



2022 TAX REPORT FOR JOE SAMPLE AND JANE SAMPLE

Advisor: Antonio Lugo

KEY FIGURES

Total Income:	\$110,600	Filing Status: Married Filing Jointly	Tax Exempt Interest:	\$0	
AGI:	\$110,600	Marginal Rate:	12.0%	Qualified/Ordinary Dividends:	
Deductions:	\$25,900	Average Rate:	8.3%	\$2,400 / \$3,200	
Taxable Income:	\$84,700	2023 Safe Harbor:	\$9,131	ST/LT Capital Gains:	\$0 / \$4,500
Total Tax:	\$9,131		Carryforward Loss:	\$0	

MARGINAL TAX BRACKET INFORMATION

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

Marginal Rate	Ordinary Income Threshold	
10.0%	\$0 to \$20,550	
12.0%	\$20,550 to \$83,550	You: \$77,800
22.0%	\$83,550 to \$178,150	
24.0%	\$178,150 to \$340,100	
32.0%	\$340,100 to \$431,900	
35.0%	\$431,900 to \$647,850	
37.0%	\$647,850 and above.	

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

Marginal Rate	Taxable Income Threshold	Qualified Income (\$6,900 Total)	
0.0%	\$0	\$5,550	
15.0%	\$83,350	\$1,350	You: \$84,700
20.0%	\$517,200	\$0	

MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Under
Coverdell ESA	\$190k - \$220k	Under
Roth IRA Contribution	\$204k - \$214k	Under
Lifetime Learning Credit	\$160k - \$180k	Under
Student Loan Interest Deduction	\$145k - \$175k	Under
American Opportunity Credit	\$160k - \$180k	Under
Child Tax Credit	\$400k - \$440k	Under
Qualified Adoption Expenses Credit	\$223k - \$263k	Under
Saver's Credit	\$41k - \$68k	Over
IRA Contribution Deductibility - Covered Spouse	\$109k - \$129k	In Phaseout
IRA Contribution Deductibility - Non-Covered Spouse	\$204k - \$214k	Under

MEDICARE PART B/D PREMIUMS FOR 2024

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 per person.

*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium Adjustment	Part D Premium Adjustment	
\$0 to \$194,000	\$0	\$0	You: \$110,600
\$194,000 to \$246,000	\$66	\$12	
\$246,000 to \$306,000	\$165	\$32	
\$306,000 to \$366,000	\$264	\$51	
\$366,000 to \$750,000	\$363	\$70	
\$750,000 and above.	\$396	\$76	

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 2021	\$0
Short Term Gain/Loss for 2022	\$0
Total Short Term Gain/Loss for 2022	\$0

LONG TERM

Description	Amount
Long Term Loss Carryover from 2021	\$0
Long Term Gain/Loss for 2022	\$4,500
Total Long Term Gain/Loss for 2022	\$4,500

TOTAL

Total Gains/Losses for 2022	\$4,500
-----------------------------	---------

SCHEDULE B INCOME SOURCES

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

INTEREST

Description	Amount
US BANK	\$1,200
CHASE	\$500

DIVIDENDS

Description	Amount
: UBS FINANCIAL	\$3,200

OBSERVATIONS

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

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 2023 safe harbor for underpayment penalties is your total tax x 100%, or \$9,131. 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.

Your tax return does not list any HSA contributions. If you are eligible to contribute to an HSA, you will get a tax deduction, regardless of whether you itemize or take the standard deduction.

Your return shows a tax refund. If you find yourself in the same position in a future year, you have the option to apply up to \$5,000 of that refund to purchase Series I Savings Bonds.

ILLINOIS STATE TAX HINTS

Social Security benefits are not taxed.

IRA and qualified plan distributions are not taxed.

Armed forces pay is not taxed.

Illinois taxpayers can deduct up to \$10,000 per year of their contributions to the State of Illinois 529 savings and prepaid tuition programs. Married couples filing jointly can deduct up to \$20,000 per year.

Federal and state pensions are not taxed.

Illinois has a flat rate of 4.95% of federal adjusted gross income after modifications.

Roth conversions are not taxable at the state level because IRA distributions are not taxable.

The 2017 Tax Cut Jobs Act imposed a \$10,000 limitation on individuals' deduction of state and local taxes (SALT) for tax years 2018 through 2025. In response, many states have now enacted laws allowing pass-through entities (PTE) to elect to pay SALT at the entity level as a PTE tax in order to exceed the TCJA SALT deduction limitation. Please consult with a tax professional as it relates to your state's PTE tax ruling.

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 - Taxable Roth Conversions + IRA Deduction + Student Loan Interest Deduction + Tuition and Fees Deduction + Excluded Foreign Earned Income + Housing
- Student Loan Deduction MAGI = AGI not including student loan interest + Excluded Foreign Earned Income + Housing
- IRA Deduction MAGI = AGI + Student Loan Interest Deduction + Tuition and Fees Deduction + Excluded Foreign Earned Income + Housing