



HUGHES | FINANCIAL
SERVICES, LLC

A large, pink piggy bank is positioned in the lower center of the frame. Above it is a large, dark blue umbrella. The background is a dark, rainy scene with the word "TAX" repeated many times in a light, yellowish-green font, appearing to be falling like rain. The entire scene is framed by a large, white, curved shape on the left side.

Proactive Tax Planning for 2022

OUR PRESENTERS



SCOTT HUGHES, CFP®, MBA

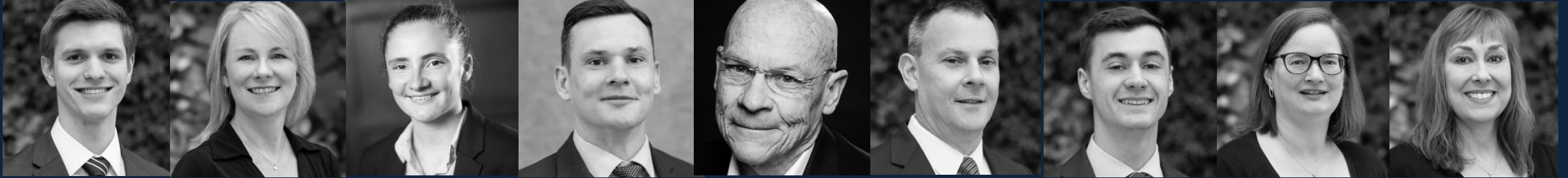
Managing Partner
& Financial Advisor



PATRICK HUGHES, CFP®

Managing Partner
& Financial Advisor

ABOUT HUGHES FINANCIAL SERVICES



Independent
Registered
Investment
Advisor



Comprehensive
