



# **PROACTIVE** TAX PLANNING for



### **OUR SPEAKERS**



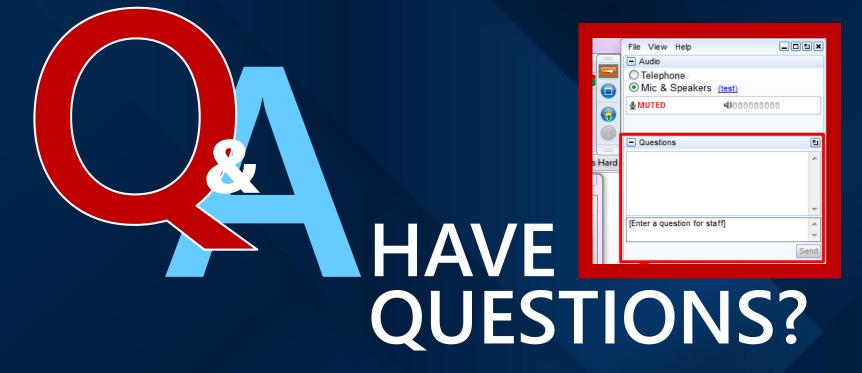


PATRICK HUGHES, CFP®

Managing Partner & Financial Advisor

### BERKELEY MEREDITH, CFP®, CPWA®, CDFA®

**Financial Advisor** 



### ABOUT HUGHES FINANCIAL SERVICES





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Comprehensive financial planning and wealth management



Fiduciary



Professional certifications, licenses, and continuing education



Over 115 years combined advisor experience

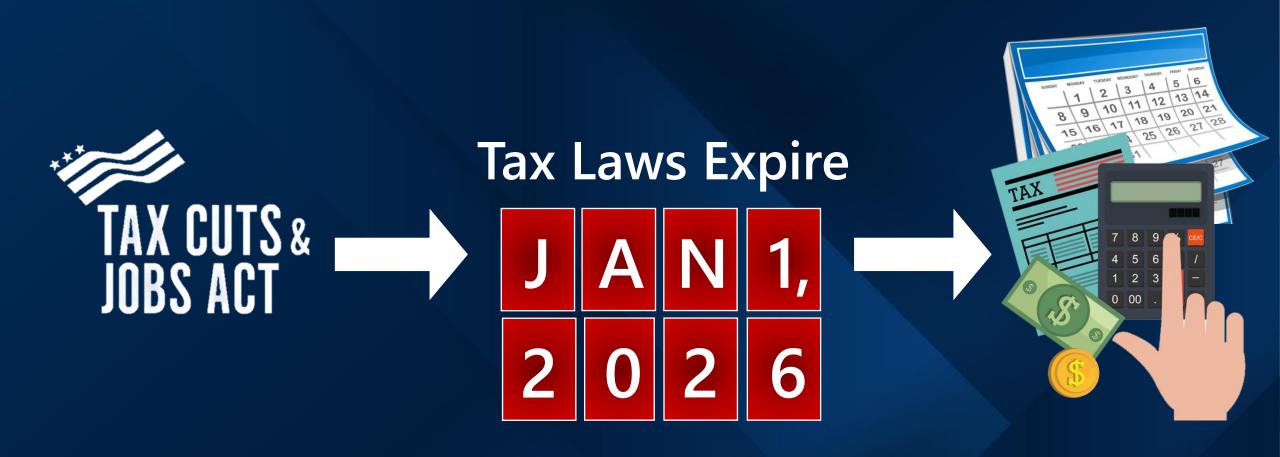


## **Tax Prep**

## Tax Planning

# "By failing to prepare, you are preparing to fail."

**BENJAMAIN FRANKLIN** 



### **PROACTIVE Tax Planning** Determine Your Taxable Income

### **GROSS INCOME**

- Pretax items (i.e., 401k, 457B, QCD)
- Itemized/standard deductions

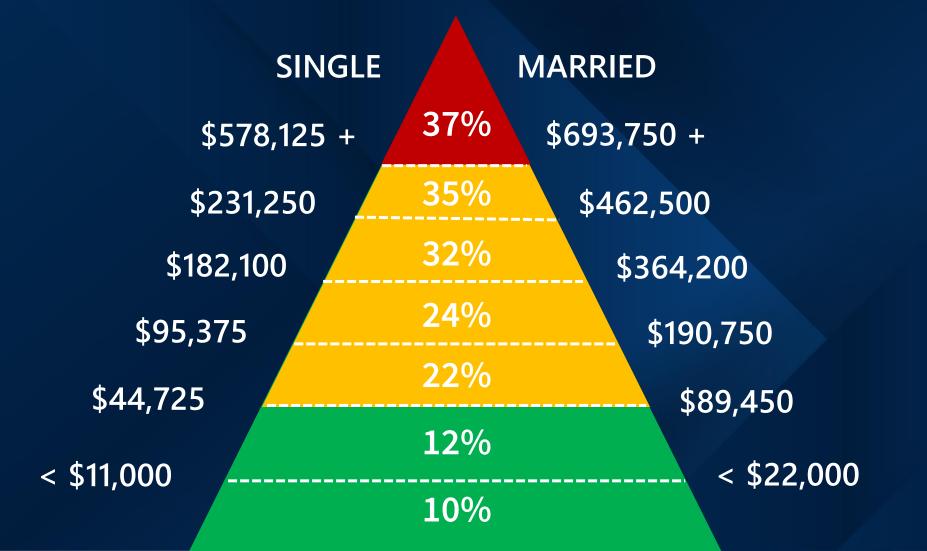
TAXABLE INCOME (Form 1040 Line 15)



