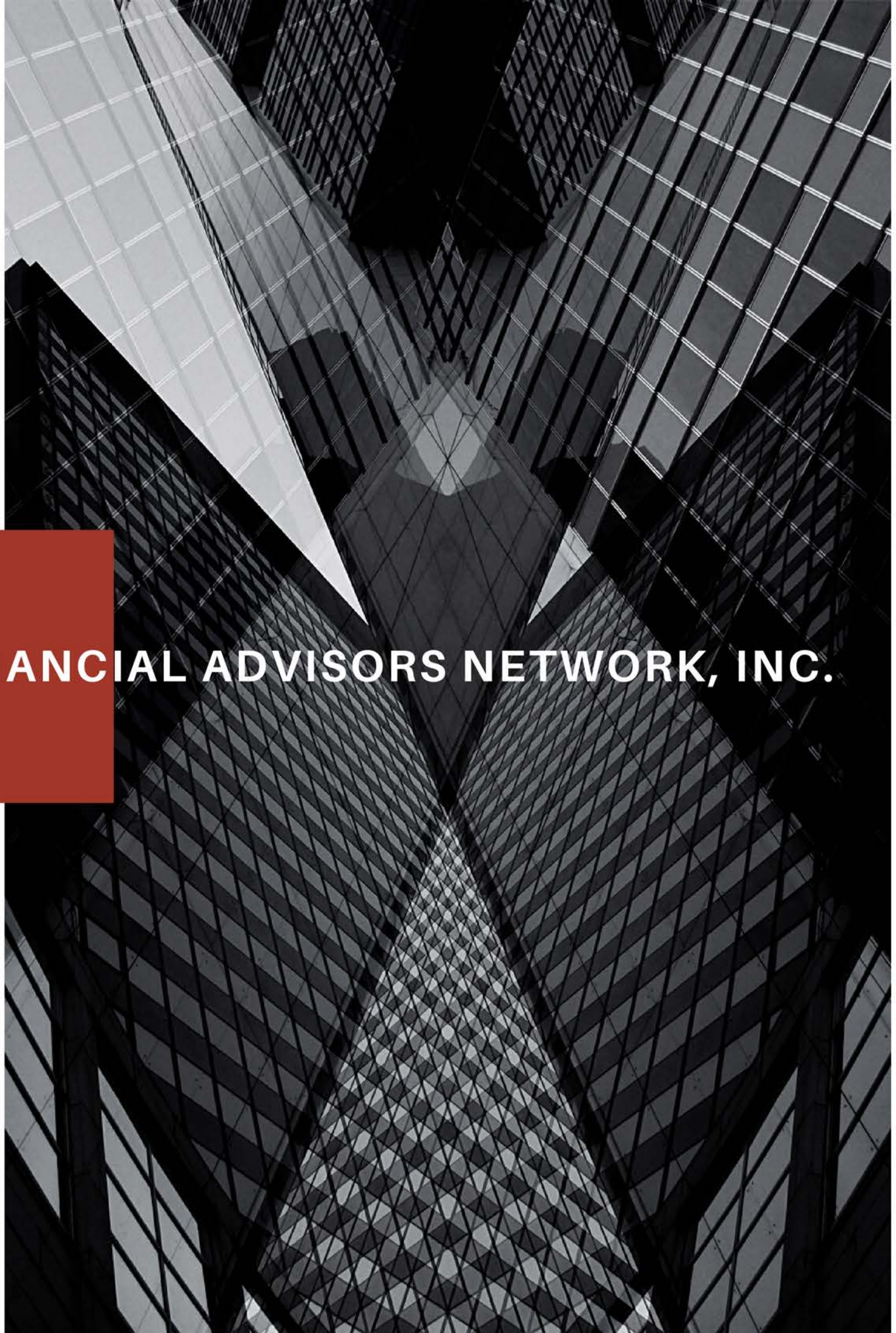


FINANCIAL ADVISORS NETWORK, INC.

# Minimizing Retirement Mistakes

# INTRO

PROCRASTINATION - RETIREMENT KILLER

NO DO-OVERS IN RETIREMENT

2 CHOICES

HOMEWORK & SWOT ANALYSIS

# WEALTH STAGES

CREATE & GROW WEALTH STAGE

- Accumulation Phase
- Concentration Creates Wealth
- ROI = Return on Investment
- Higher Risk (leverage okay)
- Characterized by long-term investment horizon
- Mistakes are okay - time to recover
- Ex: BP

# WEALTH STAGES

PRESERVE & PROTECT WEALTH STAGE

- Distribution Phase
- Diversification protects wealth
- Characterized by limited time investment horizon
- Lower risk (deleverage/bubble)
- Minimize mistakes & avoid land mines (little recovery time)
- ROI = Reliability of Income
- Allocation & Tax Diversification
- Know your risk tolerance (IPQ)

# WEALTH STAGES

PRESERVE & PROTECT WEALTH STAGE

- Consider action in wealth stage
  - Reduce risk (roller coaster)
  - Diversifying allocations
  - Reallocating expenses
- "Any expense in the absence of service is too expensive."

# 3 QUESTIONS

ATTEND CLASS TO MINIMIZE MISTAKES & GATHER STRATEGIES TO BE SUCCESSFUL

1. Do I have enough to retire?
2. How long will my money last?
3. How do I create a tax-efficient distribution strategy?

"A small mistake with your life savings is a large price to pay."