financial planning
and wealth
management



Fiduciary

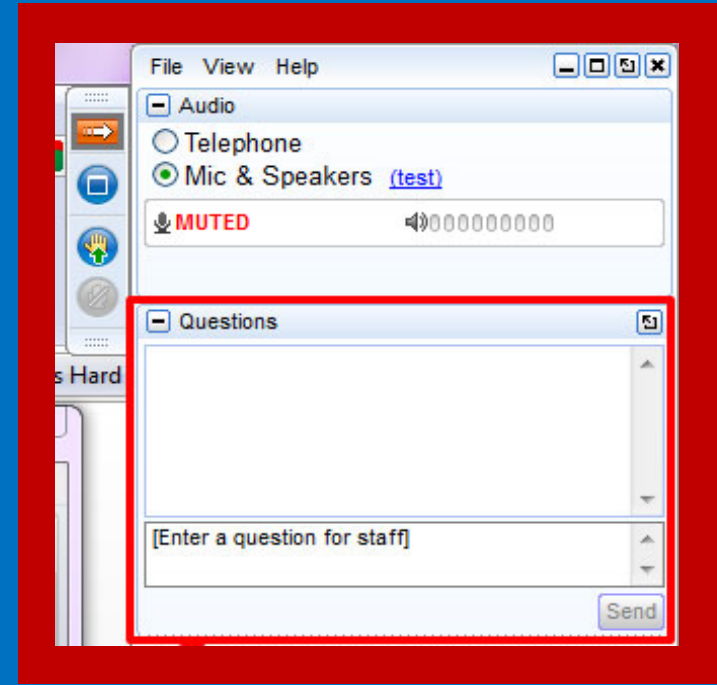


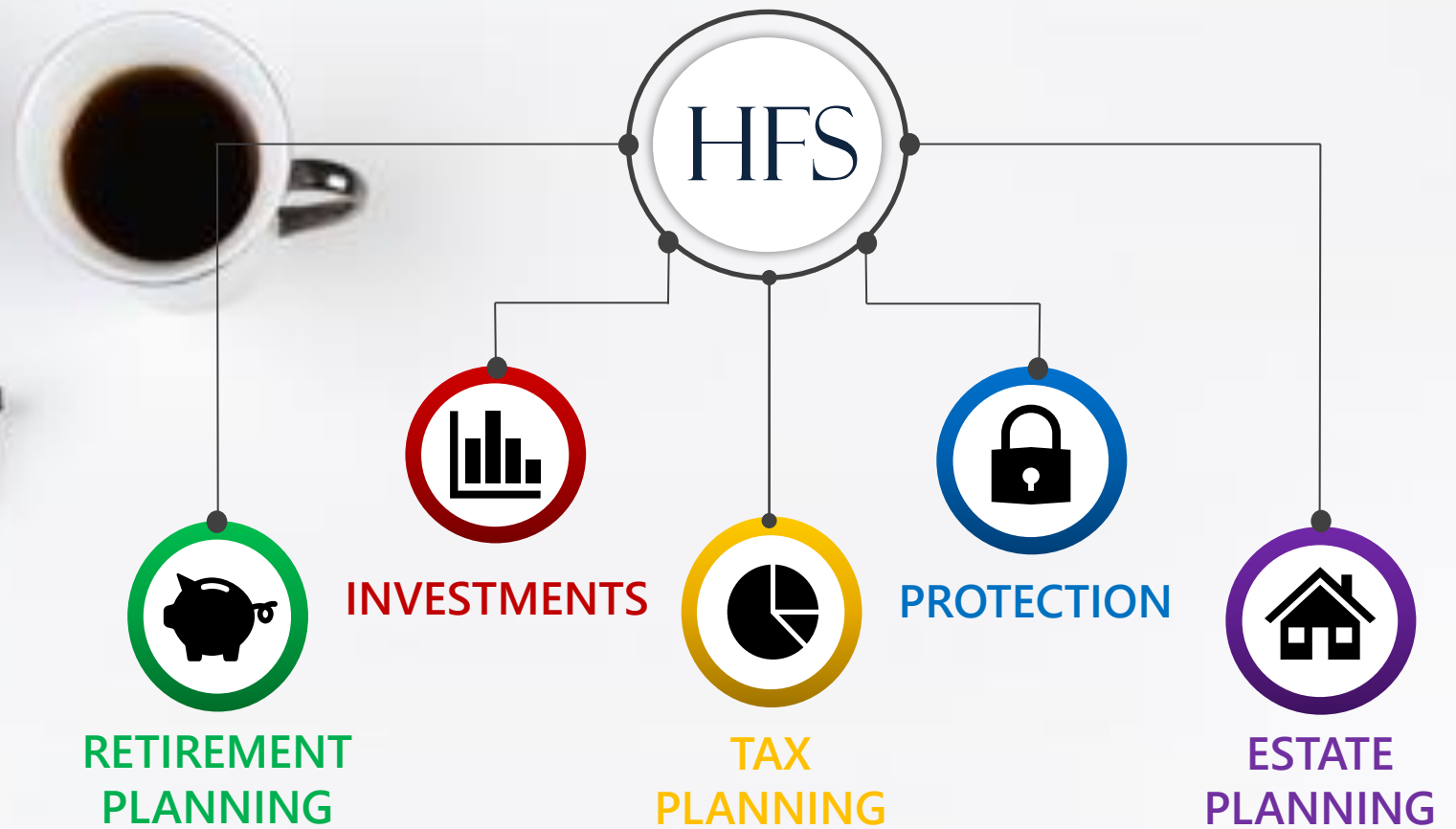
Professional
certifications
and continuing
education



Over 100
years
combined
experience

Q&A HAVE QUESTIONS?





5 KEY AREAS OF FINANCIAL PLANNING

PROACTIVE Tax Planning



VS



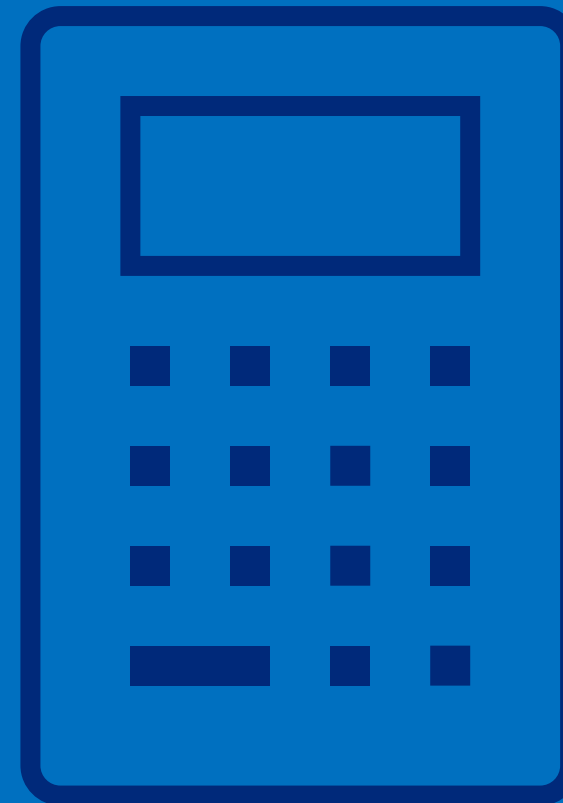
should always be a **key focus** when reviewing
your personal financial situation

DETERMINE YOUR TAXABLE INCOME

GROSS INCOME

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

TAXABLE INCOME (Form 1040 Line 15)



FEDERAL RESERVE NOTE

The hardest thing in the
world to understand is
the income tax
-- Albert Einstein

