

# 2024 · AS SOMEONE WHO IS WORKING, WHAT ISSUES SHOULD I CONSIDER WHEN REVIEWING MY 2023 TAX RETURN?



FAMILY AND FILING ISSUES	YES	NO
<p><b>Did you take the standard deduction of \$13,850 (single) or \$27,700 (MFJ) listed on Form 1040, Line 12?</b> If so, consider whether bunching charitable contributions and/or certain expenses (e.g., medical expenses and property taxes) into one tax year may allow better itemization.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you married and do you want to protect yourself against liability issues, have a large disparity between your incomes, have large itemized deductions, or have certain income-based student loans?</b> If so, consider preparing your tax return as both MFJ and MFS to compare the net tax liabilities. MFS may generate a smaller tax liability.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you recently divorced or has your spouse passed away recently?</b> If so, review your filing status (top of Form 1040).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Have you been divorced?</b> If you entered into a divorce agreement after 12/31/2018, alimony is not deductible by the payor or taxable to the recipient. If you entered into a divorce agreement before 1/1/2019, alimony is deductible by the payor (Schedule 1, Line 19a) and taxable to the recipient (Schedule 1, Line 2a).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you have dependents (first page of Form 1040)?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ If you have children under age 17 and your MAGI is below or within the phaseout range (starting at \$200,000 single or \$400,000 MFJ), you may be able to claim the Child Tax Credit.</li> <li>■ If you paid expenses for the care of a qualifying individual (e.g., a dependent child under age 13) to enable you (and your spouse, if MFJ) to work or actively pursue work, you may qualify for the Child and Dependent Care Credit on Schedule 3, Line 2.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you (or your spouse or dependent children) in college?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ If MAGI is below \$90,000 (single) or \$180,000 (MFJ), check Schedule 3, Line 3 to see if the Lifetime Learning Credit has been claimed. Credit is calculated on Form 8863.</li> <li>■ If MAGI is below \$90,000 (single) or \$180,000 (MFJ), check Form 1040, Line 29 to find if the refundable portion of American Opportunity Tax Credit has been claimed. Credit is calculated on Form 8863. (continue on next column)</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>

FAMILY AND FILING ISSUES (CONTINUED)	YES	NO
<p><b>Was there any AMT (Form 6251)?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ Review strategies to reduce AMT, such as minimizing large capital gains or lowering income by maxing out retirement contributions.</li> <li>■ If you paid a significant amount of AMT in 2022, check Form 8801 to see if you received a credit.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you owe more tax (Form 1040, Line 37) or did you receive a higher refund (Form 1040, Line 34) than expected?</b> If so, determine if this is due to a unique circumstance (such as the sale of a highly appreciated investment) by comparing taxable income from the last two years' tax returns.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you fail to withhold enough tax or did you underpay estimates?</b> If so, review Form 2210 and Form 1040, Line 38 to see the amount of the penalty.</p>	<input type="checkbox"/>	<input type="checkbox"/>

INVESTMENT INCOME ISSUES	YES	NO
<p><b>Is any interest being reported (Form 1040, Lines 2a and 2b) or are dividends being reported (Form 1040, Lines 3a and 3b)?</b> If so, reference Schedule B to understand which accounts are generating income, whether the interest is taxable or tax-exempt, and if the dividends are ordinary or qualified.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Is your earned income subject to Medicare tax (e.g., from wages or self-employment) above \$200,000 (single) or \$250,000 (MFJ)?</b> If so, you may be subject to the Additional Medicare Tax of 0.9% (calculated on Form 8959).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Is your MAGI above \$200,000 (single) or \$250,000 (MFJ), and do you have significant Net Investment Income (calculated on Form 8960)?</b> If so, you may be subject to the Net Investment Income Tax of 3.8%. If your MAGI is close to the thresholds, consider reduction strategies to avoid this surtax.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Were there any capital gains (or losses) reported (Form 1040, Line 7)?</b> If so, see Schedule D, Line 13, for capital gain distributions. See Schedule D, Line 6 and Line 14, for short-term and long-term loss carryovers, ensuring that they have been carried over from previous tax returns.</p>	<input type="checkbox"/>	<input type="checkbox"/>

