



2021 TAX REPORT FOR [REDACTED]

KEY FIGURES

Total Income:	\$403,795	Filing Status: Married Filing Jointly	Tax Exempt Interest: \$0
AGI:	\$391,939	Marginal Rate: 24.0%	Qualified/Ordinary Dividends: \$9,191 / \$9,199
Deductions:	\$27,800	Average Rate: 23.3%	
Taxable Income:	\$341,870	2022 Safe Harbor: \$103,526	ST/LT Capital Gains: \$0 / \$5,805
Total Tax:	\$94,114		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 \$19,900	
12.0%	\$19,900 to \$81,050	
22.0%	\$81,050 to \$172,750	
24.0%	\$172,750 to \$329,850	You: \$326,874
32.0%	\$329,850 to \$418,850	
35.0%	\$418,850 to \$628,300	
37.0%	\$628,300 and above.	

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

Marginal Rate	Taxable Income Threshold	Qualified Income (\$14,996 Total)
0.0%	\$0	\$0
15.0%	\$80,800	You: \$341,870 \$14,996
20.0%	\$501,600	\$0

The tax return also includes these extra Medicare taxes:

- \$1,075.00 additional Medicare tax on Form 8959.
- \$586.00 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	\$198k - \$208k	Over
Lifetime Learning Credit	\$160k - \$180k	Over
Student Loan Interest Deduction	\$140k - \$170k	Over
American Opportunity Credit	\$160k - \$180k	Over
Child Tax Credit	\$400k - \$440k	Under
Qualified Adoption Expenses Credit	\$217k - \$257k	Over
Saver's Credit	\$40k - \$66k	Over
IRA Contribution Deduct bility - Covered Spouse	\$105k - \$125k	Over
IRA Contribution Deduct bility - Non-Covered Spouse	\$198k - \$208k	Over

MEDICARE PART B/D PREMIUMS FOR 2023

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 per person.

*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	You: \$391,939
\$750,000 and above.	\$396	\$76	

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 2020	\$0
Short Term Gain/Loss for 2021	\$0
Total Short Term Gain/Loss for 2021	\$0

LONG TERM

Description	Amount
Long Term Loss Carryover from 2020	(\$1,643)
Long Term Gain/Loss for 2021	\$7,448
Total Long Term Gain/Loss for 2021	\$5,805

TOTAL

Total Gains/Losses for 2021	\$5,805
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SCHEDULE B INCOME SOURCES

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

INTEREST

Description	Amount
[REDACTED]	\$26
[REDACTED]	\$399
[REDACTED]	\$1
[REDACTED]	\$3

DIVIDENDS

Description	Amount
[REDACTED]	\$768
[REDACTED]	\$2,307
[REDACTED]	\$6,124

SCHEDULE C INCOME SOURCES

The tax return listed the following businesses on Schedule C:

Business Name	Net Profit
[REDACTED]	\$224,205
[REDACTED]	\$0

SCHEDULE E INCOME SOURCES

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

RENTAL REAL ESTATE AND ROYALTIES

[REDACTED]
[REDACTED]

OBSERVATIONS

MAGI income (AGI plus tax exempt interest) is high enough to trigger an increase in Medicare Part B and D premiums. Consider strategies (e.g. QCDs, managing capital gains), to lower income to bring Medicare surcharges down. Alternatively, if income will definitely go down due to a change in status, a petition can be sent to ask for a reduction.

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.

You are in the 24.0% marginal bracket. Depending on your age and income projections, you might consider a Roth conversion.

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.

The Qualified Business Income (QBI) deduction phases out between \$329,800 and \$429,800 for certain professions named by the IRS. Your taxable income was within that phaseout range. If your business falls within one of those named professions, your QBI eligibility might be impacted.

The 2022 safe harbor for underpayment penalties is your total tax x 110%, or \$103,526. 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.

Your tax return suggests you may have business income. Depending on your circumstances, you may be able to implement a retirement plan for the business to defer taxes.

████ you are age 69.5 in 2021 and thus are eligible to start making Qualified Charitable Distributions next year.

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.

A portion of your retirement or annuity distributions was not taxable. This suggests some after-tax basis in the account, a rollover, or a Qualified Charitable Distribution.

This return was prepared by a paid preparer, but there is nothing in Schedule C line 17 for legal and professional services. If you paid a tax professional to prepare your return, the cost of the preparation attributable to your business could potentially be deducted on this line.

