



Smarter You: Tax Planning

Presented by:

Jamie Alpaugh CFP®, MSFP

Important Information

This material presented by Brio Financial Group (“Brio”) is for informational purposes only and is not intended to serve as a substitute for personalized investment advice or as a recommendation or solicitation of any particular security, strategy, or investment product. Facts presented have been obtained from sources believed to be reliable, however Brio cannot guarantee the accuracy or completeness of such information, and certain information presented here may have been condensed or summarized from its original source. Neither the information nor the opinions expressed herein should be used to make any investment decision. Consultations with CPA’s or Estate Planning Attorneys regarding taxes and issues relating to estates or beneficiaries are recommended. Past performance is no guarantee of future results. Brio does not provide legal or tax advice, and nothing contained in these materials should be taken as legal or tax advice. Advisory services are only offered to clients or prospective clients where Brio and its representatives are properly licensed or exempt from licensure. No advice may be rendered by Brio Financial Group unless a client service agreement is in place. Any distribution or copying of this communication is strictly prohibited. For further information about this presentation, please contact us.

These case studies are provided for illustrative purposes only to provide an example of the Firm’s client base, process, and methodology. The experiences portrayed in these case studies are not representative of all the firm’s clients or the client’s experiences and no portion of these case studies are meant to be interpreted as a testimonial of endorsement of the firm’s investment advisory services. Different types of investment or planning strategies involve varying degrees of risk, and actual results may vary materially than those portrayed herein. An individual’s outcome will vary based on his or her individual circumstances and there can be no assurance that Brio will be able to achieve similar results in comparable situations.

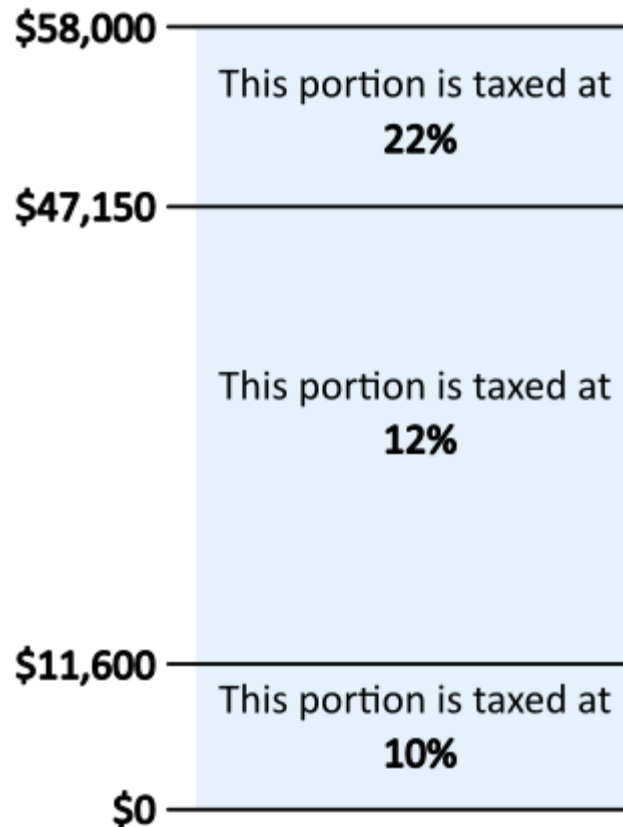


Agenda

- Review/Where we are today
 - Marginal tax rates
 - Capital gains rates
 - Standard vs Itemized Deductions
 - Taxability
 - Roth conversions
 - Health Savings Accounts
 - 529s
 - Medicare and IRMAA
 - Required Minimum Distributions (RMDs)
 - Qualified Charitable Deductions (QCDs)
 - Estate Planning
- Current Proposals
- TCJA Sunsetting
- Frank and Wilma Case Study



Marginal Tax Rates



2024 Tax Rate Schedule				
Taxable income (\$)	Base amount of tax (\$)	Plus	Marginal tax rate	Of the amount over (\$)
Single				
0 to 11,600		+	10.0	
11,601 to 47,150	1,160.00	+	12.0	11,600.00
47,151 to 100,525	5,426.00	+	22.0	47,150.00
100,526 to 191,950	17,168.50	+	24.0	100,525.00
191,951 to 243,725	39,110.50	+	32.0	191,950.00
243,726 to 609,350	55,678.50	+	35.0	243,725.00
Over 609,350	183,647.25	+	37.0	609,350.00

Capital Gains Rates

A capital gains rate of **0%** applies if your taxable income is less than or equal to:

- \$44,625 for single and married filing separately;
- \$89,250 for married filing jointly and qualifying surviving spouse; and
- \$59,750 for head of household.

