Helpful Information for Filing 2022 Income Taxes and Proactive Tax Planning for 2023

Tax planning should always be a key focus when reviewing your personal financial situation. One of our goals as financial professionals is to identify as many tax savings opportunities and strategies as possible for our clients. We believe that a proactive approach to looking at your tax situation can lead to better results than a reactive approach. We hope you find this report helpful.

This special report reviews some of the broader tax laws along with a wide range of tax reduction strategies. As you read this report, please take note of each tax strategy that you think could be beneficial to you. Not all ideas are appropriate for all taxpayers. We always recommend that you address any tax strategy with your tax professional to consider how one strategy may affect another and calculate the income tax consequences (both state and federal). Remember, tax strategies and ideas that have worked in the recent past might not even be available under today's new tax laws. Always attempt to understand all the details before making any decisions—it is always easier to avoid a problem than it is to solve one.

Please note: Your state income tax laws could be different from federal income tax laws. Visit https://tax.findlaw.com for a wide range of information and links to tax forms for all 50 states. All examples mentioned in this report are hypothetical and meant for illustrative purposes only.

Income tax is a large revenue source for the United States government. While tax rates have changed many times, since the 1860's, the United States has used a "progressive" tax code. A progressive tax code means that people who make more money are taxed at a higher rate than those who make less money. Our progressive tax system works by placing earners through different brackets according to how much money they make. The dollar amounts define your tax brackets and there are differing tables depending on your filing status (single, married, etc.). This matters in determining your marginal tax rate.

Understanding Marginal Tax Rates

Determining your tax bracket is not as simple as just adding up your total income and checking a tax table. Taxpayers need to calculate their taxable income (which can be sometimes referred to as their "adjusted gross income") and then adjust their income for any deductions, adjustments and exemptions they are allowed to find their final taxable amount.

Once you determine your final taxable income amount, it is critical to know that not all of your income was taxed at the same rate. For example, if you are married filing jointly, your first $20,550 is taxed at 10% in 2022. If these same tax filers have a final taxable income of $95,000, then these taxpayers are in a "marginal tax bracket" of 22%. The key thing to note is that in this example, the last dollar earned is taxed at that 22% tax rate.

2022 Tax Law Updates

2022 was a busy year for tax legislation. While there is time to look into tax planning ideas for your 2023 taxes, here are some items that 2022 tax filers should review.

- Tax brackets have been slightly adjusted.
- The standard deductions have slightly increased.
- There are still caps to state and local tax (SALT) deductions.
- Long-term capital gains are still at favorable rates.
- There is still a 3.8% Medicare Investment Tax.
- Charitable donations are still deductible.
- You might still be able to contribute to retirement plans.
- Medical expense deductions are capped at 7.5% of AGI for 2022.

Tax laws seem to always be changing. Recent legislation like the SECURE Act and SECURE 2.0 Act made significant changes that could affect your 2022 and 2023 taxes.

This report contains helpful information on changes that may affect your financial plan. If you want to review your retirement strategy or know someone who may need help in this area, please contact our office.

2022 Tax Tables and Tax Rates

There are still seven federal income tax brackets for 2022. The lowest of the seven tax rates is 10% and the top tax rate is still 37%. The income that falls into each is scheduled to be adjusted in 2023 for inflation. For 2022, use the chart in this report to see what bracket your final income falls into.

TAX TIP: If you are not sure how best to file, ask your tax preparer or review IRS Publication 17, Your Federal Income Tax, which is a complete tax resource. It contains helpful information such as whether you need to file a tax return and how to choose your filing status.

2022 Standard Deduction Amounts

Most taxpayers claim the standard deduction. For 2022, the standard deduction has slightly increased. The amounts are now $12,950 for single filers and $25,900 for those filing jointly ($19,400 for head of household filers). If you are filing as a married couple, an additional $1,400 is added to the standard deduction for each spouse age 65 and older or blind. If you are single, an additional deduction of $1,750 can be made.