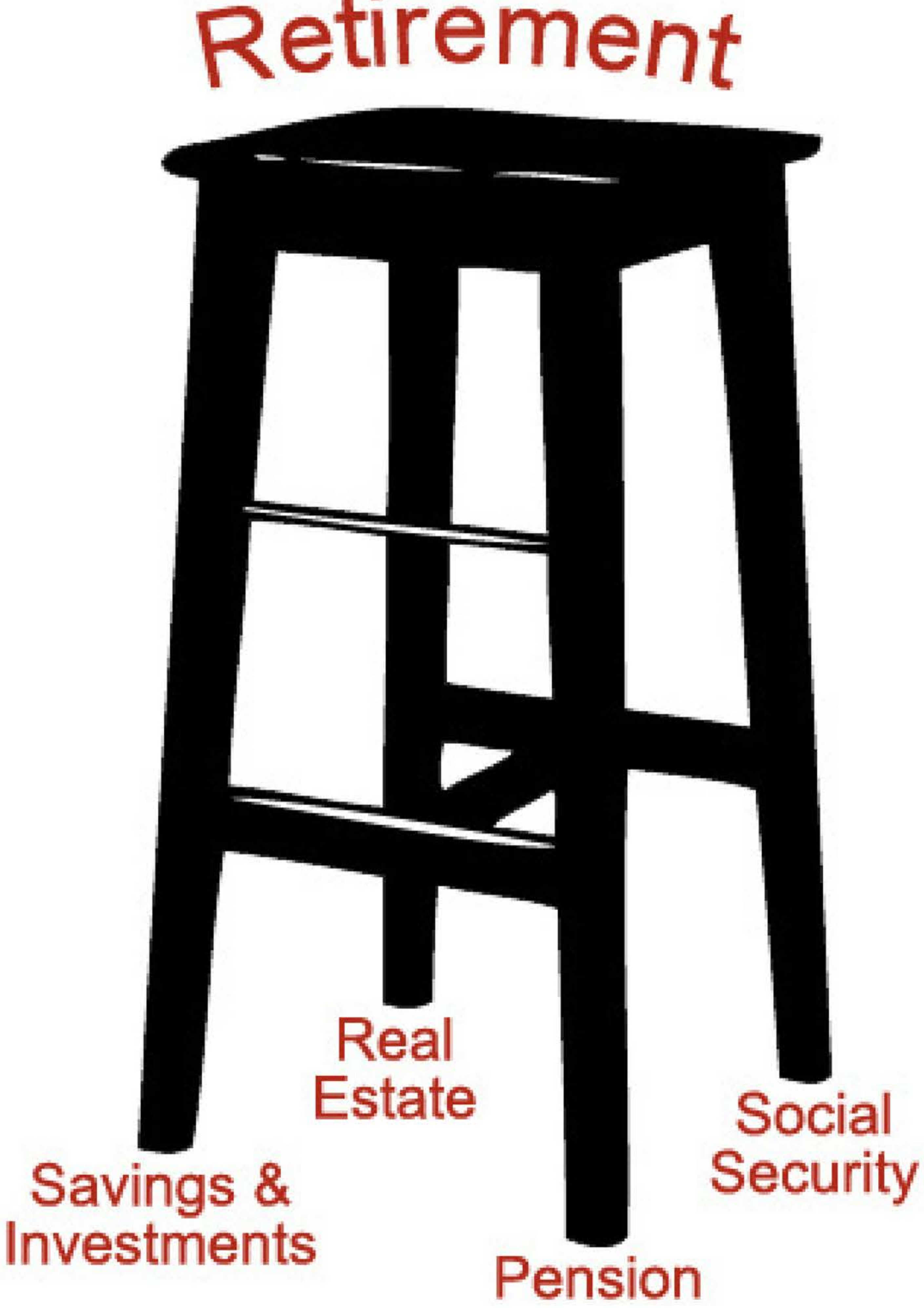
○

# CONTENT WE COVER

Like drinking from a fire hose

# CFP® Disciplines

1. RETIREMENT PLANNING
2. TAX PLANNING
3. ESTATE PLANNING
4. INSURANCE PLANNING
5. INVESTMENT MANAGEMENT




# FOUR-LEGGED STOOL

# ASSESS YOUR ROI BUCKETS

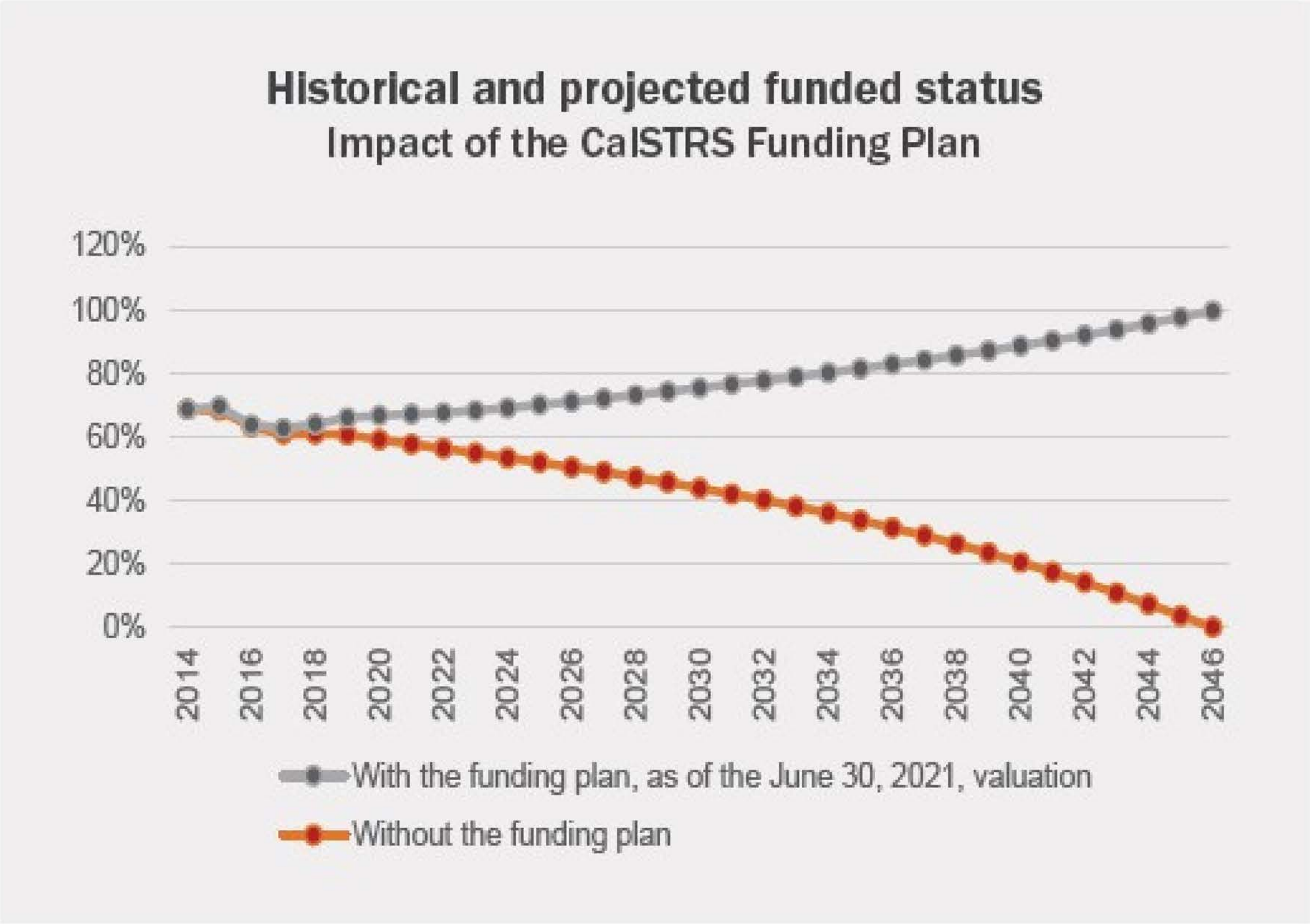
SOCIAL SECURITY

PENSION

RENTAL INCOME

OTHER INCOME (SIDE HUSTLES)

# CALSTRS



Historical and projected funded status
Impact of the CalSTRS Funding Plan
120%
100%
80%
60%
40%
20%
0%
2014
2016
2018
2020
2022
2024
2026
2028
2030
2032
2034
2036
2038
2040
2042
2044
2046
With the funding plan, as of the June 30, 2021, valuation
Without the funding plan

# HOW SOCIAL SECURITY DETIRMINES YOUR BENEFIT

BENEFITS ARE BASED ON EARNINGS

- Step 1: Your wages are adjusted for changes in wage levels over time
- Step 2: Find the monthly average of your 35 highest earnings years
- Step 3: Result is "average indexed monthly earnings"

Contribution and benefit bases, 1937-2023

| Year | Amount | Year | Amount | Year | Amount |
|---|---|---|---|---|---|
| 1937-50 | $3,000 | 1986 | $42,000 | 2006 | $94,200 |
| 1951-54 | 3,600 | 1987 | 43,800 | 2007 | 97,500 |
| 1955-58 | 4,200 | 1988 | 45,000 | 2008 | 102,000 |
| 1959-65 | 4,800 | 1989 | 48,000 | 2009 | 106,800 |
| 1966-67 | 6,600 | 1990 | 51,300 | 2010 | 106,800 |
| 1968-71 | 7,800 | 1991 | 53,400 | 2011 | 106,800 |
| 1972 | 9,000 | 1992 | 55,500 | 2012 | 110,100 |
| 1973 | 10,800 | 1993 | 57,600 | 2013 | 113,700 |
| 1974 | 13,200 | 1994 | 60,600 | 2014 | 117,000 |
| 1975 | 14,100 | 1995 | 61,200 | 2015 | 118,500 |
| 1976 | 15,300 | 1996 | 62,700 | 2016 | 118,500 |
| 1977 | 16,500 | 1997 | 65,400 | 2017 | 127,200 |
| 1978 | 17,700 | 1998 | 68,400 | 2018 | 128,400 |
| 1979 | 22,900 | 1999 | 72,600 | 2019 | 132,900 |
| 1980 | 25,900 | 2000 | 76,200 | 2020 | 137,700 |
| 1981 | 29,700 | 2001 | 80,400 | 2021 | 142,800 |
| 1982 | 32,400 | 2002 | 84,900 | 2022 | 147,000 |
| 1983 | 35,700 | 2003 | 87,000 | 2023 | 160,200 |
| 1984 | 37,800 | 2004 | 87,900 | | |
| 1985 | 39,600 | 2005 | 90,000 | | |

Note: Amounts for 1937-74 and for 1979-81 were set by statute; all other amounts were determined under automatic adjustment provisions of the Social Security Act.

# CONTRIBUTION & BENEFIT BASE

| Year of birth | Normal retirement age years/months | Age 62 benefit as a % of full retirement benefit* |
|---|---|---|
| Before 1938 | 65/0 | 80.0 |
| 1938 | 65/2 | 79.1 |
| 1939 | 65/4 | 78.3 |
| 1940 | 65/6 | 77.5 |
| 1941 | 65/8 | 76.76.6 |
| 1942 | 65/10 | 75.86 |
| *1943-1954* | *66/0* | *75.0* |
| 1955 | 66/2 | 74.1 |
| 1956 | 66/4 | 73.3 |
| 1957 | 66/6 | 72.5 |
| 1958 | 66/8 | 71.6 |
| 1959 | 66/10 | 70.8 |
| 1960 & later | 67/0 | 70.0 |

*Numbers rounded down

| Year of birth | Full retirement age | Benefit taken at age 62 would be reduced by |
|---|---|---|
| **1943-1954** | **66** | **25%** |
| 1955 | **66 & 2 months** | **25.83%** |
| 1956 | **66 & 4 months** | **26.67%** |
| 1957 | **66 & 6 months** | **27.5%** |
| 1958 | **66 & 8 months** | **28.33%** |
| 1959 | **66 & 10 months** | **29.17%** |
| **1960+** | **67** | **30%** |

# WILL SS SUPPORT THIS?

"Your estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2033, the payroll taxes collected will be enough to pay only about 77% of scheduled benefits."

# TAXATION OF SS BENEFITS

Up to 85% of your SS benefits may be subject to income taxes.

