

2023 TAX REPORT FOR JOHN SAMPLE AND JANE SAMPLE

SCENARIO: 2023 FREE PDF REPORT

KEY FIGURES

Total Income:	\$344,000	Filing Status: Married Filing Jointly	Tax Exempt Interest:	\$0	
AGI:	\$344,000	Marginal Rate:	24.0%	Qualified/Ordinary Dividends:	
Deductions:	\$30,700	Average Rate:	18.1%	\$0 / \$0	
Taxable Income:	\$313,298	2024 Safe Harbor:	\$68,528	ST/LT Capital Gains:	\$0 / \$0
Total Tax:	\$62,298		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 \$22,000	
12.0%	\$22,000 to \$89,450	
22.0%	\$89,450 to \$190,750	
24.0%	\$190,750 to \$364,200	You: \$313,298
32.0%	\$364,200 to \$462,500	
35.0%	\$462,500 to \$693,750	
37.0%	\$693,750 and above.	

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

Marginal Rate	Taxable Income Threshold	Qualified Income (\$0 Total)	
0.0%	\$0	\$0	
15.0%	\$89,250	\$0	You: \$313,298
20.0%	\$553,850	\$0	

The tax return also includes these extra Medicare taxes:

- \$306.00 additional Medicare tax on Form 8959.

MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Over
Coverdell ESA	\$190k - \$220k	Over
Roth IRA Contribution	\$218k - \$228k	Over
Lifetime Learning Credit	\$160k - \$180k	Over
Student Loan Interest Deduction	\$155k - \$185k	Over
American Opportunity Credit	\$160k - \$180k	Over
Child Tax Credit	\$400k - \$440k	Under
Qualified Adoption Expenses Credit	\$239k - \$279k	Over
Saver's Credit	\$44k - \$73k	Over
IRA Contribution Deductibility - Covered Spouse	\$116k - \$136k	Over
IRA Contribution Deductibility - Non-Covered Spouse	\$218k - \$228k	Over

ITEMIZED DEDUCTION SUMMARY

Total Itemized Deductions: \$19,663 vs. Standard Deduction of \$30,700

Deduction	Amount Claimed
Health Care Expenses	\$0
Taxes Paid	\$0
Mortgage and Investment Interest Expense	\$12,663
Charity	\$7,000
TOTAL	\$19,663

MEDICARE PART B/D PREMIUMS FOR 2025

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 \$194,000	\$0	\$0
\$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

**You:
\$344,000**

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	\$0

LONG TERM

Description	Amount
Long Term Gain/Loss for 2023	\$0

TOTAL

Total Gains/Losses for 2023	\$0
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OBSERVATIONS

Income exceeds the threshold for the 3.8% Net Investment Income Tax (NIIT). Consider strategies to reduce taxable income and be mindful of realized capital gains.

The 2024 safe harbor for underpayment penalties is your total tax x 110%, or \$68,528. 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 not eligible to contribute directly to a Roth IRA. You do have eligible compensation though, so you might discuss the feasibility of the "Backdoor Roth" strategy.

You deducted mortgage interest this year on your tax return. Given the high standard deduction, itemized deductions on mortgage interest are less valuable.

The calculations in this report assume a Roth conversion of \$60,000.

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

Keep track of your home improvement expenses for determining your adjusted cost basis in the event of a home sale.

KANSAS STATE TAX HINTS

In-state or out of state 529 contribution deductions - \$3,000 single, \$6,000 MFJ per beneficiary

Social Security is taxable above AGI threshold

Federal and state pensions not taxed

Social security is taxable above AGI threshold, even if AGI is just a dollar over!

Disclaimer

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- 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