Increased Child Tax Credit

The American Rescue Plan Act (ARPA) extended the Child Tax Credit (CTC) for the tax year of 2021 only. For 2021, the child tax credit for children under 6 years old was $3,600, and for children 6-17, it was $3,000. Starting in 2022, the credit reverted back to the rules in the Tax Cuts and Jobs Act (TCJA), with a maximum tax credit of $2,000 for each qualifying child.

State and Local Tax (SALT) Deduction

Under the 2017 Tax Cuts and Jobs Act (TCJA) state and local tax deductions (SALT) remain capped at a combined total of $10,000 (or $5,000 for married taxpayers filing separately). This deduction limitation is set to remain through 2025.

Medical Expense Deduction

The 2022 threshold for deducting medical expenses is 7.5% of AGI. You must itemize your deductions to deduct these medical expenses. The IRS website, www.IRS.gov, provides a long list of expenses that qualify as "medical expenses" so it can be a good idea to keep track of yours if you think they may qualify.

Investment Income

Long-term capital gains are taxed at more favorable rates compared to ordinary income. For qualified dividends, investors will continue to be taxed at 0, 15% or 20%.

One tax strategy is to review your investments that have unrealized long-term capital gains and sell enough of the appreciated investments to generate enough long-term capital gains to push you to the top of your federal income tax bracket. This strategy could be helpful if you are in the 0% capital gains bracket and do not have to pay any federal taxes on this gain. Then, if you want, you can buy back your investment the same day, increasing your cost

2022 Tax Tables

Single Taxpayers

Up to $10,275	10% of taxable income
$10,276 to $41,775	$1,027.50 plus 12% of the amount over $10,275
$41,776 to $89,075	$4,807.50 plus 22% of the amount over $41,775
$89,076 to $170,050	$15,213.50 plus 24% of the amount over $89,075
$170,051 to $215,950	$34,647.50 plus 32% of the amount over $170,050
$215,951 to $539,900	$49,335.50 plus 35% of the amount over $215,950
$539,901 or more	$162,718 plus 37% of the amount over $539,900

Married Filing Jointly Taxpayers

$0 to $20,550	10% of taxable income
$20,551 to $83,550.	$2,055 plus 12% of the amount over $20,550
$83,551 to $178,150.	$9,615 plus 22% of the amount over $83,550
$178,151 to $340,100.	$30,427 plus 24% of the amount over $178,150
$340,101 to $431,900.	$69,295 plus 32% of the amount over $340,100
$431,901 to $647,850.	$98,671 plus 35% of the amount over $431,900
$647,851 or more.	$174,253.50 plus 37% of the amount over $647,850

Married Filing Separately Taxpayers

$0 to $10,275	10% of taxable income
$10,276 to $41,775.	$1,027.50 plus 12% of the amount over $10,275
$41,776 to $89,075.	$4,807.50 plus 22% of the amount over $41,775
$89,076 to $170,050.	$15,213.50 plus 24% of the amount over $89,075
$170,051 to $215,950.	$34,647.50 plus 32% of the amount over $170,050
$215,951 to $323,925.	$49,335.50 plus 35% of the amount over $215,950
$323,926 or more.	$87,126.75 plus 37% of the amount over $323,925

Head of Household Taxpayers

$0 to $14,650	10% of taxable income
$14,651 to $55,900.	$1,465 plus 12% of the amount over $14,650
$55,901 to $89,050.	$6,415 plus 22% of the amount over $55,900
$89,051 to $170,050.	$13,708 plus 24% of the amount over $89,050
$170,051 to $215,950.	$33,148 plus 32% of the amount over $170,050
$215,951 to $539,900.	$47,836 plus 35% of the amount over $215,950
$539,901 or more.	$161,218.50 plus 37% of the amount over $539,900

basis in those investments. If you sell them in the future, the increased cost basis will help reduce long-term capital gains. You do not have to wait 30 days before you buy back this investment—the 30-day rule only applies to losses, not gains.

Note: *This non-taxable capital gain for federal income taxes might not apply to your state.*

TAX TIP: Remember that marginal tax rates on long-term capital gains and dividends can be higher than expected. The 3.8% surtax can raise the effective rate to 18.8% for single filers with income from $200,000 to $459,750 and 23.8% for single filers with income above $459,750 in 2022. It can raise the effective rate to 18.8% for married taxpayers filing jointly with income from $250,000 to $517,200 and to 23.8% for married taxpayers filing jointly with income above $517,200.