Basically, if your threshold income is:

- At or below $32K if you are filing jointly ($25K if you are filing a single return), none of your SS benefits are taxable.
- Above $32K if you are filing jointly ($25K if you are filing a single return), up to 50% of your SS benefits are taxable.
- Above $44K if you are filing jointly ($34K if you are filing a single return), up to 85% of your SS benefits are taxable.

| Age of Retiree | Distribution Factor | Age of Retiree | Distribution Factor |
|---|---|---|---|
| 72 | 27.4 | 95 | 8.9 |
| 73 | 26.5 | 96 | 8.4 |
| 74 | 25.5 | 97 | 7.8 |
| 75 | 24.6 | 98 | 7.3 |
| 76 | 23.7 | 99 | 6.8 |
| 77 | 22.9 | 100 | 6.4 |
| 78 | 22.0 | 101 | 6.0 |
| 79 | 21.1 | 102 | 5.6 |
| 80 | 20.2 | 103 | 5.2 |
| 81 | 19.4 | 104 | 4.9 |
| 82 | 18.5 | 105 | 4.6 |
| 83 | 17.7 | 106 | 4.3 |
| 84 | 16.8 | 107 | 4.1 |
| 85 | 16.0 | 108 | 3.9 |
| 86 | 15.2 | 109 | 3.7 |
| 87 | 14.4 | 110 | 3.5 |
| 88 | 13.7 | 111 | 3.4 |
| 89 | 12.9 | 112 | 3.3 |
| 90 | 12.2 | 113 | 3.1 |
| 91 | 11.5 | 114 | 3.0 |
| 92 | 10.8 | 115 | 2.9 |
| 93 | 10.1 | 116 | 2.8 |
| 94 | 9.5 | 117 | 2.7 |

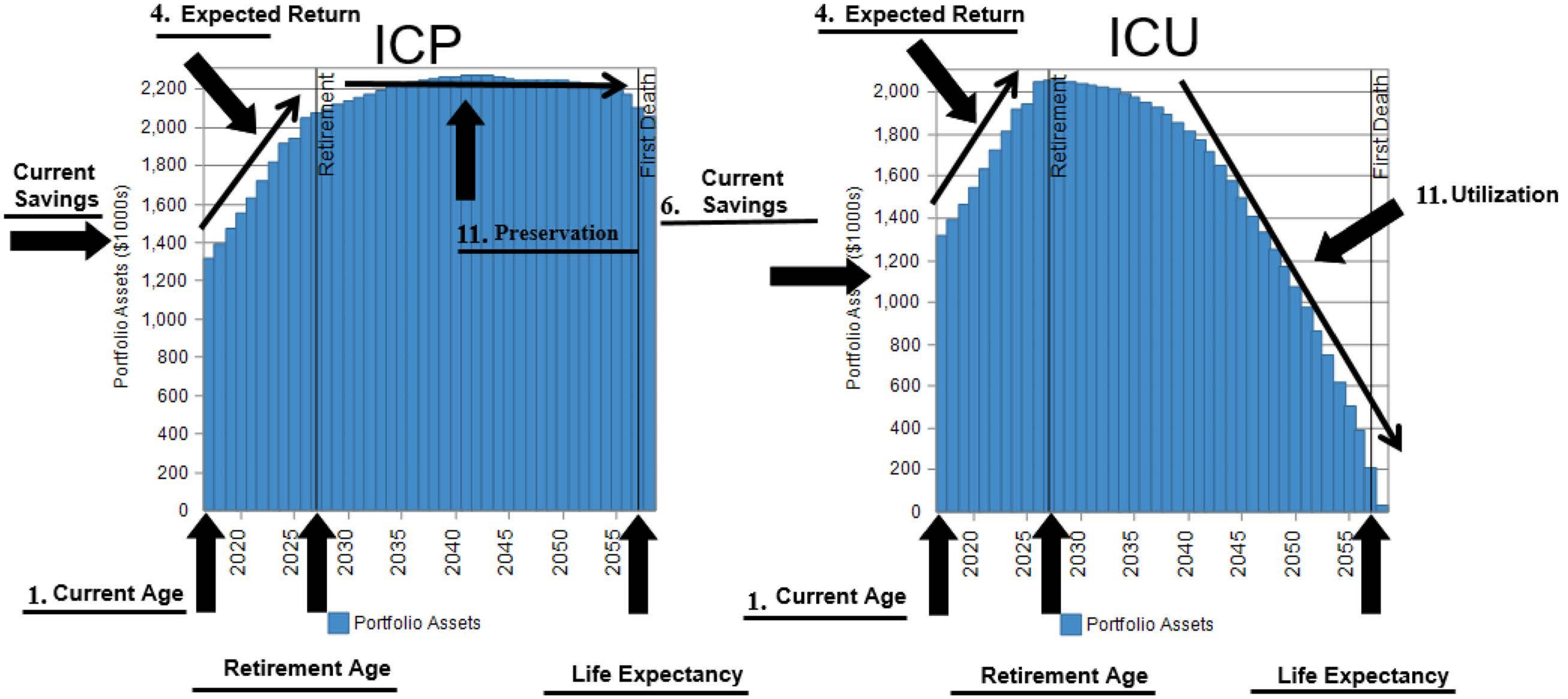
$$\frac{\text{End-of-year Account Value}}{\text{Uniform Distribution Table Factor}} = \text{RMD}$$

