

## ■ Tax Planning

# Recommendations

### Top insights.

#### **Maximize flexible spending account (FSA) contributions.**

Consider fully using your flexible spending account (FSA) up to a maximum contribution of \$3,050 to reduce your taxes. Contributions are pretax (including before payroll tax) and the money may be withdrawn tax-free if used to pay for qualified health-care expenses (e.g., unreimbursed medical expenses including doctor visits and co-pays, contact lenses and eyeglasses and dental expenses). Because for the most part FSA balances cannot be carried forward to future years, your annual contribution should match your expected annual out-of-pocket qualified health-care expenses.

#### **Make an individual retirement account (IRA) contribution.**

Consider making an individual retirement account (IRA) contribution that can be deducted on your 2023 income tax return. Revisit the contribution amount in early March 2024.

### Personal Incentives.

#### **Determine eligibility for earned income tax credit.**

The earned income tax credit has varied levels of income for eligibility, depending on the number of qualifying children one has. If one is eligible, one can get a refund by filing a return, even if the credit exceeds tax due for the year.

### Charitable contributions.

#### **Discuss optimal tax-efficient charitable giving strategies.**

Charitable giving for next year is likely not tax-deductible. Your itemized deductions (\$13,992) were

Disclaimer: Information provided is for educational purposes. Your advisor does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. Further, your advisor makes no warranties with regard to such information or a result obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information.

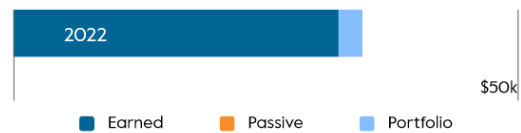
# Tax Snapshot Report

## Top Summary

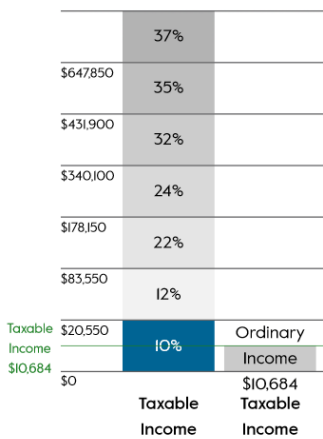
Filing Status	<b>Married Filing Jointly</b>	Owns a Business	<b>No</b>
Capital Gains Or Loss	<b>\$0</b>	Effective Long Term Capital Gains Tax Rate	<b>0%</b>
Federal Taxes Paid '22	<b>\$0</b>	Federal Income Tax Bracket	<b>10%</b>
Marginal State Income Tax Bracket	<b>5%</b>	Effective Federal Income Tax Rate	<b>0%</b>
Effective State Income Tax Rate	<b>5.00%</b>		

## Income

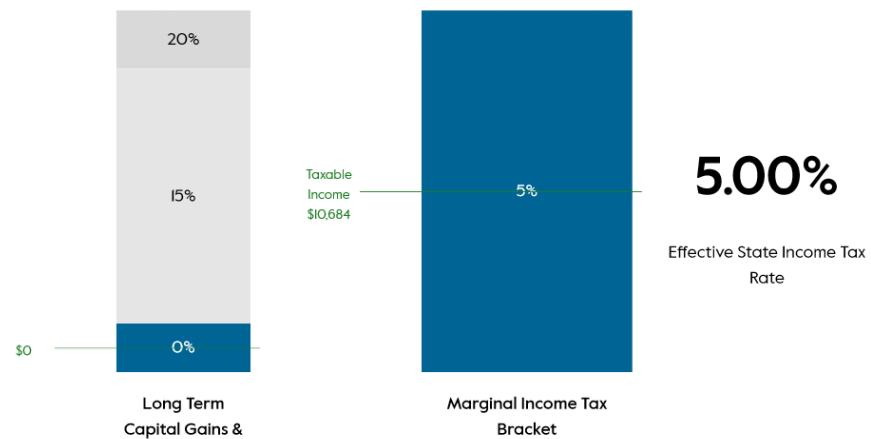
Ordinary Income '22	<b>\$10,684</b>
Taxable Income '22	<b>\$10,684</b>
Adjusted Gross Income '22	<b>\$37,984</b>