Calculating Capital Gains and Losses

With all of the different tax rates for different types of gains and losses in your marketable securities portfolio, it is probably a good idea to familiarize yourself with some of the rules:

- Short-term capital losses must first be used to offset short-term capital gains.
- If there are net short-term losses, they can be used to offset net long-term capital gains.
- Long-term capital losses are similarly first applied against long-term capital gains, with any excess applied against short-term capital gains.
- Net long-term capital losses in any rate category are first applied against the highest tax rate long-term capital gains.
- Capital losses in excess of capital gains can be used to offset up to $3,000 ($1,500 if married filing separately) of ordinary income.
- Remaining unused capital losses can be carried forward and used in the same manner as described above.

TAX TIP: Please remember to look at your 2021 income tax return Schedule D (page 2) to see if you have any capital loss carryover for 2022. This is often overlooked, especially if you are changing tax preparers.

2022 Long Term Capital Gains Tax Rates

Tax Rate	Single Filer	Head of Household	Married Filers
0%	$41,675 or less	$55,800 or less	$83,350 or less
15%	$41,676 – $459,750	$55,801 – $488,500	$83,351 – $517,200
20%	Over $459,750	Over $488,500	Over $517,200

Please double-check your capital gains or losses. If you sold an asset outside of a qualified account during 2022, you most likely incurred a capital gain or loss. Sales of securities showing the transaction date and sale price are listed on the 1099 generated by the financial institution. However, your 1099 might not show the correct cost basis or realized gain or loss for each sale. You will need to know the full cost basis for each investment sold outside of your qualified accounts, which is usually what you paid for it, but this is not always the case.

3.8% Medicare Investment Tax

The year 2022 is the tenth year of the net investment income tax of 3.8%. It is also known as the Medicare surtax. If you earn more than $200,000 as a single or head of household taxpayer, $125,000 as married taxpayers filing separately or $250,000 as married joint return filers, then this tax applies to either your modified adjusted gross income or net investment income (including interest, dividends, capital gains, rentals, and royalty income), whichever is lower. This 3.8% tax is in addition to capital gains or any other tax you already pay on investment income.

It is helpful to pay attention to timing, especially if your income fluctuates from year to year or is close to the $200,000 or $250,000 amount. Consider realizing capital gains in years when you are under these limits. The inclusion limits may penalize married couples, so realizing investment gains before you tie the knot may help in some circumstances. This tax makes the use of depreciation, installment sales, and other tax deferment strategies suddenly more attractive.

Medicare Health Insurance Tax on Wages

If you earn more than $200,000 in wages, compensation, and self-employment income ($250,000 if filing jointly, or $125,000 if married and filing separately), the Affordable Care Act levies a special additional 0.9% tax on your wages and other earned income. You'll pay this all year as your employer withholds the additional Medicare Tax from your paycheck. If you're self-employed, plan for this tax when you calculate your estimated taxes.

If you're employed, there's little you can do to reduce the bite of this tax. Requesting non-cash benefits in lieu of wages won't help—they're included in the taxable amount. If you're self-employed, you may want to take special care in timing income and expenses (especially depreciation) to avoid the limit.

Charitable Gifts and Donations

For 2022, the rules return to the previous requirements that taxpayers can only deduct charitable contributions if they itemize their tax deductions on Schedule A.

The rules that allowed taxpayers to deduct non-itemized contributions of up to $600 in 2021 and claim deductions of sums up to 100% of their AGI expired and were not extended by Congress. For 2022, the 60% of AGI ceiling on charitable cash contributions was restored.

To qualify for the 60% limitation, the charitable gift must be cash (or cash equivalent) made to a qualified charity (501(c)(3)). To qualify, this contribution should have been made on or before December 31, 2022.