# UNDERSTANDING MINIMUM DISTRIBUTION RULES

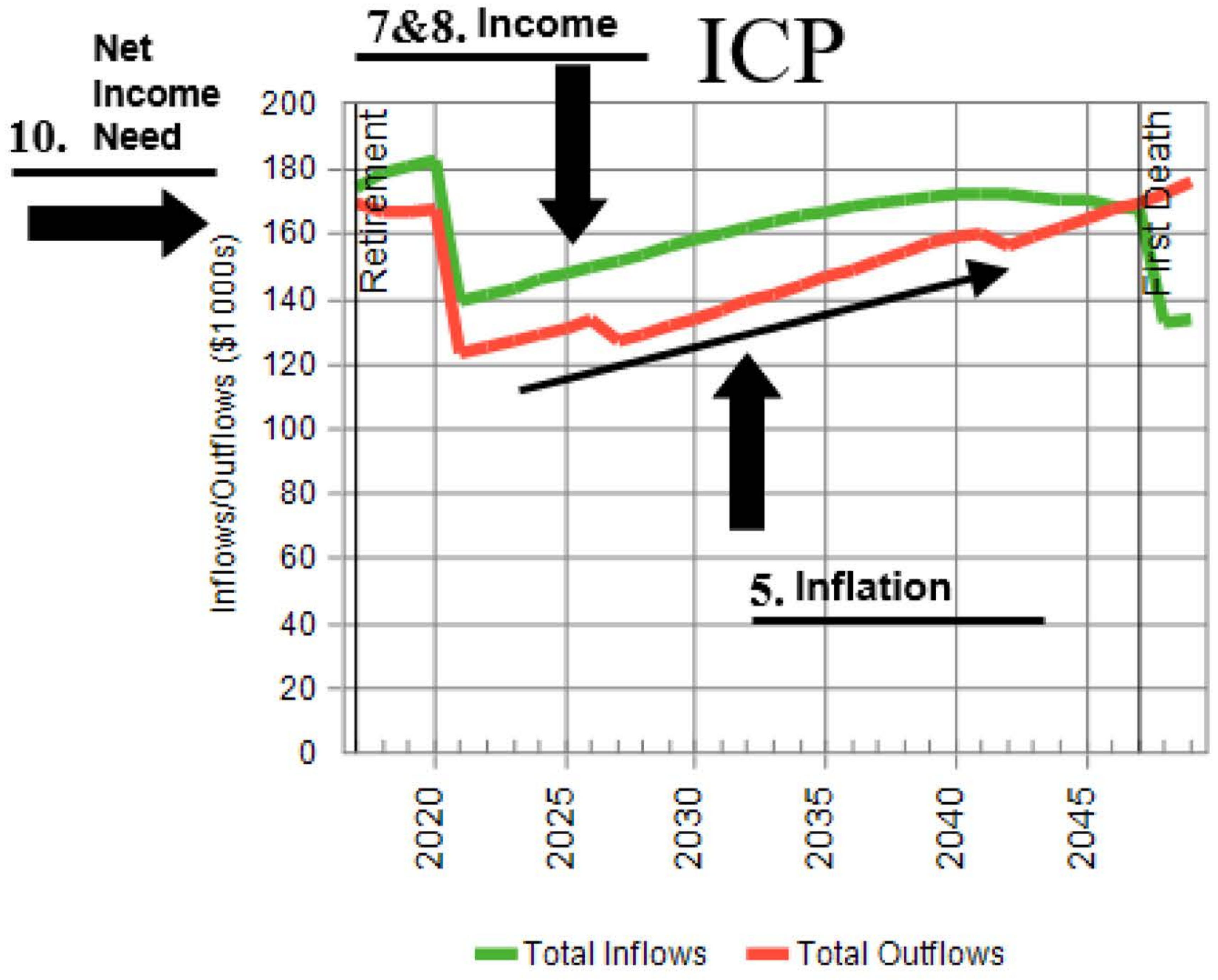
# FUNDING THE GAP - INVESTMENTS

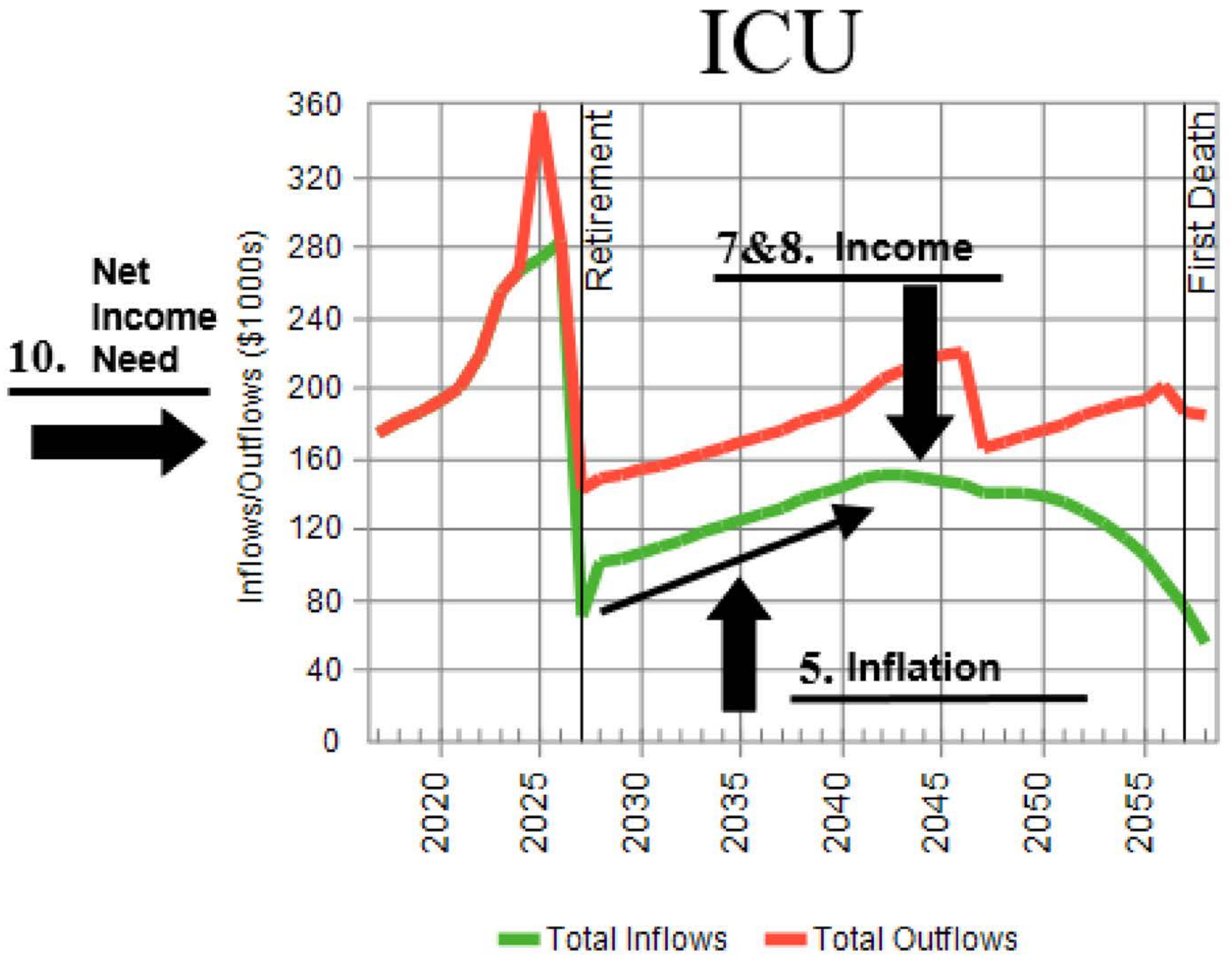
NOTE: DO NOT INCREASE RISK BECAUSE YOU NEED MORE INCOME TO FILL THE GAP.

# INCOME CAPITAL PRESERVATION VS. UTILIZATION



# INCOME CAPITAL PRESERVATION VS. UTILIZATION



# INCOME CAPITAL PRESERVATION VS UTILIZATION

- Do I have enough to retire?
- Biggest fear is outliving money
  - How long will my money last?
- Does not include real estate equity, business equity or inheritance
- Do no use inheritance
- Younger adults can create ROI earlier to not rely on investments in retirement

## Factors to Consider in Retirement Projection

| | Factors | Client | Spouse | Conservative Approach |
|---|---|---|---|---|
| 1 | Current Age | ___________ | ___________ | |
| 2 | Retirement Age | ___________ | ___________ | |
| 3 | Life Expectancy | ___________ | ___________ | 100 |
| 4 | Expected Weighted Average Return | ___________ | ___________ | 4.25% |
| 5 | Expected Inflation | ___________ | ___________ | 3.0% |
| 6 | Current Nest Egg Saved (Exclude Real Estate) | ___________ | ___________ | |
| 7 | Social Security (Yes or No) (6) | ___________ | ___________ | Plan Without |
| 8 | Pension (Yes or No) | ___________ | ___________ | |
| 9 | Real Estate (Yes or No) | ___________ | ___________ | |
| 10 | Monthly Net Income Need (Add 15% for Unexpected) | ___________ | ___________ | Add 25% Pad |
| 11 | Income Capital Preservation or Income Capital Utilization | ___________ | ___________ | Give Life Expectancy Pad |
| 12 | Plan for the Unexpected (Legal and Health Risks) | ___________ | ___________ | Know Your Long Term Care Plan |
| 13 | Expected Tax Rate (Weighted Average of Federal and State) | ___________ | ___________ | Anticipate Higher than Expected |
| 14 | Pre-Retirement Employment Income | ___________ | ___________ | |

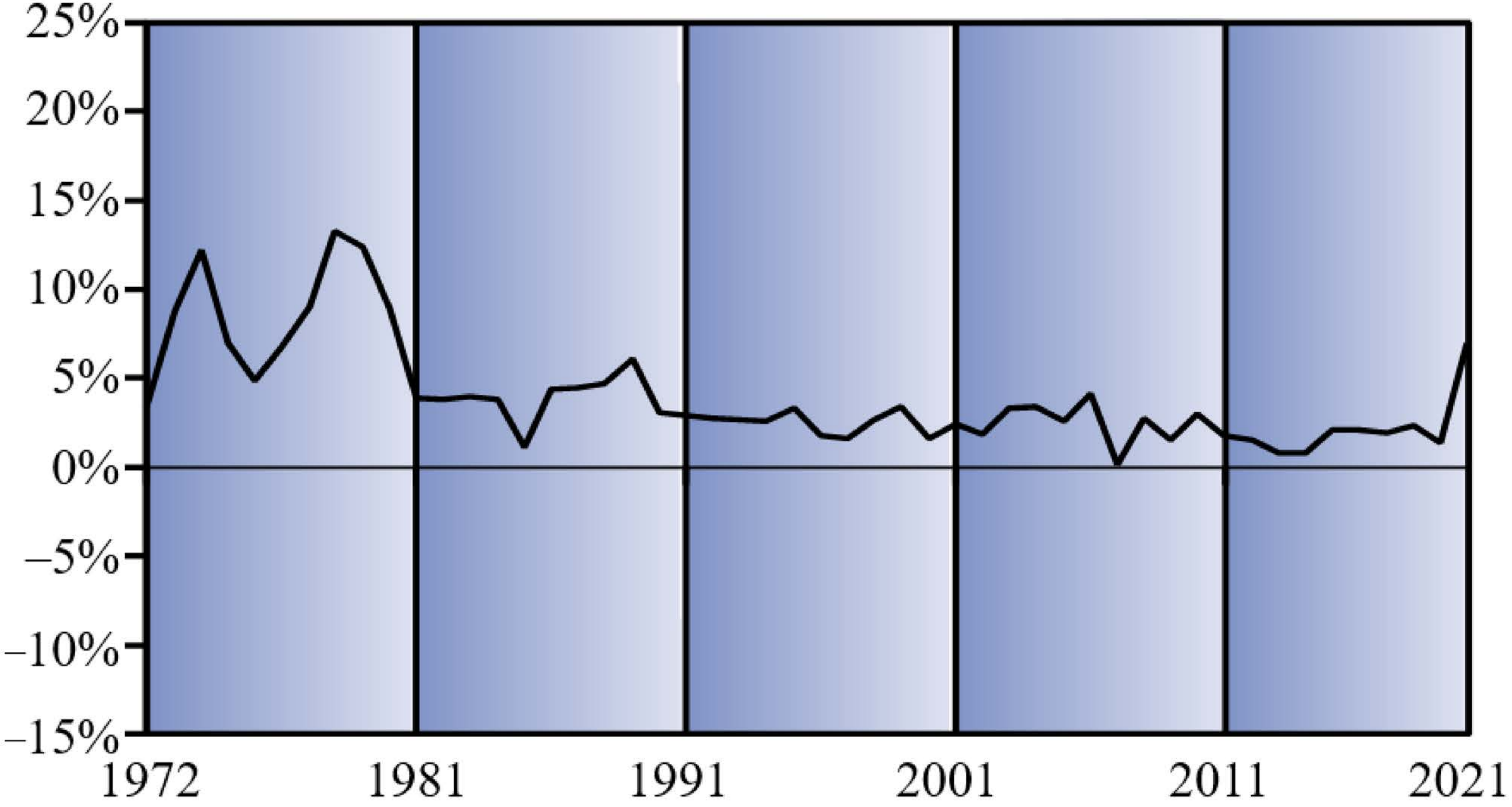
# FACTORS TO CONSIDER

## HOW LONG WILL YOU BE RETIRED?

| Current age | 1941 life expectancy* | Current life expectancy** Male vs Female | |
|---|---|---|---|
| Birth | 62.3 | 76.2 | 81.2 |
| 40 | 69.3 | 78.7 | 82.7 |
| 55 | 72.8 | 80.7 | 84.0 |
| 70 | 79.0 | 84.6 | 86.8 |
| 85 | 88.7 | 91.0 | 92.0 |

*1941 Standard Ordinary Mortality Table, National Association of Insurance Commisioners.
** National Vital Statistics Report, Vol. 69, No. 12, National Center for Health Statistics, 2020.
Figures show life expectancy for 2018 (most current data available)

# INFLATION RATES FROM 1972 TO 2021*




*Refinitiv, 2022. Consumer Price Index, December 31, 1971, through December 31, 2021

FINANCIAL ADVISORS NETWORK, Inc.