D 4

Treasurer of the United States

100

ONE HUNDRED DOLLARS

@MONEYQUOTE



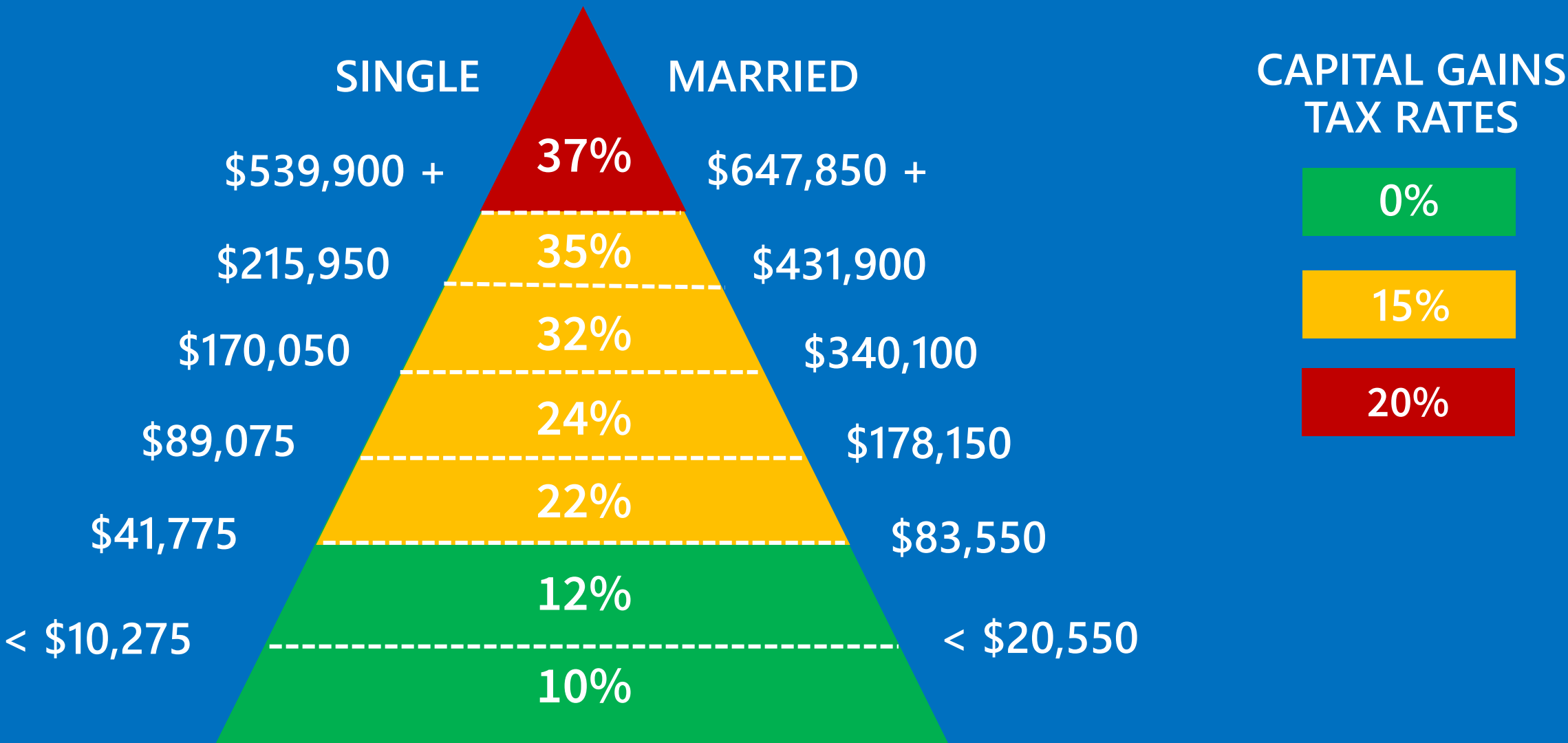
9 Proactive Tax Planning Strategies



9 PROACTIVE TAX PLANNING STRATEGIES

1. Know Your Tax Bracket
2. Forecast Annual Taxes and Consider Asset Class Location
3. Maximize Retirement Plan Contributions
4. Maximize Annual Exclusion Gifts
5. Deduction Timing
6. Capital Loss/Capital Gain Harvesting Opportunities
7. Charitable Giving
8. Roth Conversion Opportunities
9. SECURE ACT Modifications / Review Beneficiaries