When preparing your list of charitable gifts, remember to review your bank account so you do not leave any out. Everyone remembers to count the monetary gifts they make to their favorite charities, but you should count noncash donations as well. Make it a priority to always get a receipt for every gift. Keep your receipts. If your contribution totals more than $250, you will also need an acknowledgement from the charity documenting the support you provided. Remember that you will have to itemize to claim this deduction, but when filing, the expenses incurred while doing charitable work often are not included on tax returns.

You can't deduct the value of your time spent volunteering, but if you buy supplies for a group, the cost of that material is deductible as an itemized charitable donation. You can also claim a charitable deduction for the use of your vehicle for charitable purposes, such as delivering meals to the homebound in your community or taking your child's Scout troop on an outing. For 2022, the IRS will let you deduct that travel at .14 cents per mile.

Child and Dependent Care Credit

Millions of parents claim the child and dependent care credit each year to help cover the costs of after-school daycare while working. Some parents overlook claiming the tax credit for childcare costs during the summer. This tax break can also apply to summer day camp costs. The key is that for deduction purposes, the camp can only be a day camp, not an overnight camp.

In 2021, the American Rescue Plan Act of 2021 allowed for a substantially more generous credit ((up to $4,000 for one qualifying person and $8,000 for two or more qualifying persons) but returned to a lower range in 2022.

In 2022, if you paid a daycare center, babysitter, summer camp, or other care provider to care for a qualifying child under age 13 or a disabled dependent of any age, depending on your income you may qualify for a tax credit of up to 50% of qualifying expenses of $3,000 for one child or dependent, or up to $6,000 for two or more children.

Contribute to Retirement Accounts

The **SECURE Act** allowed people with earned income to make contributions to Traditional IRAs past the age of 70½ starting in 2020.

If you have not already funded your retirement account for 2022, consider doing so by Tuesday, April 18, 2023. That's the deadline for contributions to a traditional IRA (deductible or not) and a Roth IRA. However, if you have a Keogh or SEP and you get a filing extension to October 15, 2023, you can wait until then to put 2022 contributions into those accounts. To start tax-advantaged growth potential as quickly as possible, however, try not to delay in making contributions. If eligible, a deductible contribution will help you lower your tax bill for 2022 and your contributions can grow tax deferred.

To qualify for the full annual IRA deduction in 2022, you must either: 1) not be eligible to participate in a company retirement plan, or 2) if you are eligible, there is a phase-out from $68,000 to $78,000 of MAGI for singles and from $109,000 to $129,000 for married taxpayers filing jointly. If you are not eligible for a company plan but your spouse is, your traditional IRA contribution deduction is phased out from $204,000 to $214,000. For 2022, the maximum IRA contribution you can make is $6,000 ($7,000 if you are age 50 or older by the end of the calendar year). For self-employed persons, the maximum annual addition to SEPs and Keoghs for 2022 is $61,000.

Retirement Plan	2022 Limit
Elective deferrals to 401(k), 403(b), 457(b)(2), 457(c)(1) plans	$20,500
Contributions to defined contribution plans	$61,000
Contributions to SIMPLEs	$14,000
Contributions to traditional IRAs	$6,000
Catch-up Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) plans	$6,500
Catch-up Contributions to SIMPLEs	$3,000
Catch-up Contributions to IRAs	$1,000

Although contributing to a Roth IRA instead of a traditional IRA will not reduce your 2022 tax bill (Roth contributions are not deductible), it could be the better choice because all qualified withdrawals from a Roth can be tax-free in retirement. Withdrawals from a traditional IRA are fully taxable in retirement. To contribute the full $6,000 ($7,000 if you are age 50 or older by the end of 2021) to a Roth IRA, you must have MAGI of $129,000 or less a year if you are single or $214,000 if you are married and file a joint return. **If you have any questions on retirement contributions, please call us.**

Roth IRA Conversions

A Roth IRA conversion is when you convert part or all of your traditional IRA into a Roth IRA. This is a taxable event. The amount you converted is subject to ordinary income tax. It might also cause your income to increase, thereby subjecting you to the Medicare surtax. Roth IRAs grow tax-free and qualified withdrawals are tax-free in the future, a time when tax rates might be higher.

