

TAX ANALYSIS FOR 2021

GENERAL INFORMATION

Based on your 2021 tax return your tax bill was:	\$96,211
Your marginal federal Income tax bracket was:	24%
Your marginal state income tax bracket was:	9.9%
You effective tax rate was:	27.42%

TAX SUMMARY

Dear {client1} & {client2},

At the end of the day, the reason you hire a firm like mine is that you want to enjoy the best life possible (at least financially) while someone else worries about the details. One of the many details I manage on your behalf is taxes.

Proper tax planning is an important part of retirement finances. Depending on your unique situation, the IRS will be taking somewhere between 0% and 39.6% of every dollar that comes out of your retirement accounts. In other words, if you took \$100,000 from your IRA, the IRS will be expecting that somewhere between \$0 and \$39,600 be sent to them. As such, I'm always looking for opportunities to legally and ethically reduce your tax bill, not just in 2021, but throughout your retirement.

Based on your 2021 tax return:

Your taxable income was: **\$325,834**

This puts your ordinary income tax rate at **24% in 2022***

(aka, every additional dollar income costs you \$0.24 in federal taxes)

We expect your 2022 situation to be essentially the same with you exercising stock options.

While we use many strategies to lower the lifetime tax bill of my clients, in your situation one of the most valuable strategies is Roth conversions after the stock options have been exercised.

{client1} & {client2}, during our next meeting we be discussing any action needed by you to implement this strategy. Until then we will continue worrying about all tax details on your behalf, including the potential tax law changes.

-Joe

*Take a look at the end of this analysis for an illustration on tax rates. Please note that any tax strategies we discuss require coordination with your tax professional.

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The following is a list of our 20 most effective strategies for reducing your lifetime tax bill. I have marked the strategies I would like to discuss during our next meeting:

TAX STRATEGIES THAT CAN BE IMPLEMENTED

Action Needed	Complete for 2022	Not Applicable	
X	Yes		IRA/Roth IRA Contribution (Annual limit of \$7,000)
X	Yes		Non Deductible IRA contributions/cost basis
X	No		Roth IRA Conversion up to \$xxx,xxx
		X	Roth IRA re-characterization
X	Yes		Optimize investment accounts for tax efficiency
	No	X	Utilizing tax-free money to pay investment fees
	No	X	Evaluate tax free investment options (e.g Muni Bonds)
	No	X	Non-cash charitable contributions
	No	X	Required Minimum Distributions
	No		Utilizing RMD for charitable contributions
	No	X	72(t) periodic IRA distributions
	No	X	Family gifting (annual limit of \$14,000 per beneficiary)
	No	X	Medicare means-testing strategies
X	Yes		Medicare 3.8 surtax strategies
X	Yes		Leveraging income tax brackets
	No	X	Harvesting Capital Gains
X	Yes		Harvesting Capital Losses
X	Yes		Mitigating deferred tax liabilities
X	Yes		529 Accounts
X	Yes		Estate planning and beneficiary listings
X	Yes		Other: Form 8606

When doing tax planning, the primary advantage we have over the IRS is that they are looking at a single calendar year while we are considering your entire lifetime.

