TAX PLANNING:
12-STEP CHECKLIST

Tax planning is a vital aspect of financial management that can impact an individual's or business's financial well-being. With ever-changing tax laws and regulations, understanding and managing one's tax liabilities has become crucial.

By engaging in strategic tax planning, individuals and businesses can enhance their financial position, help maximize tax savings, and ensure compliance with relevant tax laws. Whether it involves optimizing deductions, taking advantage of tax incentives, or structuring investments, tax planning plays a pivotal role in reducing tax burdens. This 12-Step Checklist highlights how Asset Strategy Advisors navigate the complex tax landscape, to help clients achieve their financial goals.

1	**Marginal Tax Rate**	We examine your marginal tax rate. The marginal tax rate is the tax rate paid on the next dollar of income, and it helps us determine which tax band you are in and if we should take an IRA distribution in a "low income year."
2	**Effective Tax Rate**	We evaluate your Effective Tax Rate. Divide the total tax paid by the total income to get the average tax rate. This allows us to have a better understanding of your entire tax situation.
3	**Carry Forward Losses**	Carry forward losses transfer capital losses (from stock sales) to a future year, reducing future tax bills. This may be a fantastic planning opportunity.
4	**IRMAA Surcharges**	The Medicare Income-Related Monthly Adjustment Amount (IRMAA) is a fee imposed to your Medicare premiums based on your income. These extra charges might be unexpected, therefore we try to reduce income (where feasible) and plan around them.
5	**Capital Gains**	Long-term capital gains are taxed at a lower rate than regular income, which is beneficial when selling equities.
6	**Qualified Dividends (of Total Dividends)**	Qualified dividends are dividends that are taxed at capital gains rates rather than your ordinary income tax rate, which is usually higher. The greater the proportion of qualifying dividends to total dividends in your portfolio, the more tax-efficient it is.

7	**Roth Conversion Opportunities**	Have you thought about a Roth conversion to ensure tax-free and RMD-free income in retirement? We employ cutting-edge technology to determine the best Roth conversion amount that will allow you to develop your Roth balances while still filling your current marginal tax bracket "bucket."
8	**Itemized vs. Standard Deduction**	Did you take the Standard Deduction when an Itemized Deduction would have been more advantageous? We evaluate planning tactics (such as "bunching") and ensure that Itemized Deductions are taken as necessary.
9	**Net Investment Income (NII) Tax**	The extra Net Investment Income (NII) tax applies to single taxpayers with MAGI greater than $200,000 and married taxpayers with MAGI greater than $250,000. Income beyond the limit is taxed at 3.8%, which sometimes comes as a surprise to higher-income consumers.
10	**Qualified Business Income (QB) Deduction**	The 2017 Tax Cuts and Jobs Act (TCJA) introduced a 20% tax deduction for pass-through entities, benefiting many small business owners. This provision is set to expire at the end of 2025 unless extended by Congress. Small business owners should be aware of this potential change and consider its impact on their tax planning strategies.
11	**Phaseouts**	There are many types of tax credits; however, they are subject to various income phaseouts. We think you should take advantage of all possible tax credits and should be aware of your phaseout range so that we can prepare properly.
12	**Review of Credits and Deductions**	We believe you should be aware of your income as well as any tax deductions and credits you have claimed.

ASSET STRATEGY

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