At least one Schedule C does not include any expenses on line 9, car and truck expenses. Do you use a vehicle for any business-related activities?

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

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.

You took the standard deduction in 2021. If you made any cash contributions to charity during the tax year, you may be able to take an additional deduction of up to \$600 per the CARES Act. If you think you might be eligible, you may consider discussing with a tax professional as to whether it would be worthwhile to refile the return.

You converted \$11,268 from a Traditional IRA, SEP IRA, or SIMPLE IRA to a Roth IRA. Of this conversion, \$11,268 was taxable as ordinary income, as reported on Form 8606.

TEXAS STATE TAX HINTS

Property taxes can be bunched into alternating years for those not impacted by the SALT limitation.

Disclaimer

Not comprehensive financial planning, legal or tax advice. This report does not provide comprehensive financial planning and does not constitute legal or tax advice. Rather, the information outlined in the report is designed to illustrate tax planning related considerations only, as may be relevant in the context of more comprehensive financial planning. As applicable, please refer to the financial planning or other agreement(s) entered with LPL and your financial advisor regarding the scope of their services. Please note that the information provided in the report may not be relied on for purposes of avoiding any federal or state tax obligations or penalties. You should consult your tax advisor for tax advice and assistance preparing tax filings. Not a recommendation; No advisory or brokerage relationship. The illustrations in this report do not include securities recommendations or an offer to buy, sell or recommend a particular investment or product, and any use of the word "Observations," "plan" or "planning" within this report does not imply that a recommendation has been made to implement one or more financial plans or to make a particular investment. The Observations presented in this report are designed for you to discuss and consider with your financial advisor, but you are under no obligation to take any action through an LPL financial adviser with respect to any Observations included within this report. Unless otherwise agreed by both parties in writing (such as through an advisory or brokerage agreement), LPL is not responsible for any use you make of the illustrations provided in the report, and you are solely responsible for making and implementing your own tax and investment decisions. If you choose to take some action through an LPL financial advisor as a result of the illustrations, your advisor may make a variety of products and services available resulting in the payment of normal and customary commissions, advisory fees or other types of compensation to your advisor. The compensation may be more or less depending on the product or service that representative recommends. To the extent that your advisor recommends that you invest in products and services that will result in compensation being paid to them, this presents a conflict of interest. For more information about conflicts of interest, please see LPL's Brokerage Compensation and Conflicts Disclosure and Form ADV Brochure at www.lpl.com. Limitations on scope of illustrations. The tool is provided by a third party such that LPL makes no representations regarding the accuracy of the illustrations and other information contained in the report. The illustrations provided through the tool are highly reliant on the accuracy of the user information you provide. If you provide inaccurate or incomplete user information, this could materially impact the quality and relevance of the illustrations. LPL does not independently verify the accuracy of the information you provide or of the illustrations presented in the report. Risk acknowledgment. All investments are inherently risky. LPL has not made, nor is making, any guarantee about the future performance of your assets or tax situation, including, without limitation, any guarantee of a specific level of performance or the success of any given investment and/or tax decisions or strategy that you may implement as a result of the illustrations. In addition, LPL does not make any guarantees or representations that your investment objectives will be achieved. Any investment decisions that you make are subject to the risk of loss or depreciation of the value of any investment due to the fluctuation of market values or numerous other factors. Securities and advisory services offered through LPL Financial (LPL), a registered investment advisor and broker-dealer (member FINRA/SIPC). Not Insured by FDIC/NCUA or Any Other Government Agency Not Bank/Credit Union Guaranteed Not Bank/Credit Union Deposits or Obligations May Lose Value

- $NIIT = AGI + \text{Excluded Foreign Earned Income}$
- $\text{Coverdell, Lifetime Learning, American Opportunity, Child Tax Credit MAGI, Adoption Credit, Saver's Credit} = AGI + \text{Excluded Foreign Earned Income} + \text{Housing}$
- $\text{Roth MAGI} = AGI - \text{Taxable Roth Conversions} + \text{IRA Deduction} + \text{Student Loan Interest Deduction} + \text{Tuition and Fees Deduction} + \text{Excluded Foreign Earned Income} + \text{Housing}$
- $\text{Student Loan Deduction MAGI} = AGI \text{ not including student loan interest} + \text{Excluded Foreign Earned Income} + \text{Housing}$
- $\text{IRA Deduction MAGI} = AGI + \text{Student Loan Interest Deduction} + \text{Tuition and Fees Deduction} + \text{Excluded Foreign Earned Income} + \text{Housing}$