## Marginal Income Tax Bracket - Federal

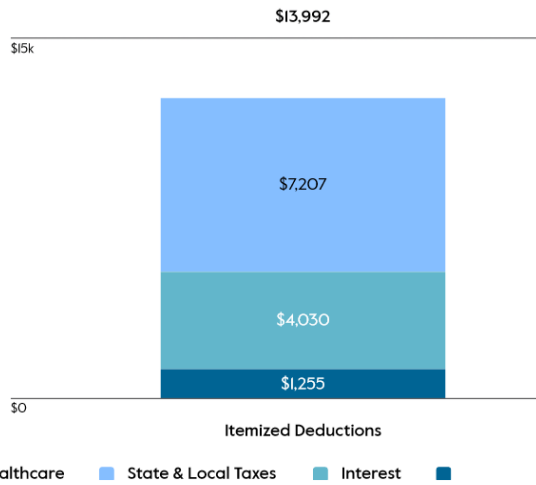


## State Income Tax Bracket - Massachusetts

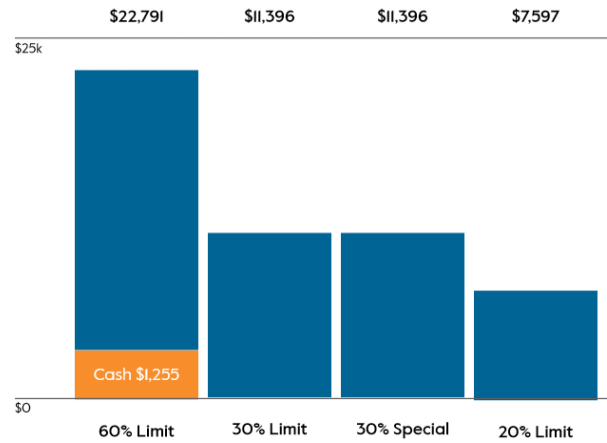


Disclaimer: Information provided is for educational purposes. Your advisor does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. Further, your advisor makes no warranties with regard to such information or a result obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information.

