

2018 TAX REPORT FOR

KEY FIGURES

- Total Income: \$214,753
- AGI: \$214,083
- Deductions: \$24,000
- Taxable Income: \$180,217
- Total Tax: \$29,170
- Filing Status: Married Filing Jointly
- Marginal Rate: 24.0%
- Average Rate: 13.6%
- 2019 Safe Harbor: \$32,088
- Tax Exempt Interest: \$0
- Qualified/Ordinary Dividends: \$0 / \$0
- ST/LT Capital Gains: (\$14,610) / (\$1,755)
- Carryforward Loss: \$13,365
- Credits Claimed: \$4,000

MARGINAL TAX BRACKET INFORMATION

The marginal tax rate for your *ordinary income* is as follows:

Marginal Rate	Ordinary Income Threshold
10.0%	\$0 to \$19,050
12.0%	\$19,050 to \$77,400
22.0%	\$77,400 to \$165,000
24.0%	\$165,000 to \$315,000
32.0%	\$315,000 to \$400,000
35.0%	\$400,000 to \$600,000
37.0%	\$600,000 and above.

You: \$180,217

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

Marginal Rate	Taxable Income Threshold	Qualified Income (\$0 Total)
0.0%	\$0	\$0
15.0%	\$77,200	\$0
20.0%	\$479,000	\$0

You: \$180,217

MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Additional Medicare Tax	\$250,000	Under
Coverdell ESA	\$190,000 - \$220,000	In Phaseout
Roth IRA Contribution	\$193,000 - \$203,000	Over
Lifetime Learning Credit	\$116,000 - \$136,000	Over
Student Loan Interest Deduction	\$140,000 - \$170,000	Over
American Opportunity Credit	\$160,000 - \$180,000	Over
Child Tax Credit	\$400,000 - \$440,000	Under
Qualified Adoption Expenses Credit	\$207,140 - \$247,140	In Phaseout
Saver's Credit	\$63,000	Over
IRA Contribution Deductibility - Covered Spouse	\$103,000 - \$123,000	Over
IRA Contribution Deductibility - Non-Covered Spouse	\$193,000 - \$203,000	Over

* NIIT, Saver's Credit MAGI = AGI

** Coverdell, Lifetime Learning, American Opportunity, Child Tax Credit MAGI = AGI (Form 2555 foreign income not included.)

*** Roth MAGI = AGI - Roth Conversions + IRA Deduction + Student Loan Interest Deduction + Tuition Deduction (Form 2555 foreign income not included.)

† Student Loan Deduction and Adoption Credit MAGI = AGI + Student Loan Interest Deduction

†† IRA Deduction MAGI = AGI + IRA Deduction + Student Loan Interest Deductions + Deductible Self-Employment Tax + EE Bond Interest (Form 2555 foreign income not included.)

MEDICARE PART B/D PREMIUMS FOR 2020

Medicare Parts B and D premiums are impacted by Modified Adjusted Gross Income* (MAGI)

*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium Adjustment	Part D Premium Adjustment
\$0 to \$174,000	\$0	\$0
\$174,000 to \$218,000	\$58	\$12
		You: \$214,083
\$218,000 to \$272,000	\$145	\$32
\$272,000 to \$326,000	\$231	\$51
\$326,000 to \$750,000	\$318	\$70
\$750,000 and above.	\$347	\$76

SCHEDULE B INCOME SOURCES

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

Interest

Description	Amount
US Senate Federal Credit Union	\$35
Citibank Bank NA	\$78
Citibank Bank NA	\$6

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 2017	(\$14,610)
Short Term Gain/Loss for 2018	\$0
Total Short Term Gain/Loss for 2018	(\$14,610)

LONG TERM

Description	Amount
Long Term Loss Carryover from 2017	(\$1,755)
Long Term Gain/Loss for 2018	\$0
Total Long Term Gain/Loss for 2018	(\$1,755)

TOTAL

Total Gains/Losses for 2018	(\$3,000)
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Loss Carryforward

Loss Carryforward to 2019	(\$13,365)
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OBSERVATIONS

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

You were assessed an underpayment penalty. Penalties can be avoided by paying, through withholding and/or estimated taxes, the "safe harbor" amount of taxes through the year. You might discuss with your tax professional.

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.

The safe harbor for underpayment penalties is your total tax x 110%, or \$32,088.00. Note that the timing of your payments is also important with respect to avoiding penalties. Withholding from a paycheck or retirement account distributions is 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 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.

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.

██████ is age 49 in 2018, and thus is eligible to make catch-up contributions to retirement accounts starting next year.