Whether to convert part or all of your traditional IRA to a Roth IRA depends on your particular situation. It is best to prepare a tax projection and calculate the appropriate amount to convert. Remember—you do not have to convert all of your IRA to a Roth. Roth IRA conversions are not subject to the pre-age 59½ penalty of 10%.

Many 401(k) plan participants (if their plan allows) can convert the pre-tax money in their 401(k) plan to a Roth 401(k) plan without leaving the job or reaching age 59½. There are a number of pros and cons to making this change. **Please call us to see if this makes sense for you.**

Required Minimum Distributions (RMD)

The SECURE Act increased the age for Required Minimum Distributions (RMD) starting January 1, 2020, to age 72. The most recent SECURE 2.0 Act increased the age to start taking RMDs further, to 73 in 2023 and to 75 in 2033.

The purposes of tax year 2022, the Required Minimum Distributions age is 72.

Other Overlooked Tax Items and Deductions

Reinvested Dividends - This is not a tax deduction, but it is an important calculation that can save investors a bundle. Former IRS commissioner Fred Goldberg told Kiplinger magazine for their annual overlooked deduction article that missing this break costs millions of taxpayers a lot in overpaid taxes.

Many investors have mutual fund dividends that are automatically used to buy extra shares. Remember that each reinvestment increases your tax basis in that fund. That will, in turn, reduce the taxable capital gain (or increases the tax-saving loss) when you redeem shares. Please keep good records. Forgetting to include reinvested dividends in your basis results in double taxation of the dividends—once in the year when they were paid out and immediately reinvested and later when they are included in the proceeds of the sale.

If you are not sure what your basis is, ask the fund or us for help. Funds often report to investors the tax basis of shares redeemed during the year. Regulators currently require that for the sale of shares purchased, financial institutions must report the basis to investors and to the IRS.

Student-Loan Interest Paid by Parents - Generally, you can deduct interest only if you are legally required to repay the debt. But if parents pay back a child's student loans, the IRS treats the transactions as if the money were given to the child, who then paid the debt. So as long as the child is no longer claimed as a dependent, the child can deduct up to $2,500 of student-loan interest paid by their parents each year and is subject to income limitations. *(The parents can't claim the interest deduction even though they actually foot the bill because they are not liable for the debt).*

Helpful Tax Time Strategies

- ✓ Write down expenses or keep all receipts you think are even possibly tax-deductible. Sometimes, taxpayers assume that various expenses are not deductible and therefore do not mention them to their tax preparer. Don’t assume anything—give your tax preparer the chance to tell you whether something is or is not deductible.
- ✓ Be careful not to overpay Social Security taxes. If you received a paycheck from two or more employers and earned more than $147,000 in 2022 you may be able to file a claim on your return for the excess Social Security tax withholding.
- ✓ Don’t forget items carried over from prior years because you exceeded annual limits, such as capital losses, passive losses, charitable contributions, and alternative minimum tax credits.
- ✓ Check your 2021 tax return to see if there was a refund from 2021 applied to 2022 estimated taxes.
- ✓ Calculate your estimated tax payments for 2023 very carefully. Many computer tax programs will

automatically assume that your income tax liability for the current year is the same as the prior year. This is done to avoid paying penalties for underpayment of estimated income taxes. However, in some cases this might not be a correct assumption, especially if 2022 was an unusual income tax year due to the sale of a business, unusual capital gains, the exercise of stock options, or even winning the lottery! **A qualified tax professional should be able to help you with a tax projection for 2023.**

- ✓ Remember that IRS.gov could be a valuable online resource for tax information.
- ✓ Always double check your math where possible and **remember it is always wise to consult a tax preparer before filing.**

Proactive Tax Planning for 2023

PROACTIVE TAX PLANNING

A "Proactive" approach to your tax planning instead of a "Reactive" approach could produce better results!

Items Taxpayers Could Consider to Proactively Tax Plan for 2023 Include:

1. **Prepare a 2023 tax projection -** Taxpayers already know the 2023 rates and by reviewing their 2022 situation and all 2023 expectations of income, a qualified tax professional could be able to help you with a tax projection for 2023.