A capital gains rate of **15%** applies if your taxable income is:

- more than \$44,625 but less than or equal to \$492,300 for single;
- more than \$44,625 but less than or equal to \$276,900 for married filing separately;
- more than \$89,250 but less than or equal to \$553,850 for married filing jointly and qualifying surviving spouse; and
- more than \$59,750 but less than or equal to \$523,050 for head of household.

However, a capital gains rate of **20%** applies to the extent that your taxable income exceeds the thresholds set for the **15%** capital gain rate.

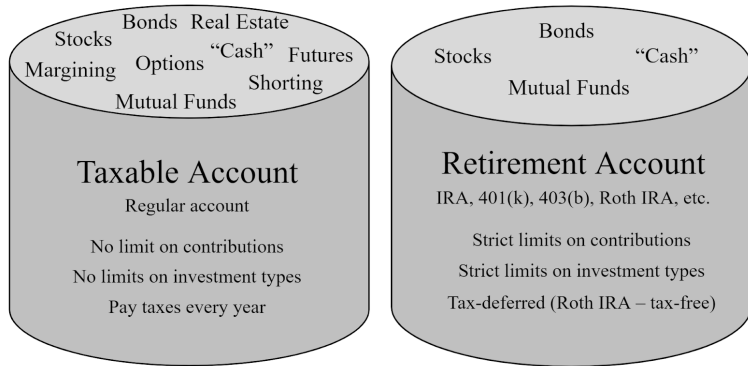


Standard vs Itemized Deduction

Standard Deductions & Child Tax Credit	
Filing status	Standard deduction
Married, filing jointly and qualifying widow(er)s	\$29,200
Single or married, filing separately	\$14,600
Head of household	\$21,900
Dependent filing own tax return	\$1,300*
Additional deductions for non-itemizers	
Blind or over 65	Add \$1,550
Blind or over 65, unmarried & not a surviving spouse	Add \$1,950
Child Tax Credit	
Credit per child under 17	\$2,000 (\$1,700 refundable)
Income phaseouts begin at AGI of:	\$400,000 joint, \$200,000 all other

Primary Itemized Deductions

- Medical/dental expenses over 7.5% of AGI
- State and local taxes (\leq \$10,000)
- Interest paid
- Gifts to Charity
- Other



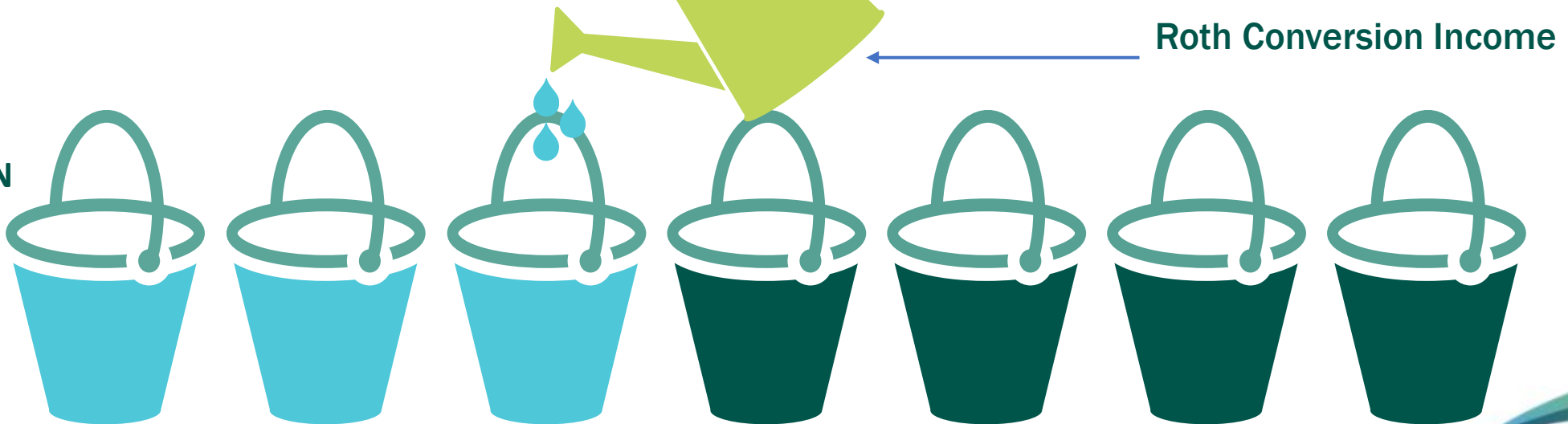
- **Tax-deferred**
 - E.g. IRA, traditional 401k, 403b
 - Not counted as income in the year earned
- **Roth**
 - Counted in income, but growth and distributions tax-free (subject to IRS limitations)
- **HSAs**
 - Can be triple tax-advantaged
- **State vs Federal**
 - Muni bonds can be state and federally exempt