# Where the Money Goes…

Name: ____________________

Date: ____________________

1432 Edinger Ave, Suite 200
Tustin, CA 92780
Office: (714) 597-6510
Toll Free: (866) 526-7726
Fax: (714)-597-6518
www.FinancialAdvisorsNetwork.net

| Housing | Current (Monthly) | Annualized Current Monthly # | Retirement In Today's $ (Monthly) | Annualized Current Monthly # |
|---|---|---|---|---|
| Mortgage/Rent | | - | | - |
| HOA Dues | | - | | - |
| Electric | | - | | - |
| Gas | | - | | - |
| Water | | - | | - |
| Phone | | - | | - |
| Cable | | - | | - |
| Furniture | | - | | - |
| Appliances | | - | | - |
| Maintenance | | - | | - |
| Landscape | | - | | - |
| House Keeper | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Transportation | | | | |
|---|---|---|---|---|
| Gas | | - | | - |
| Maintenance | | - | | - |
| Tolls | | - | | - |
| License/Taxes | | - | | - |
| Public Transportation | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Taxes | | | | |
|---|---|---|---|---|
| Federal | | - | | - |
| State | | - | | - |
| Property Tax | | - | | - |
| Social Security | | - | | - |
| Luxury | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Debt | | | | |
|---|---|---|---|---|
| Credit Cards | | - | | - |
| Car Loan | | - | | - |
| Student Loan | | - | | - |
| Personal Loan | | - | | - |
| Line of Credit | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Entertainment | | | | |
|---|---|---|---|---|
| Movies,Concerts | | - | | - |
| Vacation | | | | - |
| Hobbies | | - | | - |
| Pets | | - | | - |
| Magazines Books | | - | | - |
| Videos/ Music Tapes | | | | - |
| Restaurants | | | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Future Car Expense | | | | |
|---|---|---|---|---|
| Car 1 | | | | - |
| Car 2 | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

*Don't Forget the **"Sinking Fund"** for big ticket items.

| Personal | Current (Monthly) | Annualized Current Monthly # | Retirement In Today's $ (Monthly) | Annualized Current Monthly # |
|---|---|---|---|---|
| Food | | - | | - |
| Gifts | | - | | - |
| Clothes | | - | | - |
| Shoes | | - | | - |
| Jewelry | | - | | - |
| Dry/Cleaning | - | - | | - |
| Hair/Make-up | | - | | - |
| Health Club | - | - | | - |
| Other | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Health Care | | | | |
|---|---|---|---|---|
| Co-payments | | - | | - |
| Drugs | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Insurance | | | | |
|---|---|---|---|---|
| Car | | - | | - |
| Home | | - | | - |
| Dental | | - | | - |
| Long Term Care | | - | | - |
| Health Insurance | | - | | - |
| Earthquake Ins. | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

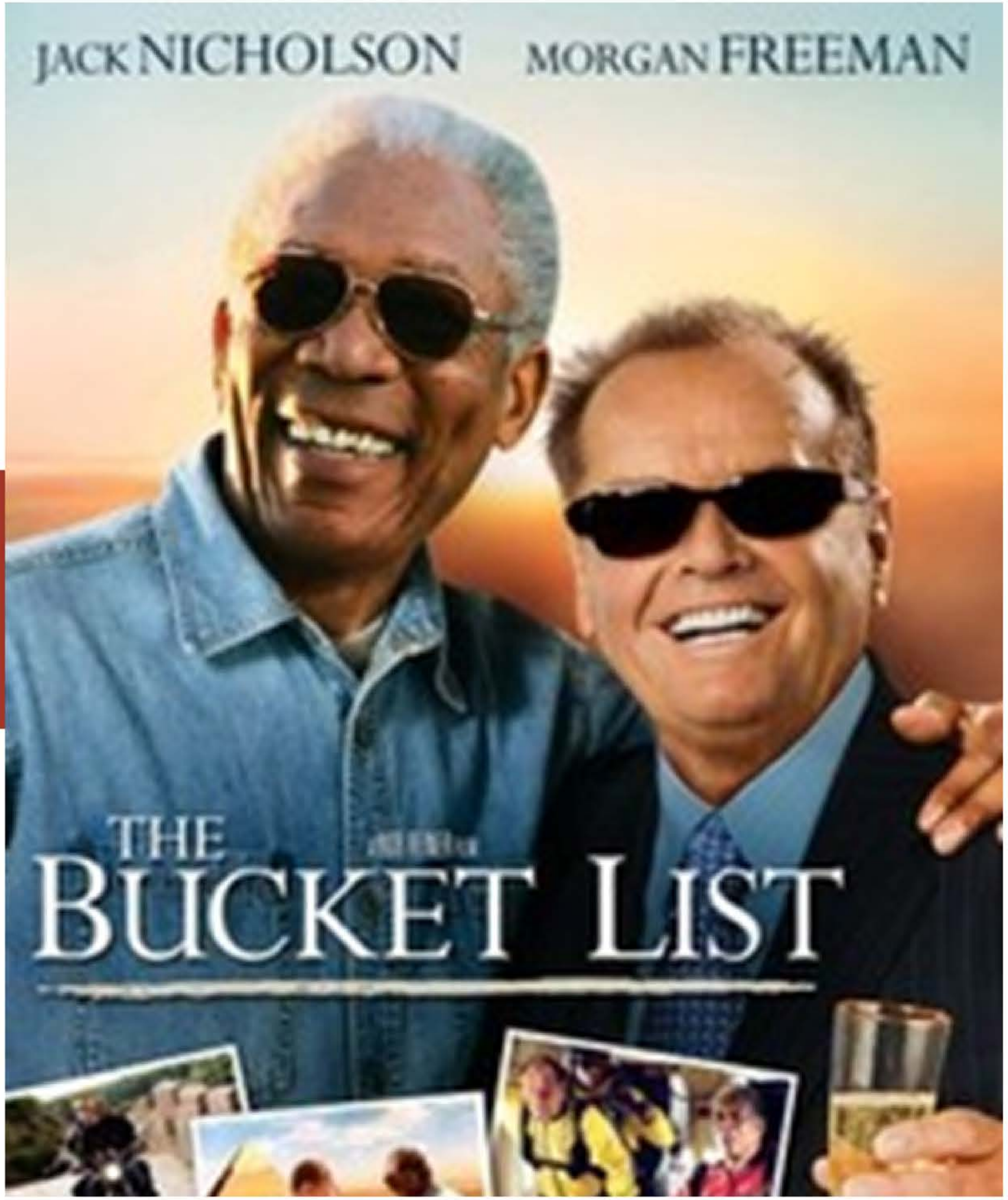
| Children | | | | |
|---|---|---|---|---|
| Day Care | | - | | - |
| Babysitter | | - | | - |
| Toys | | - | | - |
| Clothes | | - | | - |
| Other | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Charity | | | | |
|---|---|---|---|---|
| | | - | | - |
| | | - | | - |
| | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |

| Savings | | | | |
|---|---|---|---|---|
| 401k Contributions | | - | | - |
| IRA Contributions | | | | - |
| | | - | | - |
| **Total** | $ - | $ - | $ - | $ - |
| ***Grand Total*** | $ - | $ - | $ - | $ - |

| Income | | | | |
|---|---|---|---|---|
| Salary | | - | | - |
| Commissions | | - | | - |
| Investments | | - | | - |
| Pension | | - | | - |
| Social Security | | - | | - |
| ***Total Income*** | $ - | $ - | $ - | $ - |
| **Budget Results** | $ - | $ - | $ - | $ - |

# BUDGET




# DEFINING A QUALITY RETIREMENT

# CREATE A BUDGET FOR EACH YEAR

- Sandwich generation
- Pay off all mortgages & debt prior to full retirement
- Health care insurance - know max out of pocket
- Umbrella insurance
- 15-25% pad for unexpected (occurs every year)