2. **New contribution limits for retirement savings -** For 2023, the contribution limit for employees who participate in 401(k), 403(b), most 457 plans, and the federal government's Thrift Savings Plan is $22,500. The limit on annual contributions to an IRA also increases to $6,500. The catch-up contribution limits for those 50 and over remain unchanged at $1,000 for IRAs.

3. **Explore if a potential Roth IRA conversion is helpful for your situation -** A Roth IRA can be beneficial in your overall retirement planning. Investments in a Roth IRA have the potential to grow tax-free and they do not have required minimum distributions during the lifetime of the original owner. Also, Roth IRA assets may pass to your heirs income tax-free. **Roth conversions include complex details and are not right for everyone. Also, some recent proposals have suggested changes about which IRAs could be converted to ROTH IRAs. For updates and to review if a ROTH conversion is a good idea for you, please call us.**

4. **Take advantage of annual exclusion gifts -** For 2023, the maximum amount of gift tax exemption is $17,000 for gifts made by an individual, and $34,000 for gifts made by married couples. This means you can give up to that amount to a family member without having to pay a gift tax. Ideas for gifting can include, contributing to a working child (or grandchild's) IRA, or gifting to a 529 plan, which is a tax-sheltered plan for college expenses.

5. **Consider bunching your charitable donations into a Donor Advised Fund (DAF) -** Now is the time to explore if it is helpful for your tax situation to deposit cash, appreciated securities or other assets in a Donor Advised Fund, and then distributing the money to charities over time. Up to 60% of your adjusted gross income can be deductible if given as donations to typical charities.

6. **Talk with us about your situation.** As financial professionals, we enjoy helping clients pursue their goals. We appreciate the opportunity to be the stewards of our client's wealth.

The Enhancing American Retirement Now (EARN) Act – SECURE 2.0 Act

The Enhancing American Retirement Now Act, more commonly referred to as SECURE 2.0 Act is now law. It builds on prior legislation to help boost the retirement system, making saving for retirement more accessible to a wider range of Americans. Most of the SECURE 2.0 Act changes will start in 2023 and beyond. Here are a few of the major changes we feel could most directly affect many clients. If you have any questions on these or any changes, or to review your personal situation and retirement plan, please contact us.

Some Key Takeaways from SECURE 2.0 Act

- Starting in 2023, the age at which owners of retirement accounts must start taking Required Minimum Distributions (RMDs) will increase to age 73 in 2023 and age 75 in 2033. The current age is 72. For those turning 73 in 2023, please be aware that you will have to take your first RMD in 2024.
- Starting in 2023, the penalty for failing to take an RMD will be reduced to 25% from 50% (or 10% if timely corrected in a timely manner).
- Starting in 2023, ROTH SEP and ROTH SIMPLE IRAs will be allowed.
- Starting in 2023, people who are age 70½ and older may elect as part of their Qualified Charitable Distribution (QCD) limit to make a one-time gift up to $50,000, adjusted annually for inflation, to a charitable remainder unitrust, a charitable remainder annuity trust, or a charitable gift annuity. This is an expansion of the type of charity, or charities, that can receive a QCD. This amount counts toward the annual RMD, if applicable. Please note, for gifts to count, they must come directly from your IRA by the end of the calendar year. QCDs cannot be made to all charities.
- Starting in 2024, after 15 years, any unused 529 plan assets can be rolled over to a ROTH IRA for the beneficiary, subject to the annual ROTH contribution limits and an aggregate lifetime limit of $35,000. This rollover will be treated as a contribution towards the annual ROTH IRA contribution limit.
- Starting in 2024, employers will be able to "match" employee student loan payments with matching payments to a retirement account, giving workers an extra incentive to save while paying off educational loans.
- Starting in 2024, RMD's will no longer be required from Roth accounts in employer plans.
- Starting on January 1, 2025, there will be higher catch-up contributions. Individuals ages 60 through 63 years old will be able to make catch-up contributions up to $10,000 annually to a workplace plan, and that amount will be indexed to inflation. (The catch-up amount for people aged 50 and older in 2023 is currently $7,500.) One caveat: If you earn more than $145,000 in the prior calendar year, all catch-up contributions at age 50 or older will need to be made to a Roth account in after-tax dollars. Individuals earning $145,000 or less, adjusted for inflation going forward, will be exempt from the Roth requirement. IRAs currently have a $1,000 catch-up contribution limit for people aged 50 and over. Starting in 2024, that limit will be indexed to inflation, meaning it could increase every year, based on federally determined cost-of-living increases.