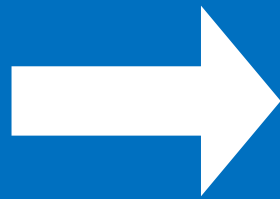
1. 2022 TAX BRACKETS



2. TAX FORECASTING



**TAX CUTS &
JOBS ACT**



Tax Laws Expire*

**J A N 1,
2 0 2 6**



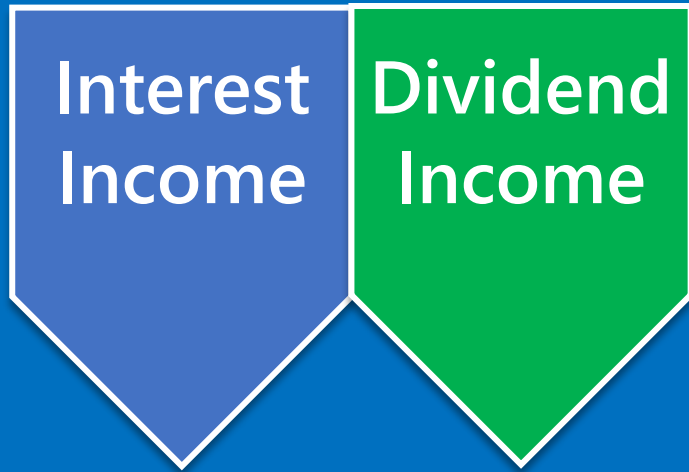
2. TAX FORECASTING | Asset Class Location



Interest
Income

- Money market, corporate bonds, US Treasury bonds
- Annual income tax on interest
- Taxed at highest marginal rates

2. TAX FORECASTING | Asset Class Location



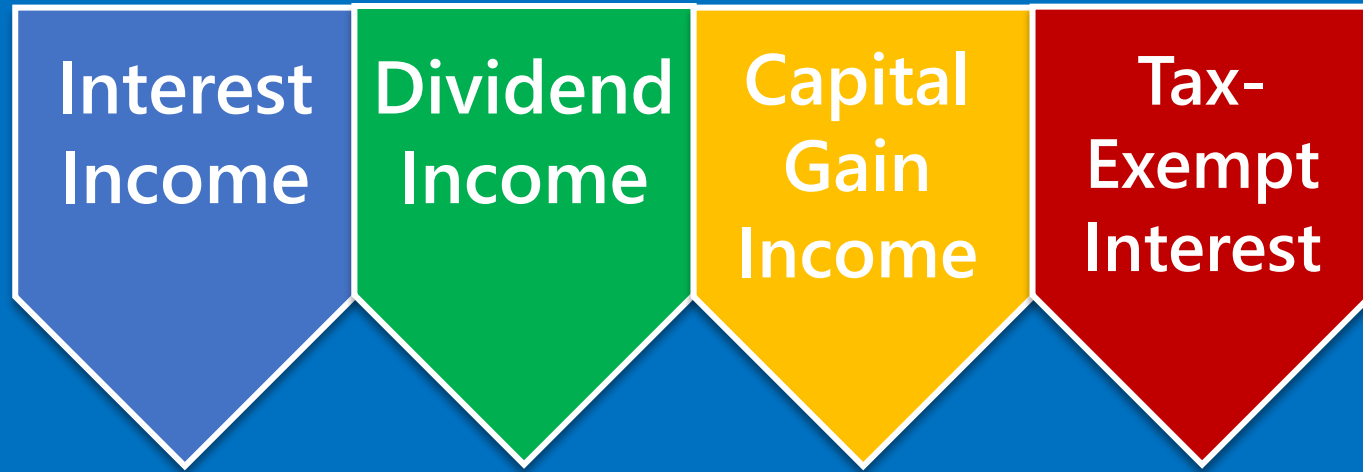
- Equity securities
- Qualified dividends at Long-Term Capital Gains rate
- Return of capital dividend
- Capital gain dividends