# TOP RETIREMENT EXPENSES

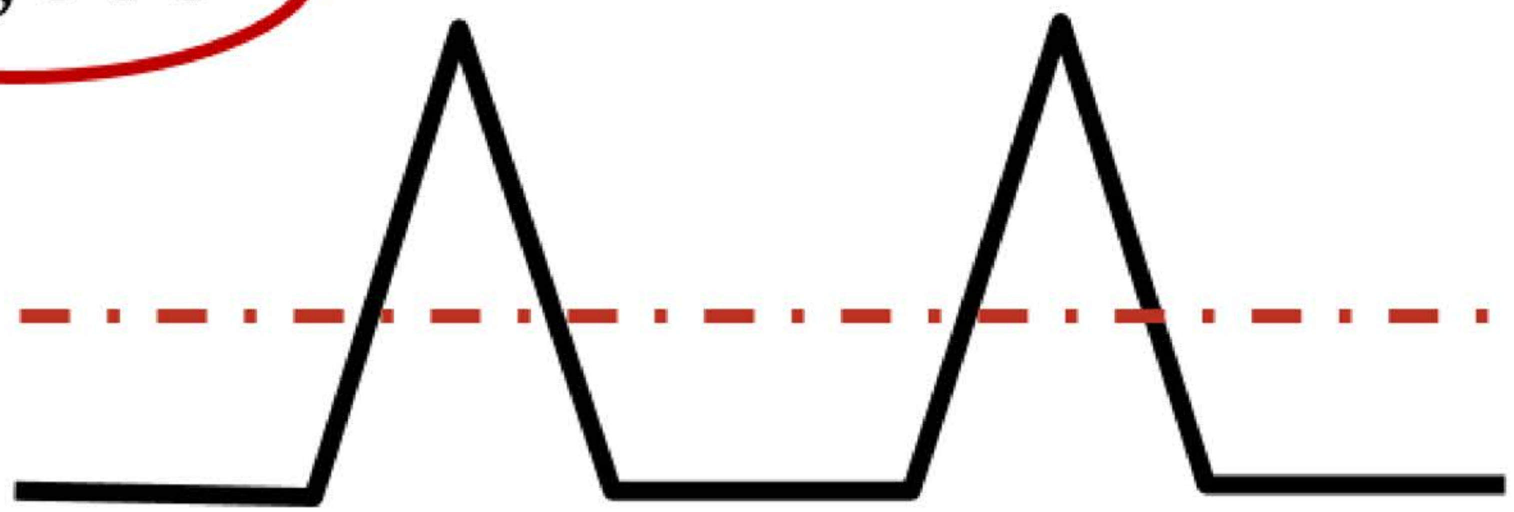
1. Taxes
2. Medical
3. Travel

# SINKING FUND

## Medicare surcharge - higher bracket

$$\frac{\$60{,}000}{10} = \frac{\$6{,}000}{12} = \frac{\$500/month}{x2}$$

$90,000



Use when heavily weighted in tax-deferred bucket

# RISKS TO RETIREMENT PLAN

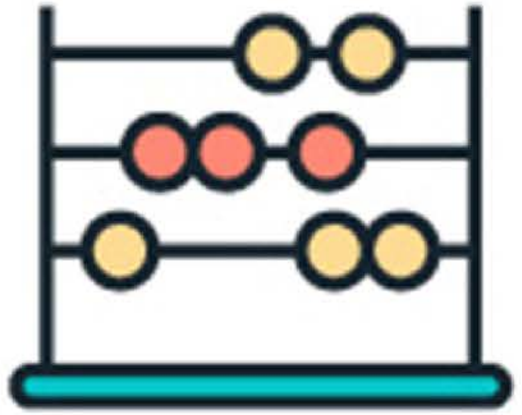
- Assumptions (including inflation)
- Early Retirement
- Inappropriate Selling
- Legal Liability
- Not Fully Invested
- Health Care Costs (No Crystal Ball)

# EARLY RETIREMENT

- Two-year pre-retirement trial run
- No mortgages
- Healthcare coverage
- Fully stress-tested (Monte Carlo) FAN Plan
- Do not increase risk because you need more income

# THE EMOTIONAL CYCLE OF THE MARKET

RISK



TAXES

FEES

# 3 THINGS YOU CAN CONTROL

## Portfolio Stress Tests

If a 2013-like Bull Market were to happen again...

| | |
|---|---|
| **Current Portfolio**<br>*Expected Performance* | **S&P 500 Index**<br>Jan 1, 2013 - Dec 31, 2013 |
| RISK 54 +$83K (+14.8%) | RISK 76 +$181K (+32.3%) |

If a 2008-like Bear Market were to happen again...

| | |
|---|---|
| **Current Portfolio**<br>*Expected Performance* | **S&P 500 Index**<br>Jan 1, 2008 - Dec 31, 2008 |
| RISK 54 -$95K (-16.9%) | RISK 76 -$206K (-36.8%) |

If the Financial Crisis were to happen again...

| | |
|---|---|
| **Current Portfolio**<br>*Expected Performance* | **S&P 500 Index**<br>Oct 15, 2007 - Mar 2, 2009 |
| RISK 54 -$142K (-25.4%) | RISK 76 -$297K (-53.1%) |

If a 134bps Interest Rate Spike were to happen again...

| | |
|---|---|
| **Current Portfolio**<br>*Expected Performance* | **Aggregate Bond Index**<br>May 1, 2013 - Sep 5, 2013 |
| RISK 54 +$4,544 (+0.8%) | RISK 28 -$29K (-5.1%) |

 Financial Advisors Network, Inc. is an SEC Registered Investment Advisory Firm. Scenarios illustrated are hypothetical and not representative of any specific investment. Investing is subject to risk which may involve loss of principal.



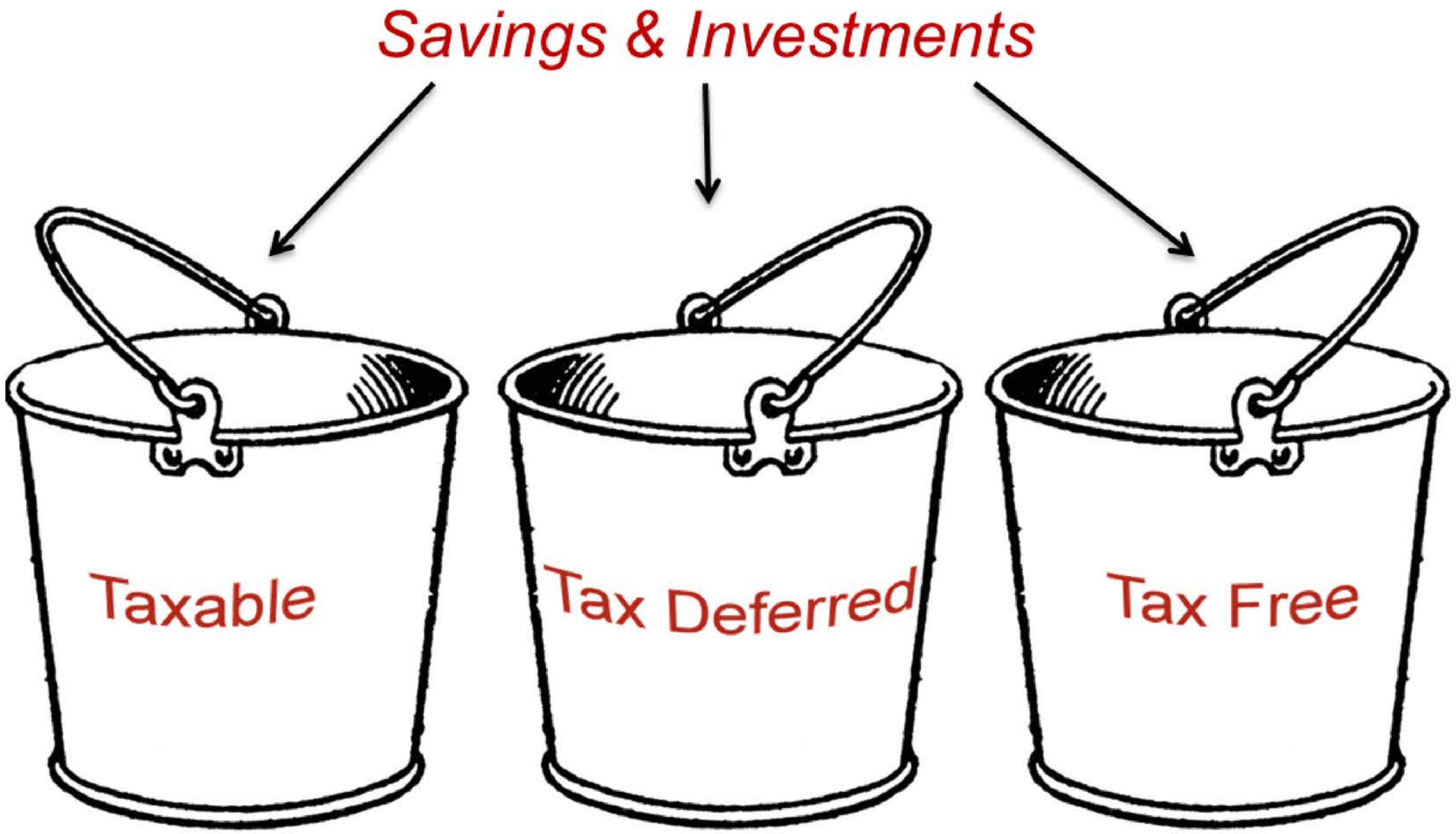
# DEFINING A QUALITY RETIREMENT

# MUTUAL FUNDS

Fund operating expenses are paid directly out of fund assets & 30% don't charge sales charges (12B-1 Fees)

| Share Classes | Sales Charges | |
|---|---|---|
| Class A | Front-End Load | + Annual Internal Exp. |
| Class B | Both Loads | |
| Class C | Back-End Load | |
| Class I | Zero (Min Purchase Amount Req.) | + Smaller Annual Internal Exp. |

# TAX BUCKETS - TAX DIVERSIFICATION




Will rates rise?

