



2022 TAX REPORT FOR AUSTIN ACCUMULATOR AND LILA ACCUMULATOR

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KEY FIGURES

Total Income:	\$66,100	Filing Status:	Married Filing Jointly	Tax Exempt Interest:	\$800
AGI:	\$56,100	Marginal Rate:	12.0%	Qualified/Ordinary Dividends:	\$0 / \$0
Deductions:	\$27,300	Average Rate:	0.0%	ST/LT Capital Gains:	\$0 / \$0
Taxable Income:	\$28,800	2023 Safe Harbor:	\$0	Carryforward Loss:	\$0
Total Tax:	\$0	Tax Exempt Pct. of Total Interest:		Credits Claimed:	\$6,400
			27.6%		

MARGINAL TAX BRACKET INFORMATION

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

Marginal Rate	Ordinary Income Threshold	
10.0%	\$0 to \$20,550	
12.0%	\$20,550 to \$83,550	You: \$28,800
22.0%	\$83,550 to \$178,150	
24.0%	\$178,150 to \$340,100	
32.0%	\$340,100 to \$431,900	
35.0%	\$431,900 to \$647,850	
37.0%	\$647,850 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	You: \$28,800 \$0
15.0%	\$83,350	\$0
20.0%	\$517,200	\$0

MODIFIED ADJUSTED GROSS INCOME TIERS

Planning Opportunity	Limits	Over/Under?
Net Investment Income Tax	\$250k	Under
Coverdell ESA	\$190k - \$220k	Under
Roth IRA Contribution	\$204k - \$214k	Under
Lifetime Learning Credit	\$160k - \$180k	Under
Student Loan Interest Deduction	\$145k - \$175k	Under
American Opportunity Credit	\$160k - \$180k	Under
Child Tax Credit	\$400k - \$440k	Under
Qualified Adoption Expenses Credit	\$223k - \$263k	Under
Saver's Credit	\$41k - \$68k	In Phaseout
IRA Contribution Deductibility - Covered Spouse	\$109k - \$129k	Under
IRA Contribution Deductibility - Non-Covered Spouse	\$204k - \$214k	Under
Clean Vehicle Credit (New)	\$300k	Under
Clean Vehicle Credit (Used)	\$150k	Under

SCHEDULE B INCOME SOURCES

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

INTEREST

Description	Amount
FCU	\$2,100

DIVIDENDS

Description	Amount
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SCHEDULE D - CAPITAL GAINS/LOSSES

The tax return listed the following sources of capital gains/losses:

SHORT TERM

Description	Amount
Short Term Gain/Loss for 2022	\$0
Total Short Term Gain/Loss for 2022	\$0

LONG TERM

Description	Amount
Long Term Gain/Loss for 2022	\$0
Capital Gain Distributions for 2022	\$0
Total Long Term Gain/Loss for 2022	\$0

TOTAL

Total Gains/Losses for 2022	\$0
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OBSERVATIONS

Your taxable income appears to be low enough to have allowed you to recognize long term capital gains at a 0% tax rate. If you expect to have low taxable income this year as well, you might consider taking some or all of any unrealized capital gains you might have.

Given that you are in a lower marginal tax bracket, you may consider converting any eligible retirement accounts to Roth

Your return indicates an overpayment of taxes through estimated payments and/or withholding, resulting in a refund. Tax refunds are essentially interest-free loans to the government. Consider discussing your withholding and estimated payments with a tax professional, as adjustments may allow you to retain more of your money.

Your Modified Adjusted Gross Income (MAGI) suggests you are eligible to contribute to a Roth IRA. Note that Roth contributions must come from what the IRS calls "compensation income". The tax return does include some compensation income.

The tax return includes a taxable refund, credit, or offset of state and local income taxes. This is taxable at the Federal level. Consider reworking state and local tax withholding to avoid this in future years

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.

Your return shows a tax refund. If you find yourself in the same position in a future year, you have the option to apply up to \$5,000 of that refund to purchase Series I Savings Bonds.

Your modified adjusted gross income (MAGI) appears to be low enough to qualify for either the new or used clean vehicle credit for a purchase of an eligible vehicle in 2023, assuming that purchase meets the other eligibility criteria.

ARKANSAS STATE TAX HINTS

Military compensation is not taxed.

In-state 529 plan contributions are deductible up to \$5,000 per beneficiary annually and up to \$10,000 for married couples. Contributions up to \$3,000 per taxpayer (\$6,000 for married couples) to a tax-deferred tuition savings program established by another state are deductible per year, provided that the taxpayer has not deducted the contribution on another state's income tax return.

The Arkansas Child Care Credit is equal to 20% of the credit claimed on the federal return. The dependent child must be placed in an approved child care facility to claim the credit.

Social Security benefits are not taxed.

Income from pensions or retirement accounts qualify for an exemption up to \$6,000 for persons 59.5 or older.

Retirement benefits received by a member of the uniformed services are exempt from income tax. Retirees cannot claim both the military retirement exemption and the \$6,000 exemption for Traditional IRAs or employer-sponsored distributions.

Effective January 1, 2022, the top marginal income tax rate was reduced from 5.5% to 4.9%.

The 2017 Tax Cut Jobs Act imposed a \$10,000 limitation on individuals' deduction of state and local taxes (SALT) for tax years 2018 through 2025. In response, many states have now enacted laws allowing pass-through entities (PTE) to elect to pay SALT at the entity level as a PTE tax in order to exceed the TCJA SALT deduction limitation. Please consult with a tax professional as it relates to your state's PTE tax ruling.

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