2. TAX FORECASTING | Asset Class Location



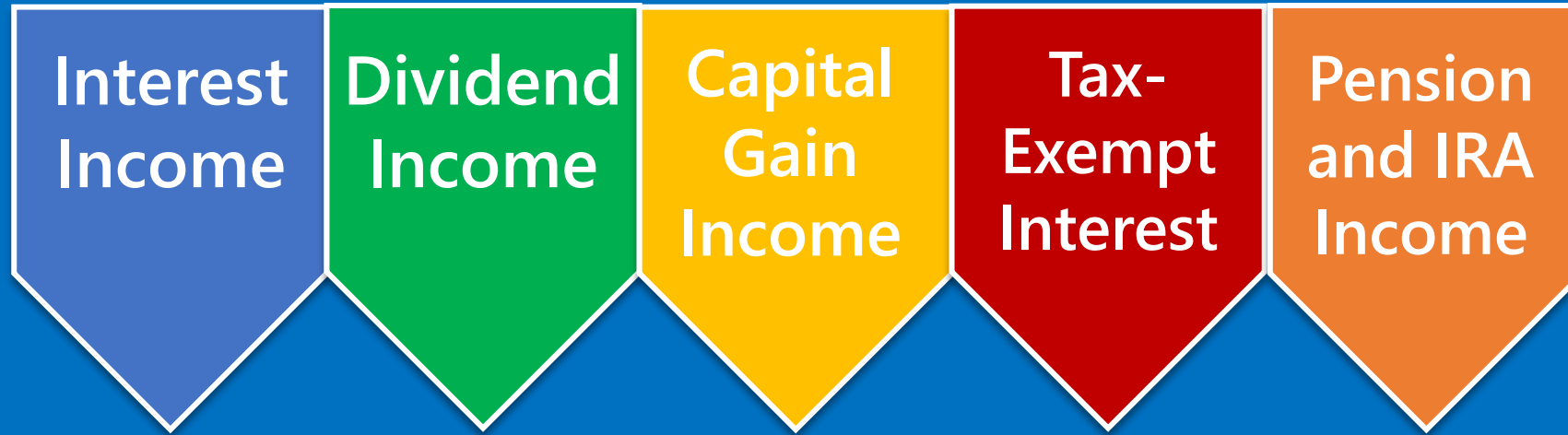
- Equity securities
- Deferral until sale
- Reduced capital gains rate
- Step-up basis at death

2. TAX FORECASTING | Asset Class Location



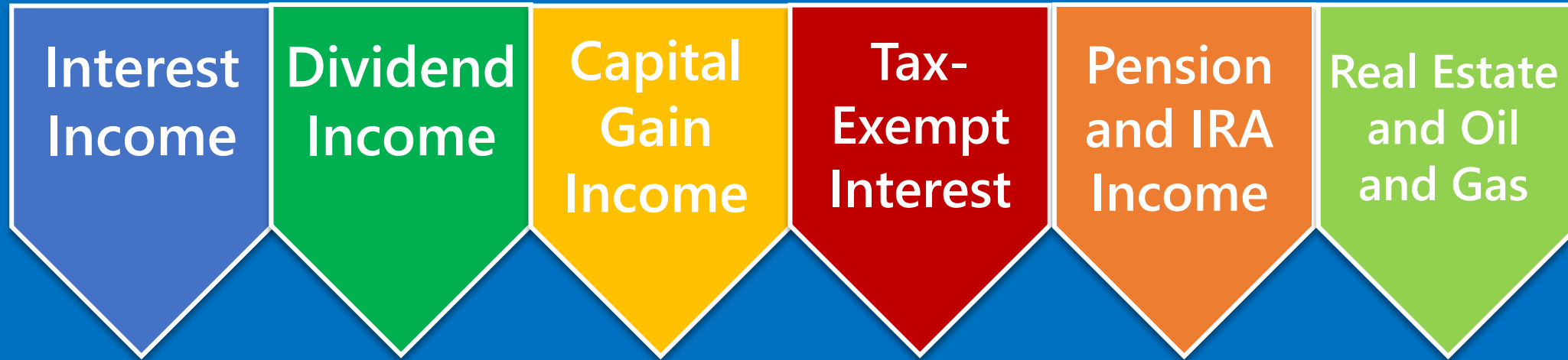
- Bonds issued by state/local governments
- Federal tax-exempt
- State tax-exempt

2. TAX FORECASTING | Asset Class Location



- Pension plans, profit sharing plan, annuities
- Growth during lifetime
- RMD for IRA and qualified plans
- No step-up

2. TAX FORECASTING | Asset Class Location



REAL ESTATE

- Depreciation tax shield
- 1031 exchanges
- Deferral on growth until sale
- 199A deduction

OIL & GAS

- Large upfront IDC deductions
- Depletion allowances
- 199A deduction

2. TAX FORECASTING | Asset Class Location



ROTH IRA

- Tax-free growth during lifetime
- No age 72 RMD
- Tax-free distributions out to beneficiaries' life expectancy