### **PROACTIVE Tax Planning** Itemized vs Standard Deductions

2023 Standard Deduction Amounts							
Single <b>\$13,850</b>	Married Filing Jointly <b>\$27,700</b>	Married Filing Separately <b>\$13,850</b>	Head of Household <b>\$20,800</b>				

### PROACTIVE Tax Planning 2023 Tax Brackets



### **PROACTIVE Tax Planning** 2023 Retirement Contribution Plan Limits

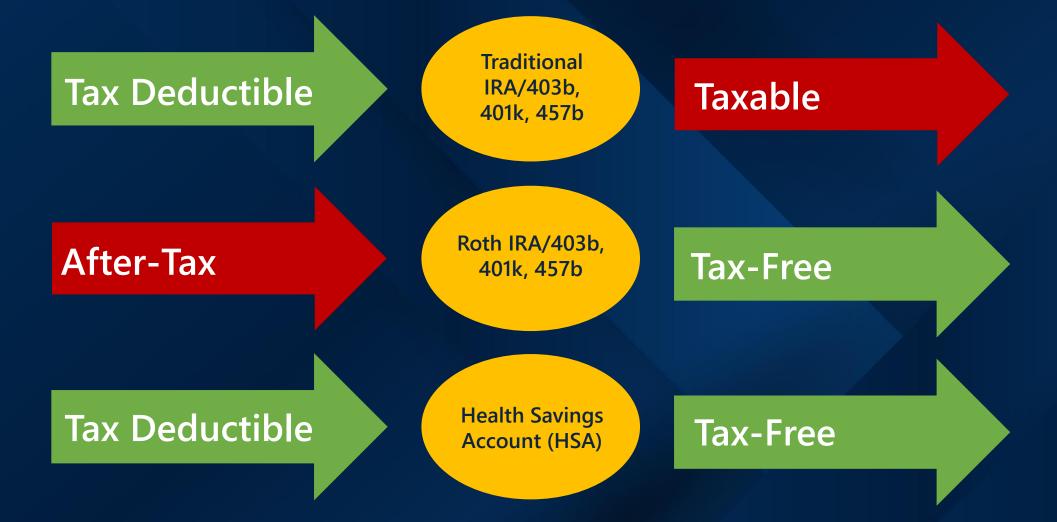
 Elective deferrals to 401(k), 403(b), 457(b), 457(c)(1) plans
 \$22,500

 Catch-Up to 401(k), 403(b), 457(b), 457(c)(1) plans
 \$7,500

 Traditional IRA
 \$6,500

 Catch-Up to IRAs
 \$1,000

## **PROACTIVE Tax Planning** Maximize Retirement Plan Contributions



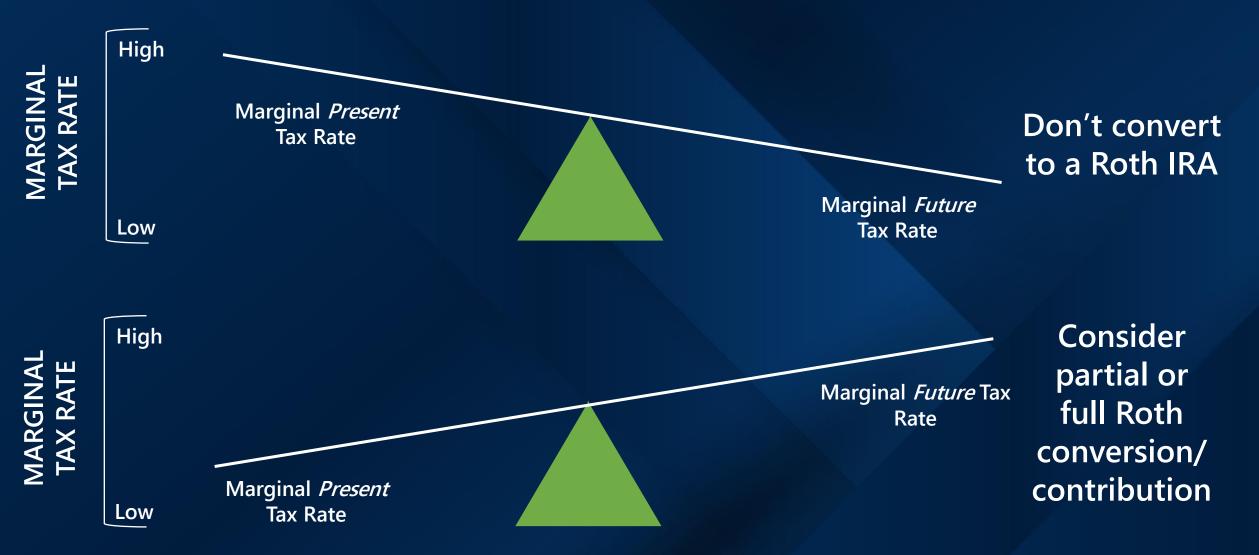
FOR CONTRIBUTIONS

### **PROACTIVE Tax Planning** Roth IRA Conversion



- May lower taxable lifetime income
- Tax-free compounding
- No RMD requirements
- Tax-free withdrawals for beneficiaries