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RETIREMENT PLAN ISSUES	YES	NO
<p><b>Are you making deductible contributions to a traditional IRA (Schedule 1, Line 20)?</b> If so, the total contribution limit for 2023 is \$6,500 (\$7,500 if you are age 50 or over). Reference “Can I Make A Deductible IRA Contribution?” flowchart.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are you making contributions to a Roth IRA?</b> If so, contributions are not reported on Form 1040, unless you are taking advantage of the Retirement Savings Contribution Credit. The total contribution limit for 2023 is \$6,500 (\$7,500 if you are age 50 or over). Reference the “Can I Contribute To My Roth IRA?” flowchart.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you reach your Required Beginning Date in 2023 or before, or do you have an inherited IRA?</b> If so, make sure that your RMD has been satisfied and that it has been reported (Form 1040, Lines 4a and 4b or 5a and 5b).</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you make a non-deductible traditional IRA contribution (Form 8606)?</b> If so, ensure the cost basis is being tracked properly.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you take an early, non-qualifying distribution from an IRA (Form 1040, Line 4b)?</b> If so, the penalty is calculated on Form 5329 and carried over to Schedule 2, Line 8.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you convert amounts from a traditional IRA to a Roth IRA?</b> If so, check Form 8606 to ensure that the amount converted is reported and any non-deductible IRA contributions that were converted are treated as non-taxable.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you roll over retirement funds during the tax year from one account to another (e.g., 401(k) to IRA)?</b> If so, ensure that it is treated as a rollover and not a taxable distribution by verifying that Form 1040, Line 4a or 5a, shows the amount of the rollover. Form 1040, Line 4b or 5b, should be \$0 if no taxable distribution occurred.</p>	<input type="checkbox"/>	<input type="checkbox"/>

INCOME RELATED ISSUES	YES	NO
<p><b>Are you a W-2 employee?</b> If so, consider reviewing your W-2 to look for the following:</p> <ul style="list-style-type: none"> <li>■ HSA and FSA contributions from both yourself and your employer.</li> <li>■ Retirement plan contributions and employer matching.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you have stock options and/or equity compensation (e.g., ISOs, NQSOs, RSUs)?</b> If so, review your W-2 and Schedule D to understand your tax on exercising and on eventual sale (if applicable).</p>	<input type="checkbox"/>	<input type="checkbox"/>

OTHER ISSUES	YES	NO
<p><b>Are you making contributions to an HSA, or is your employer contributing on your behalf (reported on Form 8889 Lines 2 and 9)?</b> If so, consider the following:</p> <ul style="list-style-type: none"> <li>■ The maximum HSA contribution in 2023 is \$3,850 for a single plan and \$7,750 for a family (\$1,000 catch-up if age 55 or older). See “Can I Make A Deductible Contribution To My HSA?” flowchart to see how much you can save in the HSA.</li> <li>■ If you contribute to your HSA through payroll, it will be reflected in lower wages reported on Form 1040, Line 1a, and your W-2, along with your pay stubs.</li> </ul>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you take a non-qualified distribution from a 529 account?</b> If so, file Form 5329 to calculate the penalty. The penalty is carried over to Schedule 2, Line 8. Reference “Is The Distribution From My 529 Plan Subject To Federal Income Tax?” flowchart.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Are there state-specific issues that should be considered?</b></p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Do you own rental real estate?</b> If so, review Schedule E to see what expenses you deducted on the rental property.</p>	<input type="checkbox"/>	<input type="checkbox"/>
<p><b>Did you make payments on any student loans?</b> If so, check to see if interest has been deducted if eligible (Schedule 1, Line 21).</p>	<input type="checkbox"/>	<input type="checkbox"/>

“We combine sophisticated financial planning with expert investment management solutions that are always tied together to seek the highest probability of successful financial outcomes.”

What are the elements that need to be tied together? While that varies some depending on the situation, the general areas are:

- Investing - tax managed, aligned with client goals and preferences
- Tax planning - proactive, multi-year strategies
- Cash flow
- Retirement planning - max Social Security, optimal accumulation & distribution vehicles/strategies
- Affairs planning - Advance Medical Directive, Power of Attorney, Will, Trust, Asset Titling, Beneficiary Designations
- Risk management - Insurance coverages, risk avoidance

We do much of the above and coordinate with other professionals on other aspects. We are involved in all areas to provide cohesive advice, implementation and outcome on a technology-driven platform that will simplify your life.

**Mark Smith, President**

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