/Loss for 2020	\$4,175
Total Long Term Gain/Loss for 2020	\$4,175

#### TOTAL

Total Gains/Losses for 2020	\$4,175
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**SCHEDULE B INCOME SOURCES**

The tax return listed the following income sources on Schedule B:

**INTEREST**

Description	Amount
BOA	\$1,012
CHASE	\$845

**DIVIDENDS**

Description	Amount
MORGAN STANLEY	\$4,650

**OBSERVATIONS**

You are in the 22.0% marginal bracket. Depending on your age and income projections, you might consider a Roth conversion.

Your return indicates an overpayment of taxes through estimated payments and/or withholding, resulting in a refund. Tax refunds are essentially interest-free loans to the government. Consider discussing your withholding and estimated payments with a tax professional, as adjustments may allow you to retain more of your money.

The safe harbor for underpayment penalties is your total tax x 100%, or \$12,436. 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". The tax return does include some compensation income.

You took the Standard Deduction. In 2020, as part of the CARES Act, \$300 of charitable cash contributions are an above-the-line deduction for those who file with the Standard Deduction. It would be worthwhile to save receipts for any charitable contributions.

Review employer-provided benefits to ensure you are taking full advantage of any pre-tax options.

Congress introduced legislation in mid-September 2021 that, if passed, could have significant impact on tax planning for the remainder of the 2021 tax year and beyond, including some of the observations listed on this report. Depending on your tax bracket and the outcome of that legislation, you may wish to recognize income this year and defer deductions to next year.

**Disclaimer**

*The information contained in this Tax Report and Analysis is provided for informational purposes only and is not intended to and must not be taken as a substitute for obtaining accounting, tax, legal, or other professional advice from a tax resolution professional*

- NIIT = AGI + Excluded Foreign Earned Income
- Coverdell, Lifetime Learning, American Opportunity, Child Tax Credit MAGI, Adoption Credit, Saver's Credit = AGI + Excluded Foreign Earned Income + Housing
- Roth MAGI = AGI - Roth Conversions + IRA Deduction + Student Loan Interest Deduction + Tuition Deduction + Excluded Foreign Earned Income + Housing
- Student Loan Deduction MAGI = AGI not including student loan interest
- IRA Deduction MAGI = AGI + Student Loan Interest Deduction + Tuition and Fees Deduction + Excluded Foreign Earned Income + Housing