Roth Conversions

**BEFORE
CONVERSION**



**AFTER
CONVERSION**



Health Savings Accounts

Purpose: health savings

Triple tax-advantaged

1. Contributions are tax-deductible
2. Earnings grow tax-free
3. Withdrawals may be tax-free



Eligibility: must be enrolled in a high-deductible health plan (HDHP)

Investing Opportunities: after reaching a minimum balance, you may be able to invest the funds similar to a 401k

Purpose: education savings

Double tax-advantaged

1. Earnings grow tax-free
2. Withdrawals may be tax-free

*some states offer benefits for contributions



K-12 tuition: can use up to \$10k for private or religious schools

New features:

- Pay up to \$10k in student loan debt
- Roll unused funds into Roth IRA

Estate planning: contributions are considered a completed gift, yet you can maintain control over the funds; you can super-fund (5 years at once), without triggering gift taxes

Medicare and IRMAA

Enrollment window
starts 3 months prior to
your **65th birthday**

Penalties are significant!

Self-employed
individuals can deduct
Medicare premiums

Beware of IRMAA

Medicare Premiums			
2022 MAGI single	2022 MAGI joint	Part B Premium	Part D income adjustment
\$103,000 or less	\$206,000 or less	\$174.70	\$0
103,001-129,000	206,001-258,000	\$244.60	\$12.90
129,001-161,000	258,001-322,000	\$349.40	\$33.30
161,001-193,000	322,001-386,000	\$454.20	\$53.80
193,001-500,000	386,001-750,000	\$559.00	\$74.20
Above 500,000	Above 750,000	\$594.00	\$81.00

Required Minimum Distributions (RMDs)

RMD start age:

- Born before 7/1/49: 70.5
- 7/1/49 - 12/31/1950: 72
- 1951 - 1959: 73
- 1960 or later: 75

Uniform Lifetime Table (partial)

Age of IRA owner or plan participant	Life expectancy (in years)	Age of IRA owner or plan participant	Life expectancy (in years)
73	26.5	89	12.9
74	25.5	90	12.2
75	24.6	91	11.5
76	23.7	92	10.8
77	22.9	93	10.1
78	22.0	94	9.5
79	21.1	95	8.9
80	20.2	96	8.4

Qualified Charitable Deductions (QCDs)

Eligibility: age 70.5

Limit: \$100k per person

Scenario:

- Charitably inclined
- \$20k RMD for 2024
- \$10k cash flow needs
- 32% marginal tax rate



Option A:

- Withdraw \$20,000 from IRA
- Pay \$6,400 in taxes
- Use \$10k for cash flow needs
- Give charity \$3,600