INSURANCE

- Tax-deferred growth
- Tax-exempt payout at death



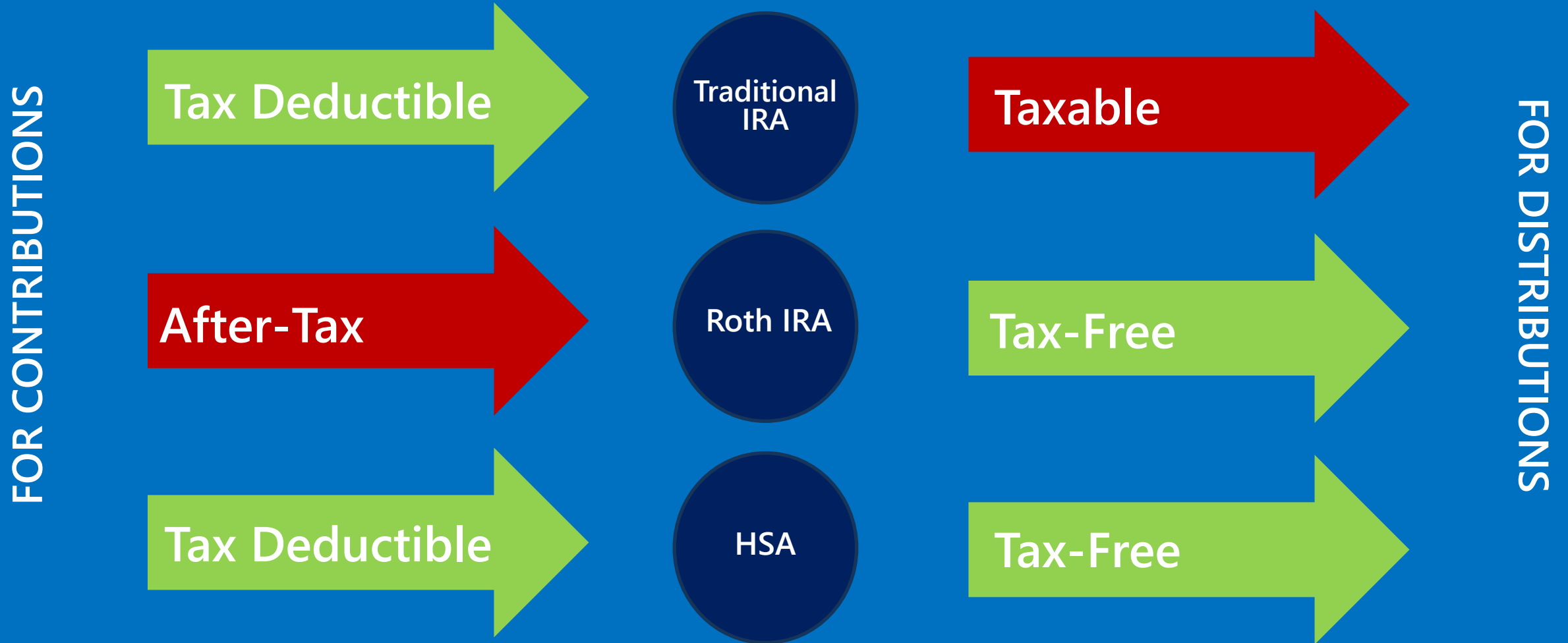
5 STAR TIP

To help with your tax planning,
send us your tax returns

- DO NOT email them to us
- **5 Star Tip 2.0:** use your HFS client vault to send us your tax documents

3. MAXIMIZE RETIREMENT PLAN CONTRIBUTIONS

| Tax Treatment of Contributions and Distributions



3. MAXIMIZE RETIREMENT PLAN CONTRIBUTIONS

| 2022 Retirement Contribution Plan Limits

Elective deferrals to 401(k), 403(b), 457(b), 457(c)(1) plans	\$20,500
Defined contribution plans	\$61,000
SIMPLEs	\$14,000
Traditional IRA	\$6,000
Catch-Up to 401(k), 403(b), 457(b), 457(c)(1) plans	\$6,500
Catch-Up to SIMPLEs	\$3,000
Catch-Up to IRAs	\$1,000

4. ANNUAL EXCLUSION GIFTS

2022 Maximum Gift Tax Exemption (per person): \$16,000

- Gifting to a 529 plan
-  ★★★★★ Contribute to a working child or grandchild's IRA

5 STAR
TIP



5. TIMING DEDUCTIONS

[OLD RULE] ACCELERATE YOUR DEDUCTIONS

New Rule:

Time Your Deductions

- Medical
- Home Interest
- Charitable



6. HARVESTING GAINS AND LOSSES



7. CHARITABLE GIVING STRATEGIES

1

Cash
donations

2

Donating
appreciated
securities

3

Bunching
donations

4

Donor
Advised
Fund

5

QCD from
an IRA

QCD YOUR RMD

| Qualified Charitable Distributions for Retirement Savers



Required Minimum
Distribution (RMD)



