

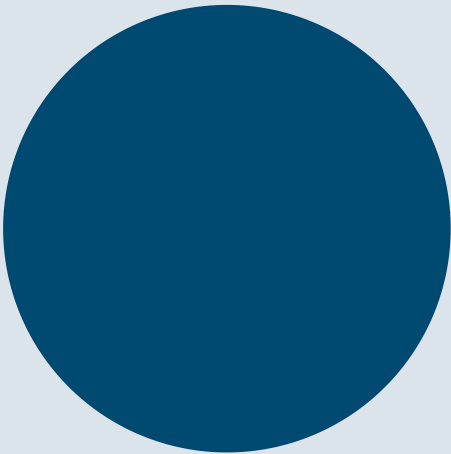


Tax Report for SAMPLE client

KEY FIGURES

Total Income	\$66,100	Filing Status	Married Filing Jointly	Tax Exempt Interest	\$800
Adjusted Gross Income (AGI)	\$56,100	Marginal Bracket	12.0%	Qualified/Ordinary Dividends	\$0 / \$0
Deductions	\$27,300	Average Rate	0.0%	ST/LT Capital Gains	\$0 / \$0
Taxable Income	\$28,800	2023 Safe Harbor	\$0	Carryforward Loss	\$0
Total Tax	\$0	Tax Exempt Pct. of Total Interest	27.6%	Credits Claimed	\$6,400

Let's take a look at your Tax Breakdown



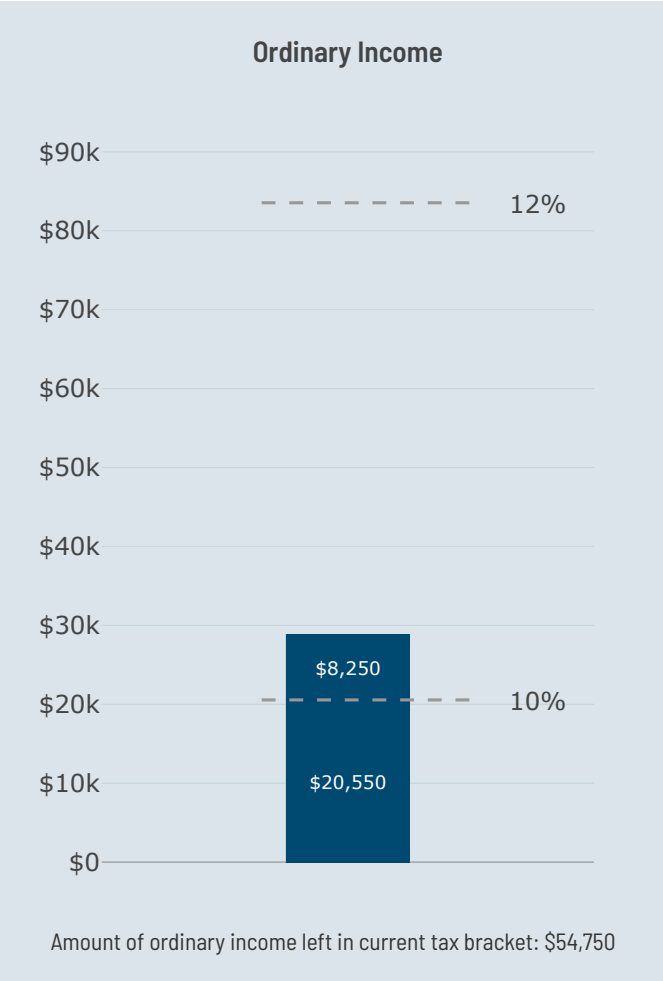
■ Tax on Ordinary Income
\$3,045 | 100.0%

The chart displays taxes before any credits are applied. Accordingly, there may be a mismatch between Total Taxes in the Key Figures section and the sum of the Tax Breakdown components shown here.

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 \$20,550	\$20,550	\$2,055
12%	\$20,550 to \$83,550	\$8,250	\$990
22%	\$83,550 to \$178,150	\$0	\$0
24%	\$178,150 to \$340,100	\$0	\$0
32%	\$340,100 to \$431,900	\$0	\$0
35%	\$431,900 to \$647,850	\$0	\$0
37%	\$647,850 and above	\$0	\$0
Total		\$28,800	\$3,045



Medicare Part B/D Premiums for 2024

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income* (MAGI). Your MAGI is \$56,900. Amounts are monthly per person.