If lower rates - pilot failed at executing plan

# SEED OR HARVEST

# MEDICARE SURCHARGE

| Beneficiaries who file individual tax returns with modified adjusted gross income: | Beneficiaries who file joint tax returns with modified adjusted gross income: | Income-related monthly adjustment amount: | Total monthly premium amount |
|---|---|---|---|
| Less than or equal to $91,000 | Less than or equal to $182,000 | $0.00 | 170.10 |
| Great than $91,000 & less than or equal to $114,000 | Greater than $182,000 & less than or equal to $228,000 | 68.00 | 238.10 |
| Greater than $114,000 & less than or equal to $142,000 | Greater than $228,000 & less than or equal to $284,000 | 170.10 | 340.20 |
| Greater than $142,000 & less than $500,000 | Greater than $284,000 & less than or equal to $340,000 | 272.20 | 442.30 |
| Greater than $170,000 & less than $500,000 | Greater than $340,000 & less than $750,000 | 374.20 | 544.30 |
| Greater than or equal to $500,000 | Greater than or equal to $750,000 | 408.20 | 578.30 |

# SIMPLIFIED TAX FORM

Latest revision for

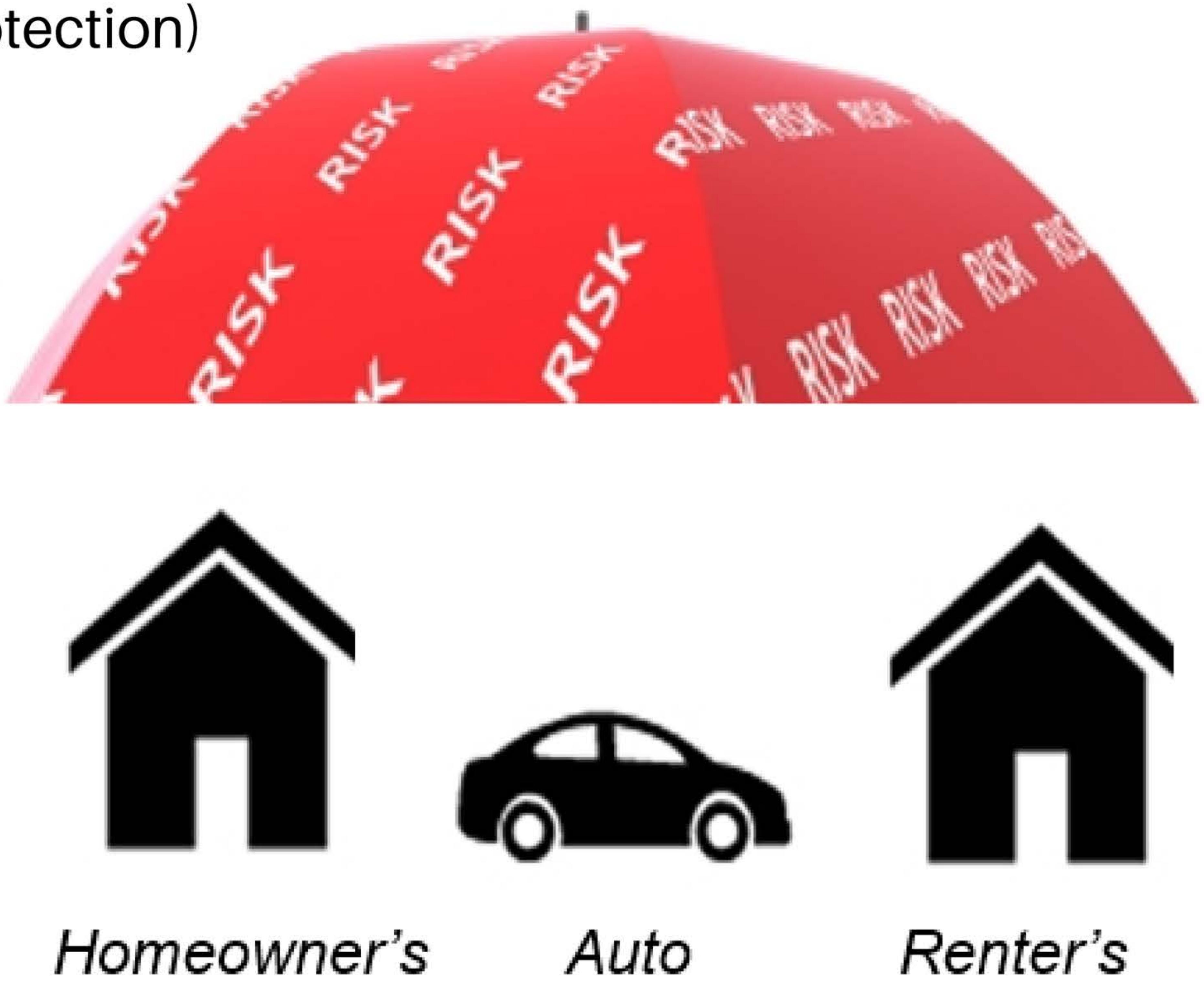
**1040** FEDERAL INCOME TAX FORM

Department of the Treasury – Internal Revenue Service

| Part 1 | Income | Your Social Security Number<br>_ _ |
|---|---|---|
| 1. | How much money did you make last year? | |
| 2. | Send it in. | |

# UMBRELLA INSURANCE

(Asset Protection)




**Umbrella Insurance is a liability insurance policy that protects your assets from lawsuits**

# "NO DO-OVERS IN RETIREMENT."

# IDENTIFYING BENEFICIARIES

- Spouse
- Special Needs
- Children/Adult Children
- Grandchildren

# ASSIGN BENEFICIARIES TO RETIREMENT ASSETS

- Primary beneficiaries
- Contingent beneficiaries
- Individuals only
- No trust as beneficiary unless it has IRA trust provisions
- New rules for inherited IRAs

# CREATE & FUND REVOCABLE TRUST

- Avoid probate
- Not for creditor protection
- Regular trust
- A/B Trust (Different Beneficiaries)

# CHOOSE SUCCESSOR TRUSTEE

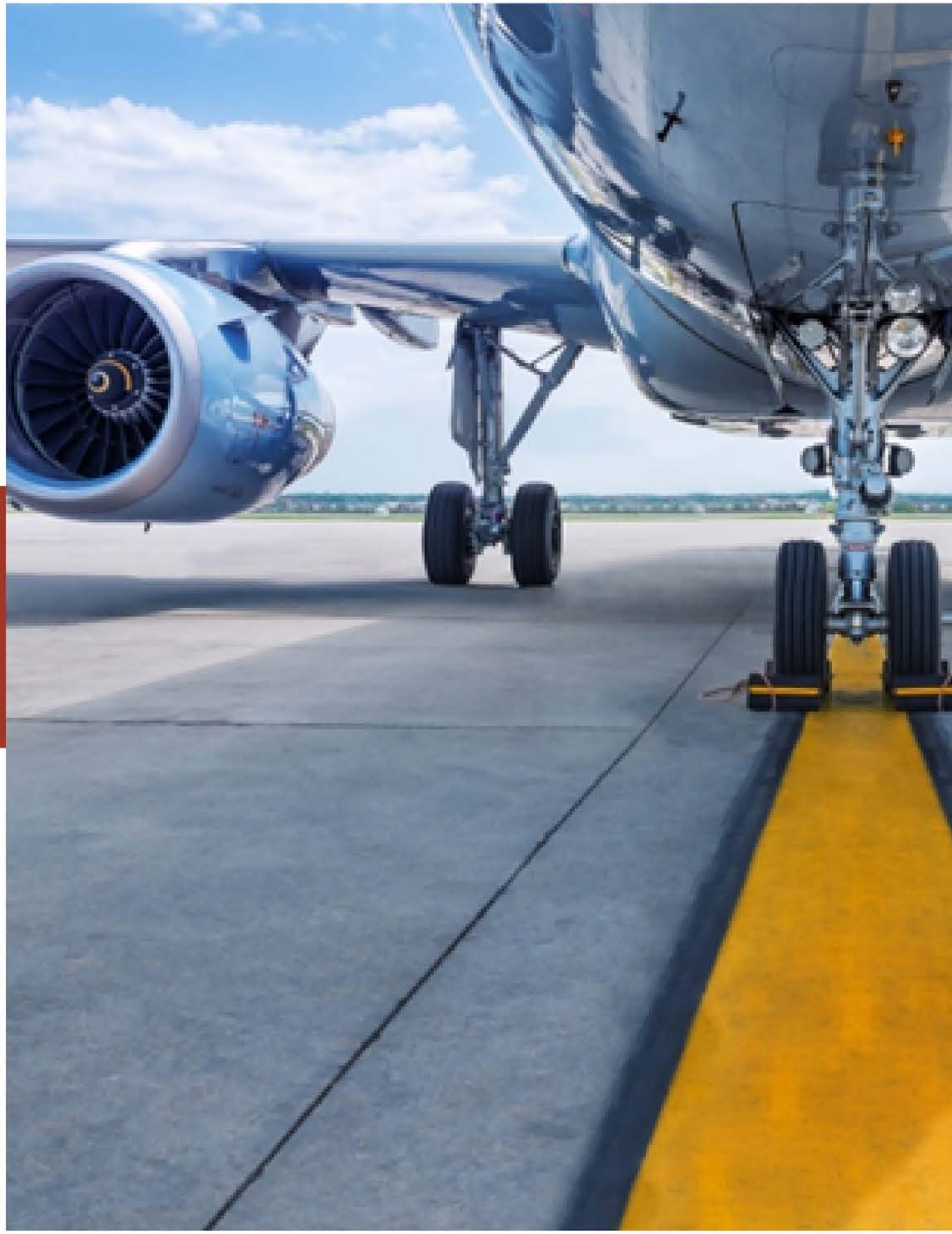
- Often same as executor of will
- Consider a corporate trustee