You at Age 70½



Qualified Charity

8. ROTH IRA CONVERSION



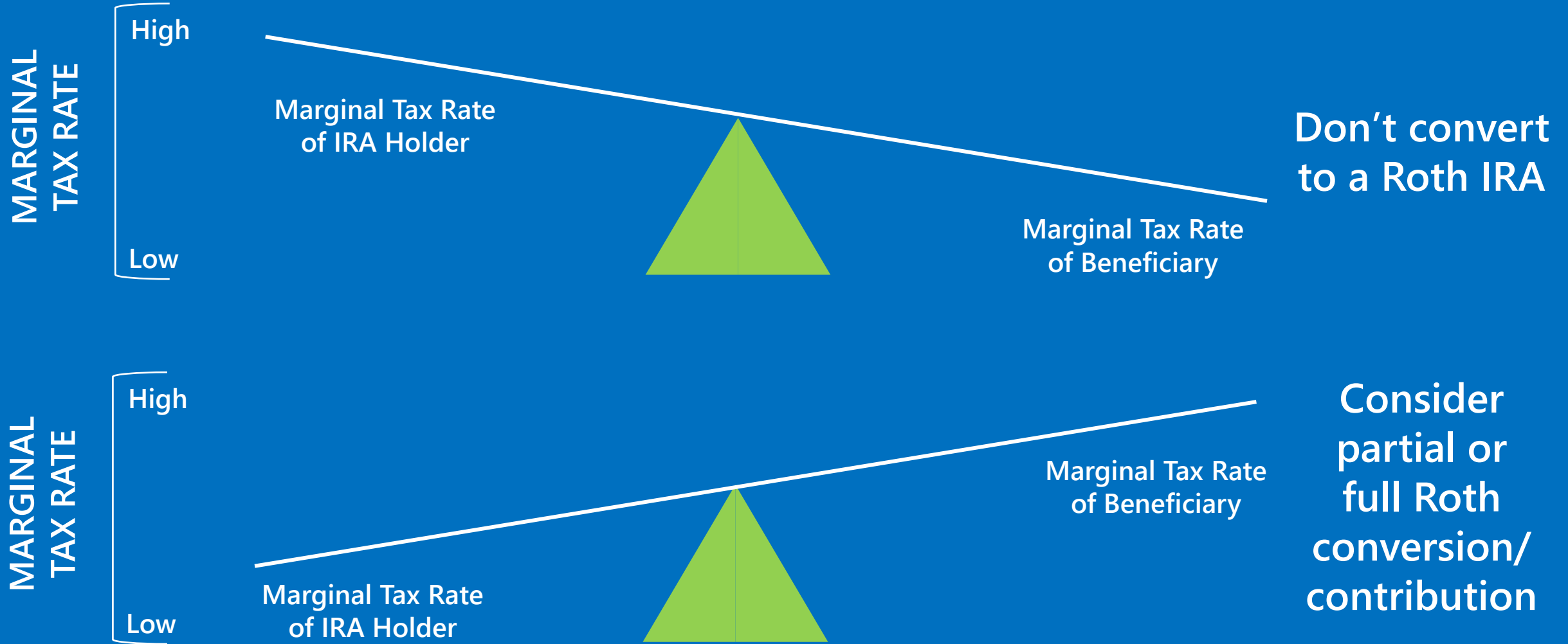
- May lower taxable lifetime income
- Tax-free compounding
- No RMD requirements (at age 72)
- Tax-free withdrawals for beneficiaries

8. ROTH IRA CONVERSION



The goal of a successful Roth IRA conversion is to keep as much of the conversion income as possible in lower income tax brackets