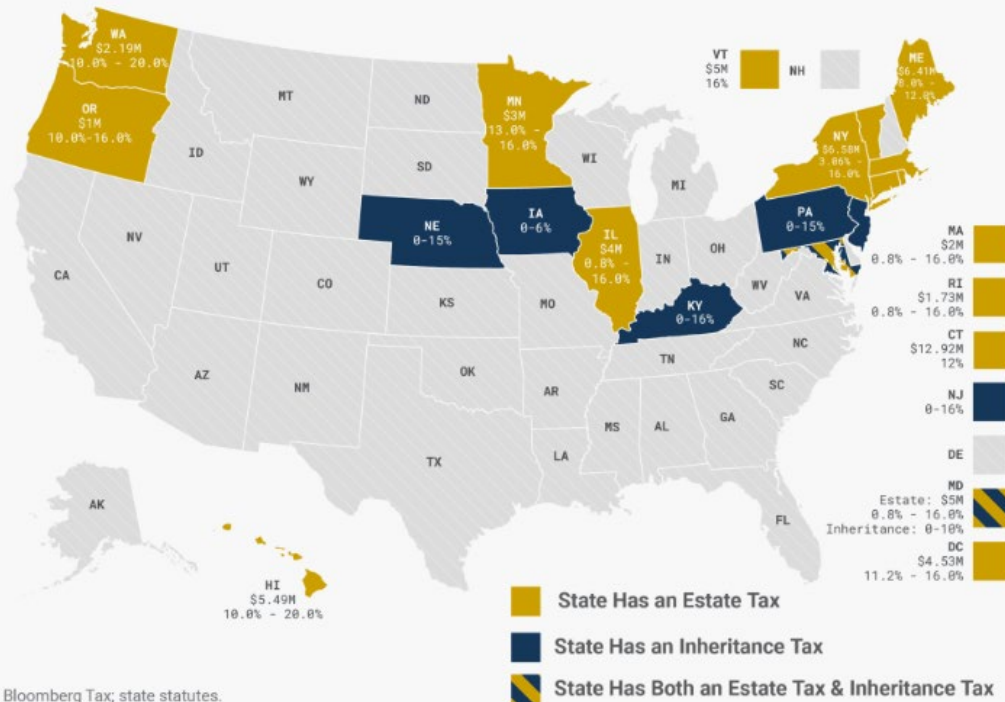
Option B:

- Withdraw \$14,705.88 from IRA
- Pay **\$4,705.88** in taxes
- Use \$10k for cash flow needs
- Make a QCD of **\$5,294.12**

Gift and Estate Planning

Does Your State Have an Estate or Inheritance Tax?

State Estate & Inheritance Tax Rates and Exemptions in 2023



Source: Bloomberg Tax; state statutes.

Gift and Estate Tax Exclusions and Credits

Maximum estate, gift & GST rates	40%
Estate, gift & GST exclusions	\$13,610,000
Gift tax annual exclusion	\$18,000
Exclusion on gifts to non-citizen spouse	\$185,000

Current Proposals

Democratic

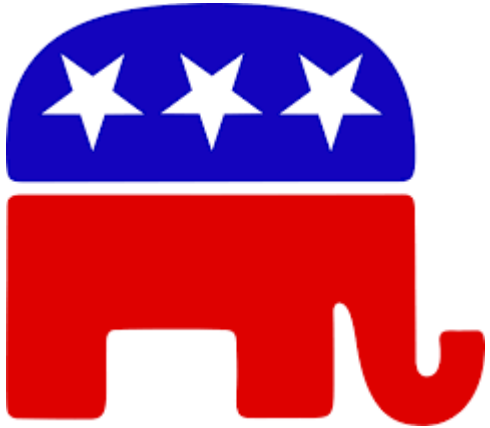
- **Corporate income tax rate** – increase from 21% to 28%
- **Income tax rates** – increase for the top 1% of earners; lowering 39.6% proposed rate
- **Homebuyer credit** – create a \$25k first-time homebuyer credit
- **Child tax credit** – increase to \$6,000 for the first year of life
- **Long-term capital gains** – 28% rate on households with annual income of \$1m or more
- **Small businesses** – increase \$5k deduction to \$50k for small business startup expenses
- **Wealth tax** – 25% minimum tax on total income, including unrealized gains exceeding \$100m



Current Proposals

Republican

- **Tax Cuts and Jobs Act** – make it permanent
- **Corporate income tax rate** – decrease from 21% to 20%, or 15% for businesses making their products in the US
- **Tariffs** – creating a baseline tariff on US imports and a 60% tariff specifically from China
- **Child tax credit** – expanded to a \$5,000 universal credit



