



## 2023 TAX REPORT FOR ABC CLIENT AND SPOUSE CLIENT

### SCENARIO: ROTH CONVERSION 2023

#### KEY FIGURES

Total Income:	\$487,760	Filing Status: Married Filing Jointly	Tax Exempt Interest:	\$0	
AGI:	\$486,100	Marginal Rate:	32.0%	Qualified/Ordinary Dividends:	
Deductions:	\$59,250	Average Rate:	20.9%	\$0 / \$0	
Taxable Income:	\$426,850	2023 Safe Harbor:	\$91,571	ST/LT Capital Gains:	\$0 / \$0
Total Tax:	\$101,745		Carryforward Loss:	\$0	

#### MARGINAL TAX BRACKET INFORMATION

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

Marginal Rate	Ordinary Income Threshold	
10.0%	\$0 to \$22,000	
12.0%	\$22,000 to \$89,450	
22.0%	\$89,450 to \$190,750	
24.0%	\$190,750 to \$364,200	
32.0%	\$364,200 to \$462,500	<b>You: \$426,850</b>
35.0%	\$462,500 to \$693,750	
37.0%	\$693,750 and above.	

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%	\$89,250	<b>You: \$426,850</b> \$0
20.0%	\$553,850	\$0

The tax return also includes these extra Medicare taxes:

- \$1,925.85 additional Medicare tax on Form 8959.

#### MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Over
Coverdell ESA	\$190k - \$220k	Over
Roth IRA Contribution	\$218k - \$228k	Over
Lifetime Learning Credit	\$160k - \$180k	Over
Student Loan Interest Deduction	\$155k - \$185k	Over
American Opportunity Credit	\$160k - \$180k	Over
Child Tax Credit	\$400k - \$440k	Over
Qualified Adoption Expenses Credit	\$239k - \$279k	Over
Saver's Credit	\$44k - \$73k	Over
IRA Contribution Deductibility - Covered Spouse	\$116k - \$136k	Over
IRA Contribution Deductibility - Non-Covered Spouse	\$218k - \$228k	Over

#### ITEMIZED DEDUCTION SUMMARY

Total Itemized Deductions: \$59,250 vs. Standard Deduction of \$27,700

Deduction	Amount Claimed
Health Care Expenses	\$0
Taxes Paid	\$10,000
Mortgage and Investment Interest Expense	\$26,250
Charity	\$23,000
<b>TOTAL</b>	<b>\$59,250</b>

## MEDICARE PART B/D PREMIUMS FOR 2025

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income\* (MAGI). Amounts below are in addition to the base premiums. Amounts are monthly per person.

\*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	Part B Premium Adjustment	Part D Premium Adjustment
\$0 to \$194,000	\$0	\$0
\$194,000 to \$246,000	\$66	\$12
\$246,000 to \$306,000	\$165	\$32
\$306,000 to \$366,000	\$264	\$51
\$366,000 to \$750,000	\$363	\$70
\$750,000 and above.	\$396	\$76

**You:  
\$486,100**

## OBSERVATIONS

Income exceeds the threshold for the 3.8% Net Investment Income Tax (NIIT). Consider strategies to reduce taxable income and be mindful of realized capital gains.

The Qualified Business Income (QBI) deduction phases out between \$364,200 and \$464,200 for certain professions named by the IRS. Your taxable income was within that phaseout range. If your business falls within one of those named professions, your QBI eligibility might be impacted.

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.

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.

You deducted mortgage interest on your tax return. Given the high standard deduction, itemized deductions on mortgage interest are less valuable than they once were.

You had charitable contributions in excess of \$10,000. If you plan to do donations of similar size in future years, you may consider grouping them into alternating tax years to maximize your deductions. A "Donor Advised Fund" can facilitate this strategy.

Review employer-provided benefits to ensure you are taking full advantage of any pre-tax options.

Keep track of your home improvement expenses for determining your adjusted cost basis in the event of a home sale.

Based on the total tax estimate, the minimum amount of withholding needed in 2023 to avoid an underpayment penalty is 90% of the total tax, or \$91,571. Alternatively, the "penalty proof" withholding amount can be calculated based on the previous year's total tax and Adjusted Gross Income.

## Disclaimer

Halbert Hargrove & Co. was established in 1933 and is a member of the Halbert Hargrove Holdings Group ("HHH"). HHH is the managing member of Halbert Hargrove Global Advisors, LLC ("HH"), an SEC registered investment advisor with its principal place of business in Long Beach, California. HH and its representatives are in compliance with the current registration and notice filing requirements imposed upon registered investment advisers by those states in which HH maintains clients. HH may only transact business in those states in which it is registered, notice filed, or qualifies for an exemption or exclusion from registration or notice filing requirements. Registration does not imply a certain level of skill or training. For information pertaining to the registration status of HH, please contact HH or refer to the Investment Adviser Public Disclosure web site ([www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov)). For additional information about HH, including fees and services, send for our disclosure statement as set forth on Form ADV from HH using the contact information herein.

*This presentation and the information presented is privileged and confidential intended only for the use of the individual or entity referenced for informational purposes only. This presentation is created in an effort to facilitate tax planning and strategy discussions and is for illustrative purposes only. This presentation does not provide legal, tax or accounting advice. Before making decisions with legal, tax or accounting ramifications, we recommend that you seek the advice of a qualified attorney and accountant. Any scenarios presented are based upon certain assumptions, tax laws, theories and principles that may not completely or accurately reflect your specific circumstances or all tax laws in effect at the time of generation. Tax laws and applicability are subject to change without notice. The presentation is made on an as is basis contemplating tax laws in place at the time the analysis was performed. Projections or other information regarding various scenarios are hypothetical in nature. There is no guarantee any forward-looking statement will come to pass.*

*This presentation is generated using a third-party software platform. The information included in this presentation is generated by and obtained from certain third-party sources that HH believes to be reliable; however, HH cannot guarantee the accuracy of such information, assure its completeness, or guarantee that information will not change without notice. All information presented herein is considered to be accurate at the time of writing, but no warranty of accuracy is given and no liability in respect of any error or omission is accepted.*

*The information presented herein is for the strict use of the recipient(s) who has(have) requested such information and it is not for dissemination to any other third parties without the explicit consent of Halbert Hargrove.*

- NIIT = AGI + Excluded Foreign Earned Income
- Coverdell, Lifetime Learning, American Opportunity, Child Tax Credit MAGI, Adoption Credit, Saver's Credit = AGI + Excluded Foreign Earned Income + Housing
- Roth MAGI = AGI - Taxable Roth Conversions + IRA Deduction + Student Loan Interest Deduction + Tuition and Fees Deduction + Excluded Foreign Earned Income + Housing
- Student Loan Deduction MAGI = AGI not including student loan interest + Excluded Foreign Earned Income + Housing
- IRA Deduction MAGI = AGI + Student Loan Interest Deduction + Tuition and Fees Deduction + Excluded Foreign Earned Income + Housing