

2020 TAX REPORT FOR [REDACTED]

KEY FIGURES

Total Income:	\$698,176	Filing Status:	Married Filing Jointly	Tax Exempt Interest:	\$0
AGI:	\$698,176	Marginal Rate:	37.0%	Qualified/Ordinary Dividends:	
Deductions:	\$28,098	Average Rate:	26.6%		\$536 / \$1,107
Taxable Income:	\$670,075	2021 Safe Harbor:	\$203,903	ST/LT Capital Gains:	\$5,525 / \$0
Total Tax:	\$185,366			Carryforward Loss:	\$0
				Credits Claimed:	\$19

MARGINAL TAX BRACKET INFORMATION

The marginal tax rate for your *ordinary income* is as follows:

Marginal Rate	Ordinary Income Threshold	
10.0%	\$0 to \$19,750	
12.0%	\$19,750 to \$80,250	
22.0%	\$80,250 to \$171,050	
24.0%	\$171,050 to \$326,600	
32.0%	\$326,600 to \$414,700	
35.0%	\$414,700 to \$622,050	
37.0%	\$622,050 and above.	You: \$669,539

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

Marginal Rate	Taxable Income Threshold	Qualified Income (\$536 Total)
0.0%	\$0	\$0
15.0%	\$80,000	\$0
20.0%	\$496,600	You: \$670,075 \$536

The tax return also includes these extra Medicare taxes:

- \$400.00 net investment income tax on Form 8960.

MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Over
Coverdell ESA	\$190k - \$220k	Over
Roth IRA Contribution	\$196k - \$206k	Over
Lifetime Learning Credit	\$118k - \$138k	Over
Student Loan Interest Deduction	\$140k - \$170k	Over
American Opportunity Credit	\$160k - \$180k	Over
Child Tax Credit	\$400k - \$440k	Over
Qualified Adoption Expenses Credit	\$217k - \$257k	Over
Saver's Credit	\$39k - \$65k	Over
IRA Contribution Deductibility - Covered Spouse	\$104k - \$124k	Over
IRA Contribution Deductibility - Non-Covered Spouse	\$196k - \$206k	Over

ITEMIZED DEDUCTION SUMMARY

Total Itemized Deductions: \$28,098 vs. Standard Deduction of \$24,800

Deduction	Amount Claimed
Health Care Expenses	\$0
Taxes Paid	\$10,000
Mortgage and Investment Interest Expense	\$16,202
Charity	\$1,896
TOTAL	\$28,098

MEDICARE PART B/D PREMIUMS FOR 2022

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 \$176,000	\$0	\$0	
\$176,000 to \$222,000	\$59	\$12	
\$222,000 to \$276,000	\$149	\$32	
\$276,000 to \$330,000	\$238	\$51	
\$330,000 to \$750,000	\$327	\$71	You: \$698,176
\$750,000 and above.	\$356	\$77	

SCHEDULE D - CAPITAL GAINS/LOSSES

The tax return listed the following sources of capital gains/losses:

SHORT TERM

Description	Amount
Short Term Loss Carryover from 2019	\$0
Short Term Gain/Loss for 2020	\$5,525
Total Short Term Gain/Loss for 2020	\$5,525

LONG TERM

Description	Amount
Long Term Loss Carryover from 2019	\$0
Long Term Gain/Loss for 2020	\$0
Total Long Term Gain/Loss for 2020	\$0

TOTAL

Total Gains/Losses for 2020	\$5,525
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SCHEDULE B INCOME SOURCES

The tax return listed the following income sources on Schedule B:

INTEREST

Description	Amount
Goldman Sachs Bank	\$3,857
Goldman Sachs Bank	\$25
Goldman Sachs Bank	\$12

DIVIDENDS

Description	Amount
Vanguard	\$1,107

OBSERVATIONS

Less than 50% of dividend income came from qualified dividends. You may consider reviewing the portfolio to determine if this percentage can be increased to reduce the overall tax paid on dividends

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

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.

You can avoid this penalty by paying at least the "safe harbor" amount based on your previous year's tax return through withholding or estimated tax payments. Consider discussing penalty proofing with a tax professional.

The safe harbor for underpayment penalties is your total tax x 110%, or \$203,903.00. 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.

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.

You were unable to deduct \$3,390.00 of state and local taxes due to the \$10,000.00 maximum cap created by the Tax Cuts and Jobs Act.

NEW JERSEY STATE TAX HINTS

Retirement plan contributions other than 401ks included in NJ wages

IRA distributions not taxed up to NJ basis (since NJ contributions not deductible)

Social security benefits not taxed

Only 401k contributions are deductible. Pension plans, 403(b)s, 457s, SEP IRAs, SIMPLE IRAs are not.

Pension exclusion of up to \$100,000 (MFJ), \$75,000 (Single, HoH), or \$50,000 (MFS) available if total income under \$100,000 and at least age 62.

- NIIT, Saver's Credit MAGI = AGI (Foreign income exclusion not included)
- Coverdell, Lifetime Learning, American Opportunity, Child Tax Credit MAGI = AGI (Form 2555 foreign income not included.)
- Roth MAGI = AGI - Roth Conversions + IRA Deduction + Student Loan Interest Deduction + Tuition Deduction (Form 2555 foreign income not included.)
- Student Loan Deduction and Adoption Credit MAGI = AGI + Student Loan Interest Deduction
- IRA Deduction MAGI = AGI + Student Loan Interest Deduction + Tuition and Fees Deduction + Schedule B Line 3 Interest (Foreign income and employer-provided adoption benefits not included.)