TCJA Sunsetting

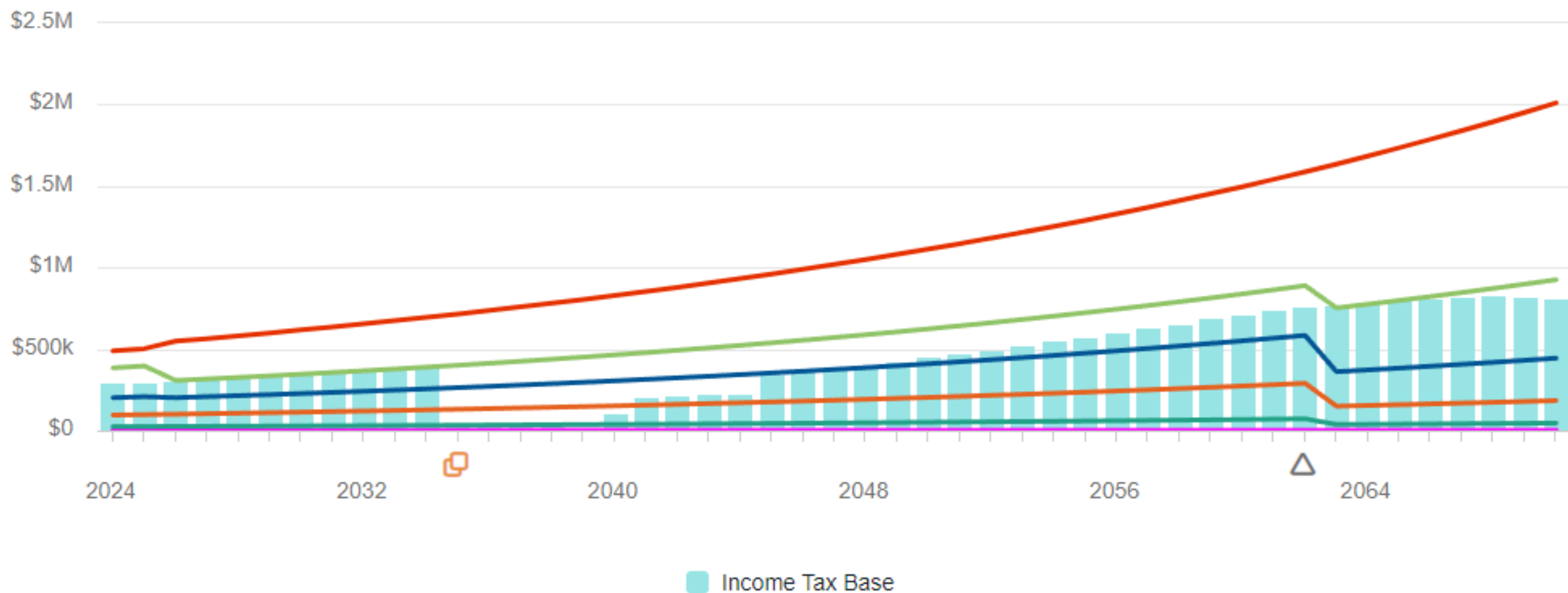


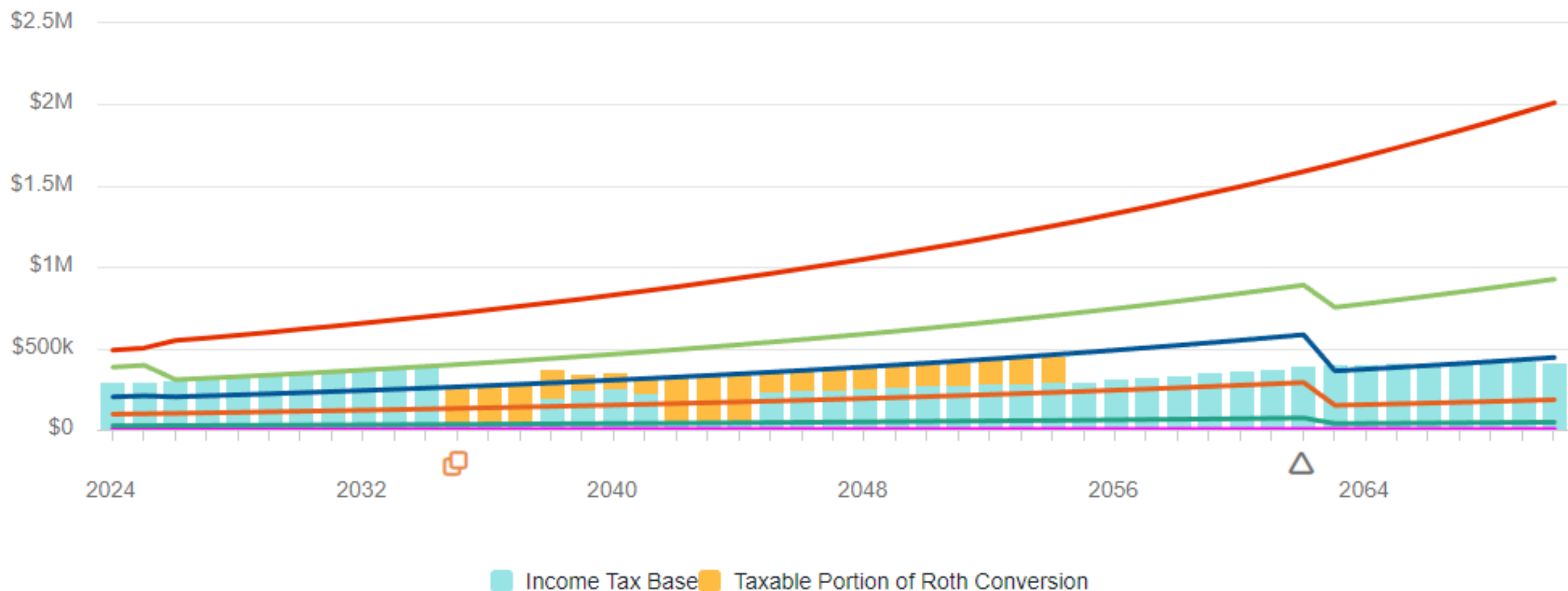
- **Income tax brackets** – top bracket increases from 37 to 39.6; some taxpayers' brackets will change
- **Standard deduction** – will be nearly halved
- **Itemized deductions** – SALT cap removed; mortgage interest deduction allowed on first \$1m in home mortgage debt and \$100k in home equity loan; miscellaneous fees back in play
- **Child tax credit** – revert from \$2k per child back to \$1k
- **Alternative minimum tax** – exemption amount will revert back to pre-TCJA amounts