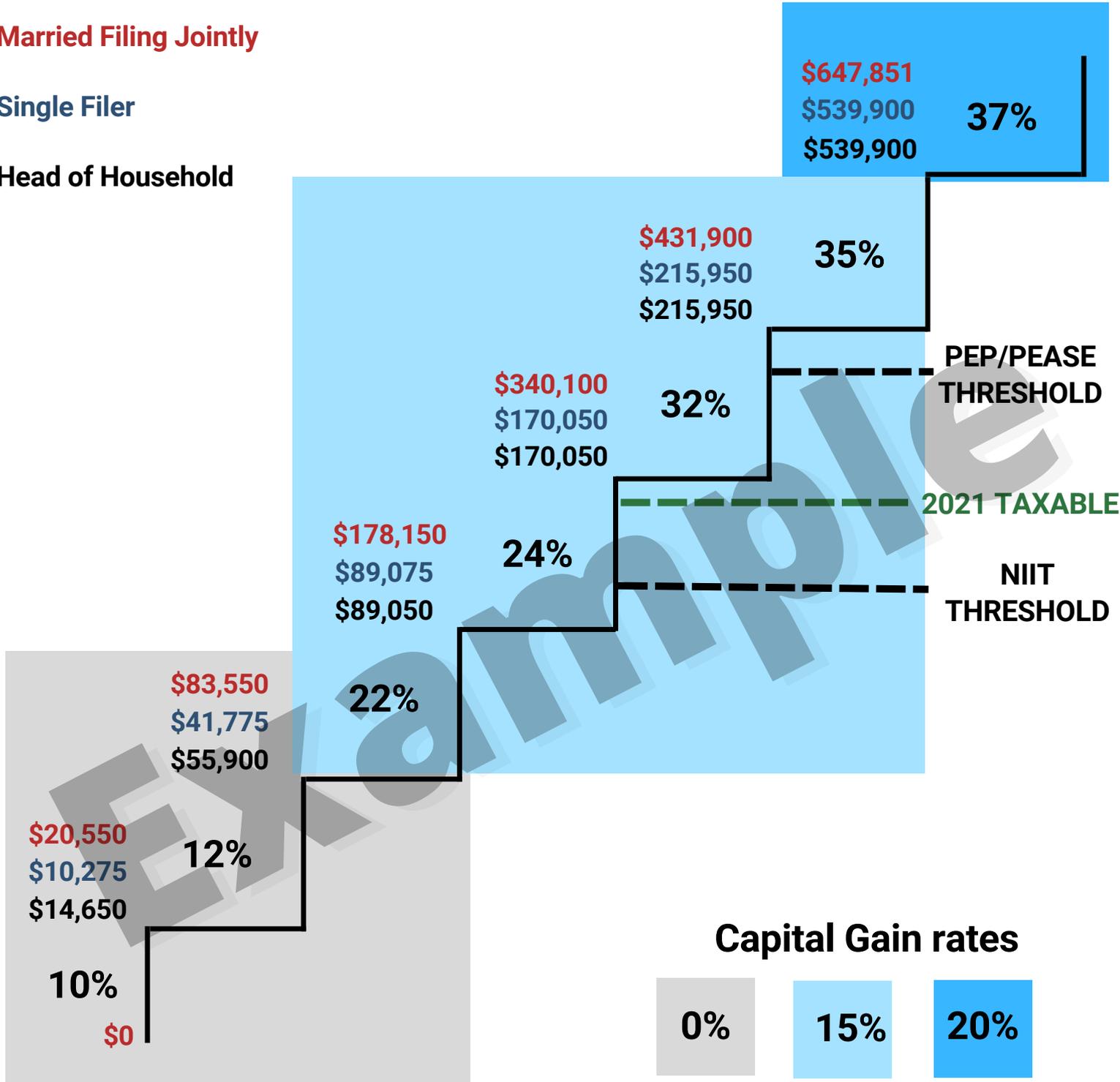
TAX ANALYSIS FOR 2021

2022 FEDERAL INCOME TAX RATES AND BRACKETS

Married Filing Jointly

Single Filer

Head of Household



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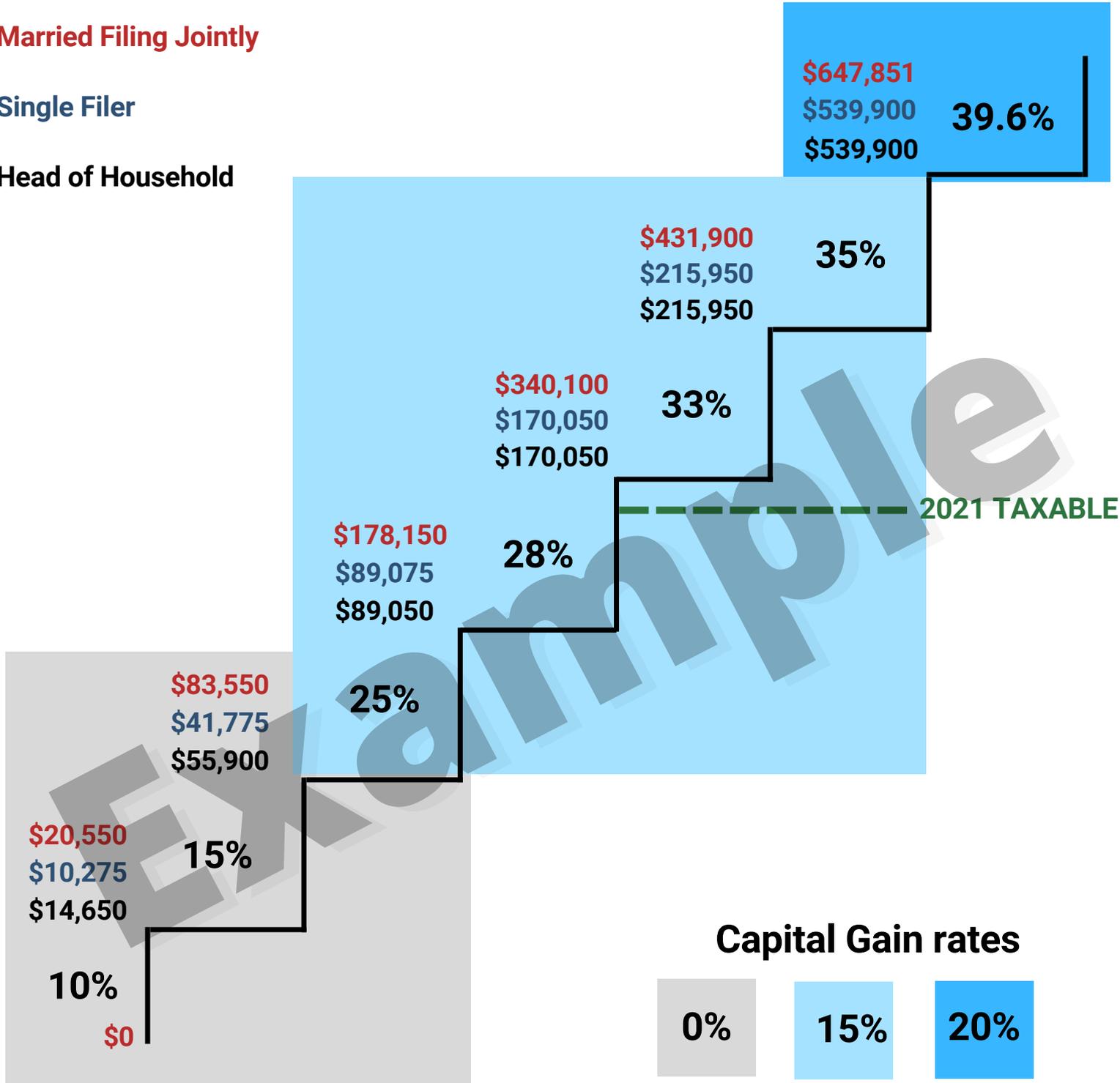
TAX ANALYSIS FOR 2021

2026 FEDERAL INCOME TAX RATES AND BRACKETS

Married Filing Jointly

Single Filer

Head of Household



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ACCOUNT BALANCE AND PROJECTIONS



2022

Roth Account Value: \$93,412

HSA Account Value: \$28,249

2056

Account Value: \$3,991,940

HSA Account Value: \$1,570,536

2022

Account Value: \$248,734

2056

Account Value: \$4,681,883

2022

Account Value \$93,412

2056

Account Value: \$3,836,381

RMD: \$400,031

Net Flow: \$243,244

Tax Differential from previous year: \$45,069