## **PROACTIVE Tax Planning** Family Tax Bracket Management



PROACTIVE Tax Planning Medicare Premiums & IRMAA Surcharges (Income Related Monthly Adjustment Amounts)

## IRMAA:

The Sneaky Surcharge That Makes Medicare More Expensive

Calculated according to your adjusted gross income that was reported on tax returns 2 years prior

### PROACTIVE Tax Planning Medicare Premiums & IRMAA Surcharges (Income Related Monthly Adjustment Amounts)

2023 IRMAA BRACKETS							
2021 MAGI (Single)	2021 MAGI (Joint)	Part B	Part D				
\$97,000 or less	\$194,000 or less	\$164.90	Your plan premium				
\$97,000 – 123,000	\$194,000 – 246,000	\$230.80	\$12.20 + your plan premium				
\$123,000 – 153,000	\$246,000 - 306,000	\$329.70	\$31.50 + your plan premium				
\$153,000 – 183,000	\$306,000 - 366,000	\$428.60	\$50.70 + your plan premium				
\$183,000 – 500,000	\$366,000 – 750,000	\$527.50	\$70.00 + your plan premium				
\$500,000 or more	\$750,000 or more	\$560.50	\$76.40 + your plan premium				

Calculated according to your adjusted gross income that was reported on tax returns 2 years prior

## PROACTIVE Tax Planning Harvesting Gains and Losses



### **PROACTIVE Tax Planning** Charitable Giving Strategies for 2023







Spouses

Certain Trusts

\* Applicable until the minor reaches the age of majority

SOURCE: Michael Kitces

### **PROACTIVE Tax Planning** SECURE Act 2.0 Changes



### DISTRIBUTIONS (RMDs) 70.5 $\rightarrow$ 72 $\rightarrow$ 73 $\rightarrow$ 75



"ROTHIFICATION"



### **PROACTIVE Tax Planning** Inflation Reduction Act of 2022

#### \$7,500 Clean Vehicle Credit

- Adjusted Gross Income Threshold: 150K (S), 300K (MFJ)
- In 2024: point-of-sale mechanism
- Domestically sourced materials; fueleconomy.gov



## **PROACTIVE Tax Planning** Inflation Reduction Act of 2022

### **Energy Efficient Home Improvement Credit**

- \$500 lifetime limit will be replaced with \$1,200 annual limit
- Credit equal to 30% of costs of eligible home improvements up to limit
- Includes windows, doors, energy audits, AC, heating, water heaters, furnaces, skylights, etc.



### **PROACTIVE Tax Planning** Annual Tax Projections

ANNUAL



## PROACTIVE Tax Planning Send us your 2022 tax returns

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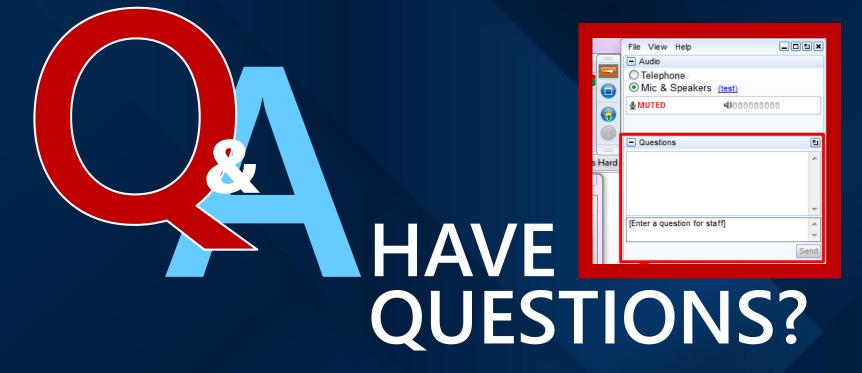
## **2023 MIDYEAR OUTLOOK**

WEDNESDAY, JUNE 7 12:00 PM – 12:30 PM





SCAN ME



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We offer our clients an impressive wealth of expertise in retirement and estate planning, investment and risk management, insurance, and education planning. Our advisers hold a variety of professional designations and certifications and are well versed in a number of financial disciplines. Our combined education and experience allows us to proudly offer you independent financial advice that you can trust.

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SOURCES: Academy of Preferred Financial Advisors (APFA); irs.gov; accountingtoday.com; visiwealth.com; Michael Kitces; youtube.com

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