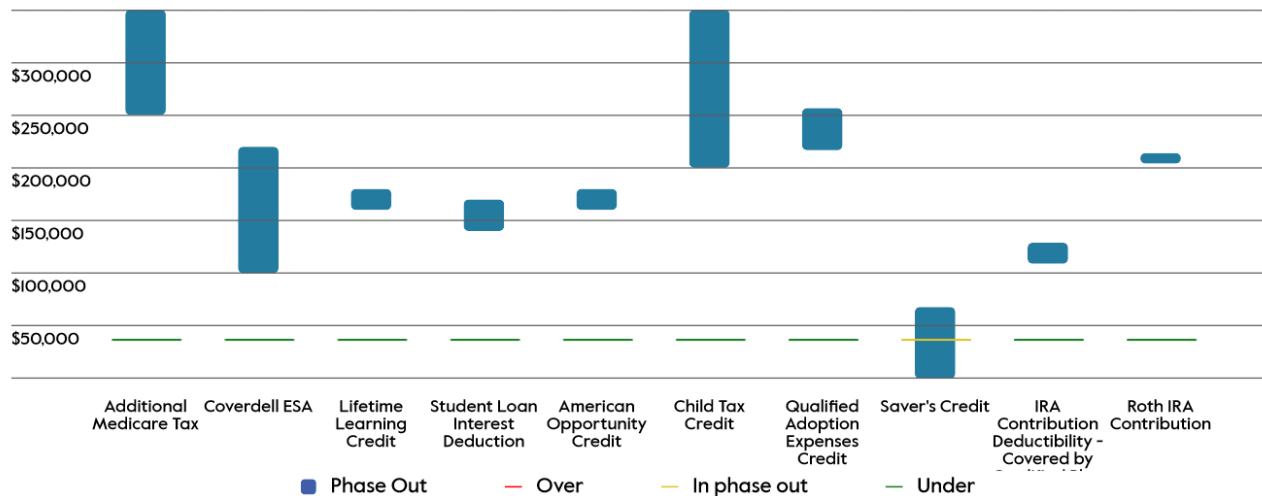
### Deductions



### Charitable Contribution Deductions



### Modified Adjusted Gross Income Tiers

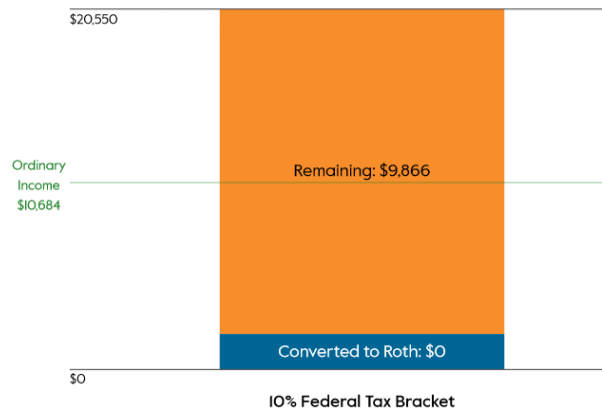


Disclaimer: Information provided is for educational purposes. Your advisor does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. Further, your advisor makes no warranties with regard to such information or a result obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information.

## QBI Analysis

This section is not applicable as client does not own a business.

## Roth Conversion



## Medicare Premiums

- This is where you will be in 2 years with your MAGI of \$37,984.

Medicare premiums are based on your MAGI from 2 years ago.

	\$0	\$194k	\$246k	\$306k	\$366k	\$750k+
Part B Premium Adjustment	\$0	\$65.90	\$164.80	\$263.70	\$362.60	\$395.60
Part D Premium Adjustment	\$0	\$12.20	\$31.50	\$50.70	\$70.0	\$76.40

## LTC Deduction Limit

Eligible Long-Term Care	Deduction Limit
40 years old or less	\$450
41 to 50 years old	\$850
51 to 60 years old	\$1,690
61 to 70 years old	\$4,510
70+ years old	\$5,640
<b>Per Diem Limitation for LTC Benefits</b>	<b>\$390</b>

**Disclaimer:** Information provided is for educational purposes. Your advisor does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. Further, your advisor makes no warranties with regard to such information or a result obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information.

## Social Security

Tableable wage base	2022	2023	Tableable of benefits	Individual	Married filled jointly
Social security (OASDI)	\$147,000	\$160,200	Not taxable	> \$25,000	> \$32,000
Medicare (HI only)	No limit	No limit	Up to 50% taxable	\$25,000 - \$34,000	\$32,000 - \$44,000
			Up to 85% taxable	> \$34,000	> \$44,000

Retirement earning test	2022	2023	Delayed retirement credits	Year of birth	Yearly rate of increase
Under full retirement age*	\$19,560/yr (\$1,580/mo)	\$21,240/yr (\$1,630/mo)		1943 or later	8%
Year reaching full retirement age**	\$51,960/yr (\$4,210/mo)	\$56,250/yr (\$4,330/mo)			

\* Note: One dollar in benefits will be withheld for every \$2 in earnings above the limit.

\*\* Note: Applies only to earnings for months prior to attaining full retirement age. One dollar in benefits will be withheld for every \$3 in earnings above the limits.

Note: Married filed separately: Up to 85% of benefits can be taxable.

Provisional income = adjusted gross income + non taxable income + 1/2 social security benefits.

Accrues when you reach full retirement age until you start receiving benefits or reach the age 70.

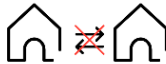
## Proposed Legislation Summary - The American Families Plan

### Payroll & Individual Income Tax

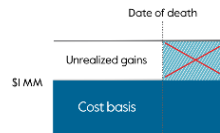
Top Tax Bracket

37 to **39.6%**

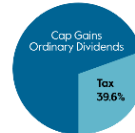
Earned Income Tax Credit Expansion Made Permanent



Eliminating like-kind exchange for real estate gains greater than \$500k (for a couple).