TCJA Sunsetting (cont'd)



- **Estate and gift exclusion** – drop from ~\$13.6m to ~7m
- **529 plans** – can no longer distribute \$10k per year for private K-12 education
- **Corporate tax rate** – will remain at 21%
- **QBI Deduction** – even though the 21% corporate tax rate is permanent, QBI is not
- **Charitable giving** – deduction will drop from 60 to 50% of AGI for cash contributions





PROBABILITY OF SUCCESS ⓘ

96%

-1% vs base facts

CUMULATIVE TAXES

\$4,553,327

-\$1,611,464 vs base facts

TOTAL PORTFOLIO ASSETS LEFT

\$14,271,355

+\$8,572,347 vs base facts

Final Thoughts

Questions

- IRS.gov
- <https://taxfoundation.org/>
- <https://www.cbh.com/guide/articles/trump-vs-harris-what-their-tax-plans-mean-for-businesses/>



Rachel



Mahidh



Lindsey



Brandon



Barbara



Michelle



Eduardo



Gene



Amel



Shannon



Contact Us:

Hello@Briofg.com - (833)-623-2450



Gerald



Michael



Matt



Mariana



Jake



Jonathan



Vivian



Jamie

Different By Design®

Important Information

This material presented by Brio Financial Group (“Brio”) is for informational purposes only and is not intended to serve as a substitute for personalized investment advice or as a recommendation or solicitation of any particular security, strategy, or investment product. Facts presented have been obtained from sources believed to be reliable, however Brio cannot guarantee the accuracy or completeness of such information, and certain information presented here may have been condensed or summarized from its original source. Neither the information nor the opinions expressed herein should be used to make any investment decision. Consultations with CPA’s or Estate Planning Attorneys regarding taxes and issues relating to estates or beneficiaries are recommended. Past performance is no guarantee of future results. Brio does not provide legal or tax advice, and nothing contained in these materials should be taken as legal or tax advice. Advisory services are only offered to clients or prospective clients where Brio and its representatives are properly licensed or exempt from licensure. No advice may be rendered by Brio Financial Group unless a client service agreement is in place. Any distribution or copying of this communication is strictly prohibited. For further information about this presentation, please contact us.

These case studies are provided for illustrative purposes only to provide an example of the Firm’s client base, process, and methodology. The experiences portrayed in these case studies are not representative of all the firm’s clients or the client’s experiences and no portion of these case studies are meant to be interpreted as a testimonial of endorsement of the firm’s investment advisory services. Different types of investment or planning strategies involve varying degrees of risk, and actual results may vary materially than those portrayed herein. An individual’s outcome will vary based on his or her individual circumstances and there can be no assurance that Brio will be able to achieve similar results in comparable situations.