Family Tax Bracket Management



9. SECURE ACT: ITEMS OF INTEREST



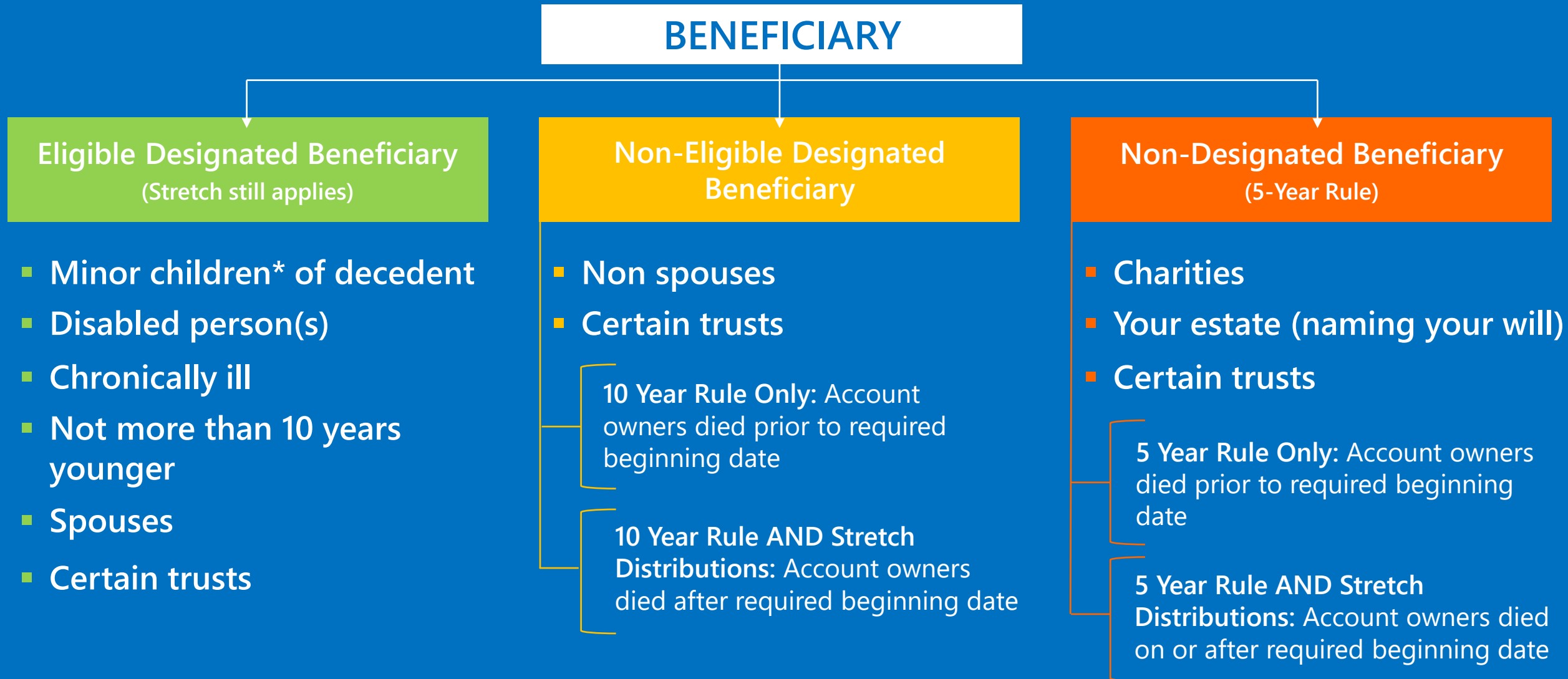
RMD Age Bump

Death of the Stretch IRA

New Provisions Released in 2022

SECURE ACT 2.0

IRA BENEFICIARIES AFTER THE SECURE ACT



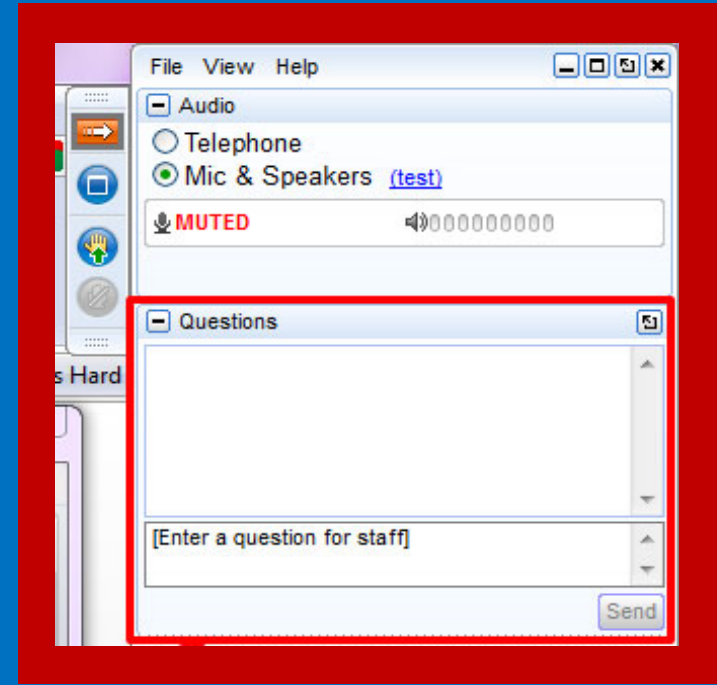
* Applicable until minor reaches age of majority



5 STAR TIP

2022 is **THE YEAR** for
beneficiary reviews for
ALL your financial accounts

Q&A HAVE QUESTIONS?



Hughes Financial Services' 20-minute virtual educational Lunch & Learn webinars have returned!

Grab your device and lunch and join us **Wednesday at Noon** to juice up your financial planning knowledge on a variety of topics!



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MAY 4 @ Noon

Headwinds & Tailwinds:
An Economic Update

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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.q1

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**Withdrawals from Roth IRA may be tax free if 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. Traditional IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA. In addition, if you are required to take a required minimum distribution (RMD) in the year you convert, you must do so before converting to a Roth IRA.*

SOURCES: APFA; Michael Kitces; IRS.gov

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If you have questions about this presentation, please contact us at:
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