*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	MAGI	Part B Premium	Part D Premium
\$0 to \$206,000	\$56,900	\$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

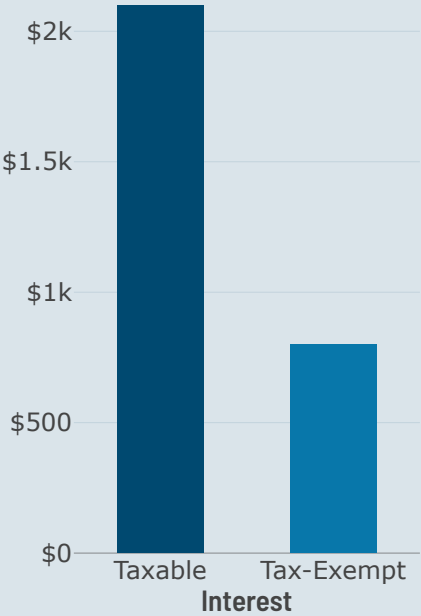
Schedule B - Income Sources

The tax return listed the following income sources on Schedule B

INTEREST		DIVIDENDS	
Description	Amount	Description	Amount
FCU	\$2,100		

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	\$56,100	
Coverdell ESA	\$190,000 - \$220,000	Under
Lifetime Learning Credit	\$160,000 - \$180,000	Under
American Opportunity Credit	\$160,000 - \$180,000	Under
Child Tax Credit	\$400,000 - \$520,000	Under
Qualified Adoption Expenses Credit	\$223,410 - \$263,410	Under
Savers Credit	\$41,000 - \$68,000	Phase Out
Clean Vehicle Credit (New)	\$0 - \$300,000	Under
Clean Vehicle Credit (Used)	\$0 - \$150,000	Under
MAGI Definition 2	\$56,100	
Net Investment Income Tax	\$0 - \$250,000	Under
MAGI Definition 3	\$66,100	
Roth IRA Contribution	\$204,000 - \$214,000	Under
MAGI Definition 4	\$56,100	
Student Loan Interest Deduction	\$145,000 - \$175,000	Under
MAGI Definition 5	\$66,100	
IRA Contribution Deductibility - Covered by Qualified Plan	\$109,000 - \$129,000	Under
IRA Contribution Deductibility - Not Covered/Spouse Covered	\$204,000 - \$214,000	Under
MAGI Definition 6	\$56,900	
ACA Premium Credit	183% 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 (2020 only) + Total Foreign Income Exclusions + Foreign Housing Deduction - Taxable Roth Conversion
- 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. (2020 only) + Student Loan Interest Deduction + Tuition and Fees Deduction (2020 only) + 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
IRA Deduction	\$10,000
Standard Deduction	\$27,300

CREDITS

Claimed	Credit	Type
Non-Refundable Child Tax Credit + Credit for Other Dependents	\$2,645	Non-refundable
Retirement Savings	\$400	Non-refundable
Child Tax Credit, net of Payments Already Received	\$3,352	Refundable

Observations

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

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.

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.

The tax return includes a taxable refund, credit, or offset of state and local income taxes. This is taxable at the Federal level. Consider reworking state and local tax withholding to avoid this in future years

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.

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 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.

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 in 2023, assuming that purchase meets the other eligibility criteria.

MA State Tax Hints

Foreign earned income is not excluded for MA state tax purposes.

Social Security benefits are not taxed.

IRA contributions are not deductible, and IRA distributions up to the MA after-tax basis are not taxed.

50% of rent is deductible up to \$3,000 (\$1,500 MFS).

Individual taxpayers can deduct up to \$1,000, and married persons filing jointly can deduct up to \$2,000 of their contributions to the state-sponsored 529 plan.

State pension income is not taxable.

The Senior Circuit Breaker tax credit is a refundable credit based on the taxpayer's age, income, and real estate taxes.

Massachusetts has a 5.0% tax rate on both earned (salaries, wages, tips, commissions) and unearned (interest, dividends, and capital gains) income. Certain capital gains are taxed at 12%.

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.