Eliminating Step-Up Basis for gains more than \$1 MM (\$2.5 MM for couple when combined real estate exemption)



Capital gains and qualified dividend income taxed at ordinary rates for individuals with income above \$1 MM

### Business tax changes

Top Tax Bracket

21 to **28%**

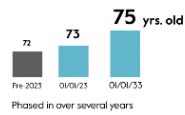
Global Intangible Low Tax

10.5 to **21%**

Disclaimer: Information provided is for educational purposes. Your advisor does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. Further, your advisor makes no warranties with regard to such information or a result obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information.

## Legislation Summary - Secure Act. 2.0

### Relaxing RMD Rules



 **No RMDs from Roth Accounts**

### Must take RMDs from retirement accounts

RMDs don't apply to Roth account owners



### Qualified Charitable Distribution

#### IRA owners and beneficiaries with inherited IRAs

**QCD limit**      If the QCD meets applicable requirements it's tax free.  
**\$100,000**      Add a COLA provision to index the \$100,000 for all tax years 2024 and beyond.

#### QCDs may be made from an IRA to certain charitable trusts for the benefit of the IRA owner or the IRA owner's spouse.

- i. May elect only once
- ii. You may only allocate up to \$50,000 to a qualifying charitable trust
- iii. \$50k threshold indexed for inflation in 2024 and beyond

### Standard Catch-Up Contributions

**IRAs**      ≥50 yrs. old  
Catch-up contribution  
**Max. \$1,000** → Indexed for inflation in tax years 2024 and beyond

 **Most Employer Plans**      ≥50 yrs. old  
Catch-up contribution  
**Max. \$7,500** → Indexed for inflation

**SIMPLE IRAs**      **Max. \$3,500** → Indexed for inflation

### Super Catch-Up Contributions

 **Most Employer Plans**      60-63 yrs. old  
Catch-up contribution the greater of:  
**Max. \$10,000** Indexed for inflation      **Or 150%** of the standard catch-up for the year

**SIMPLE IRAs**      60-63 yrs. old  
Catch-up contribution the greater of:  
**Max. \$5,000** Indexed for inflation      **Or 150%** of the standard catch-up for the year

**CAVEAT** – If your wages from the employer were \$145,000+ the previous year, ALL catch-up contributions must go to a Roth account in your plan.

### Mandatory Automatic Enrollment starting in 2025



**Employers that sponsor 401(k), and 403(b) would be required to automatically enroll eligible employees**

*Exempt (small businesses with 10 or fewer employees, businesses that are less than three years old, church plans, SIMPLE Plans, and governmental plans)*



**An employee can actively opt out**

**Under automatic enrollment, salary deferral contributions are automatically withheld from eligible employees' salaries and contributed to their retirement savings accounts.**



**New Plans must automatically increase the contribution by 1% every year on behalf of the employee with a cap 10%-15%.**

### Other Important Provisions of Secure Act 2.0:

- Employers may now allow employees to select whether to receive matching contributions into pre-tax or Roth accounts in their Plan (previous law required match to pre-tax accounts).
- Starting in 2024, certain beneficiaries of 529 Plans open longer than 15 years may be eligible to rollover up to \$35,000 from the 529 Plan to a Roth IRA.
- Starting in 2024, additional hardship withdrawals for emergencies will be allowed for participants under 59.5 years of age, and employer plans can opt to add a new emergency savings account (\$2500 contribution cap or lower per Plan) that will be treated like a Roth account and allow penalty and tax-free withdrawals for emergencies.
- Starting in 2024, employers can opt to match employees' student loan payments with a contribution to the employee's retirement account.

**Disclaimer:** Information provided is for educational purposes. Your advisor does not provide tax, legal, or accounting advice. In considering this material, you should discuss your individual circumstances with professionals in those areas before making any decisions. Further, your advisor makes no warranties with regard to such information or a result obtained by its use, and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information.