The SECURE 2.0 Act was mainly focused on enhancing workplace savings accounts, increasing the retirement age for mandatory distributions, and helping younger Americans save more for retirement while having provision that address student debt and make the move from employer-to-employer accounts easier. It contains many provisions, some of which custodians and plan administrators will still have to adjust for. These new rules can be complex and therefore we recommend you work with a qualified tax professional to address your personal situation. As always, we are here to help our clients review their situation.

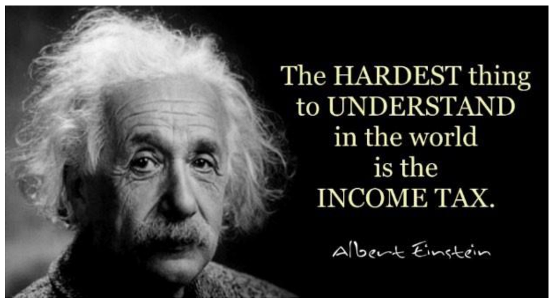
Conclusion

Filing your 2022 taxes will continue to include the new tax rates set forth with the Tax Cuts and Jobs Act (TCJA) enacted in 2018 (currently set to expire after 2025). An essential part of maintaining your overall financial health is attempting to keep your tax liability to a minimum.

One of our primary goals is to keep you informed of the changes that will be affecting investors like you. We believe that taking a proactive approach is better than a reactive approach—especially regarding income tax strategies!

Remember — If you ever have any questions regarding your finances, please call us first before making any decisions. We pride ourselves in our ability to help clients make informed decisions.

We're here to help you! We don't want you to worry about things that you don't need to worry about!



This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice. We suggest that you discuss your specific tax issues with a qualified tax advisor.

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Contributions to a traditional IRA may be tax deductible in the contribution year, with current income tax due at withdrawal. Withdrawals prior to age 59 ½ may result in a 10% IRS penalty tax in addition to current income tax.

The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change. Additionally, each converted amount is subject to its own five-year holding period. Investors should consult a tax advisor before deciding to do a conversion.

Sources: www.IRS.gov, turbotax.com; Investopedia.com. Contents Provided by The Academy of Preferred Financial Advisors, Inc 2023© All rights reserved. Reviewed by Keebler & Associates.

CFA: A Chartered Financial Analyst (CFA®) is a designation given to those who have completed the CFA® Program and acceptable work experience requirements. The CFA Program is a three-part exam that tests the fundamentals of investment tools, valuing assets, portfolio management, and wealth planning. The CFA Program is typically completed by those with backgrounds in finance, accounting, economics, or business. CFA charterholders earn the right to use the CFA designation after program completion, application, and acceptance by CFA Institute. CFA charterholders are qualified to work in senior and executive positions in investment management, risk management, asset management, and more.

CFP: The Certified Financial Planner (CFP) designation is a professional certification mark for financial planners conferred by the Certified Financial Planner Board of Standards (CFP Board) in the United States, and by 25 other organizations affiliated with Financial Planning Standards Board (FPSB), the owner of the CFP mark outside of the United States. The CFP designation is awarded to individuals who successfully complete the CFP Board's initial exams and meet education, experience, and ethics requirements.

RFC: The Registered Financial Consultant (RFC) designation is conferred by the International Association of Registered Financial Consultants (IARFC) to those who have at least 3 years of experience in the financial planning or services field and completed certain education and licensing requirements, as well as compliance with the IARFP's code of ethics.

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This year, one of our goals is to offer our services to several other people just like you! Do you know someone who could benefit from our services? We would be honored if you shared this report with someone else.

To do so, please call Erica at (858) 613-9191 and we would be happy to assist you!