# ADULT CHILDREN

- Need own estate plan
- Age 18 need health care directive at a minimum
- Consider gifting $16k max per person
- How to lend to a relative

# PILOT. CO-PILOT. PASSENGER

- Pilot: in charge of family, flying plane & handling finances
- Co-pilot: assists in process but not in charge
- Passenger
- Assess & classify each family member



# TKP-A (DELEGATION)

- TIME
- KNOWLEDGE
- PASSION
- ACCOUNTABILITY
- COACHING (TIGER WOODS)

# PILOT'S JOB

1. Define Budget
2. Structure ROI
3. Distribution Strategy
4. Train Co-pilot
5. Optional Homework (Procrastination)
6. Optional SWOT
7. Optional Follow-up Seminars

# SWOT

What does SWOT stand for?

S Strengths
W Weaknesses
O Opportunities
T Threats

Included in the class (optional).
Homework is needed to do the optional SWOT.

# OPTIONAL HOMEWORK

**Please blackout all SS, account numbers, DOB from documents.**
**If remove DOB, please give us month & year of birth.**

Please email or bring copies of the following:

- Tax returns from last 2 years
- Latest pension numbers
- Estimated Social Security printouts
- All most recent bank & investment statements
- Latest 401(k) statements & retirement accounts
- Trust certification
- Completed budget
- Completed real estate worksheet
- Long-Term Care declaration page
- Life insurance declaration page
- Mortgage statement for rental
- Separate IPQs

# Questions

TERESA CAMACHO, AIF®

Financial Advisor

teresa@fanwmg.com

(714) 597-6510

# KEY FINANCIAL DATA 2022

Rod Kamps, CFP®, AIF®
President & CEO
Financial Advisors Network, Inc.

1432 Edinger Ave
Suite 200
Tustin, CA 92780
(714) 597-6510
info@fanwmg.com
www.FinancialAdvisorsNetwork.net

FINANCIAL ADVISORS NETWORK, Inc.

## 2022 Tax Rate Schedule

| Taxable income ($) | Base amount of tax ($) | Plus | Marginal tax rate | Of the amount over ($) |
|---|---|---|---|---|
| **Single** | | | | |
| 0 to 10,275 | | + | 10.0 | |
| 10,276 to 41,775 | 1,027.50 | + | 12.0 | 10,275.00 |
| 41,776 to 89,075 | 4,807.50 | + | 22.0 | 41,775.00 |
| 89,076 to 170,050 | 15,213.50 | + | 24.0 | 89,075.00 |
| 170,051 to 215,950 | 34,647.50 | + | 32.0 | 170,050.00 |
| 215,951 to 539,900 | 49,335.50 | + | 35.0 | 215,950.00 |
| Over 539,900 | 162,718.00 | + | 37.0 | 539,900.00 |
| **Married filing jointly and surviving spouses** | | | | |
| 0 to 20,550 | | + | 10.0 | |
| 20,551 to 83,550 | 2,055.00 | + | 12.0 | 20,550.00 |
| 83,551 to 178,150 | 9,615.00 | + | 22.0 | 83,550.00 |
| 178,151 to 340,100 | 30,427.00 | + | 24.0 | 178,150.00 |
| 340,101 to 431,900 | 69,295.00 | + | 32.0 | 340,100.00 |
| 431,901 to 647,850 | 98,671.00 | + | 35.0 | 431,900.00 |
| Over 647,850 | 174,253.50 | + | 37.0 | 647,850.00 |
| **Head of household** | | | | |
| 0 to 14,650 | | + | 10.0 | |
| 14,651 to 55,900 | 1,465.00 | + | 12.0 | 14,650.00 |
| 55,901 to 89,050 | 6,415.00 | + | 22.0 | 55,900.00 |
| 89,051 to 170,050 | 13,708.00 | + | 24.0 | 89,050.00 |
| 170,051 to 215,950 | 33,148.00 | + | 32.0 | 170,050.00 |
| 215,951 to 539,900 | 47,836.00 | + | 35.0 | 215,950.00 |
| Over 539,900 | 161,218.50 | + | 37.0 | 539,900.00 |
| **Married filing separately** | | | | |
| 0 to 10,275 | | + | 10.0 | |
| 10,276 to 41,775 | 1,027.50 | + | 12.0 | 10,275.00 |
| 41,776 to 89,075 | 4,807.50 | + | 22.0 | 41,775.00 |
| 89,076 to 170,050 | 15,213.50 | + | 24.0 | 89,075.00 |
| 170,051 to 215,950 | 34,647.50 | + | 32.0 | 170,050.00 |
| 215,951 to 323,925 | 49,335.50 | + | 35.0 | 215,950.00 |
| Over 323,925 | 87,126.75 | + | 37.0 | 323,925.00 |
| **Estates and trusts** | | | | |
| 0 to 2,750 | | + | 10.0 | |
| 2,751 to 9,850 | 275.00 | + | 24.0 | 2,750.00 |
| 9,851 to 13,450 | 1,979.00 | + | 35.0 | 9,850.00 |
| Over 13,450 | 3,239.00 | + | 37.0 | 13,450.00 |

## Standard Deductions & Child Tax Credit

| Filing status | Standard deduction |
|---|---|
| Married, filing jointly and qualifying widow(er)s | $25,900 |
| Single or married, filing separately | $12,950 |
| Head of household | $19,400 |
| Dependent filing own tax return | $1,150* |
| **Additional deductions for non-itemizers** | |
| Blind or over 65 | Add $1,400 |
| Blind or over 65, unmarried & not a surviving spouse | Add $1,750 |
| **Child Tax Credit** | |
| Credit per child under 17 | $2,000 ($1,500 refundable) |
| Income phaseouts begin at AGI of: | $400,000 joint, $200,000 all other |

## Tax Rates on Long-Term Capital Gains and Qualified Dividends

| | |
|---|---|
| If taxable income falls below $41,675 (single/married-filing separately), $83,350 (joint), $55,800 (head of household), $2,800 (estates) | 0% |
| If taxable income falls at or above $41,675 (single/married-filing separately), $83,350 (joint), $55,800 (head of household), $2,800 (estates) | 15% |
| If income falls at or above $459,750 (single), $258,600 (married-filing separately), $517,200 (joint), $488,500 (head of household), $13,700 (estates) | 20% |

## 3.8% Tax on Lesser of Net Investment Income or Excess of MAGI Over

| | |
|---|---|
| Married, filing jointly | $250,000 |
| Single | $200,000 |
| Married, filing separately | $125,000 |

## Exemption Amounts for Alternative Minimum Tax**

| | |
|---|---|
| Married, filing jointly or surviving spouses | $118,100 |
| Single | $75,900 |
| Married, filing separately | $59,050 |
| Estates and trusts | $26,500 |
| **28% tax rate applies to income over:** | |
| Married, filing separately | $103,050 |
| All others | $206,100 |
| **Exemption amounts phase out at:** | |
| Married, filing jointly or surviving spouses | $1,079,800 |
| Single and married, filing separately | $539,900 |
| Estates and trusts | $88,300 |

## Gift and Estate Tax Exclusions and Credits

| | |
|---|---|
| Maximum estate, gift & GST rates | 40% |
| Estate, gift & GST exclusions | $12,060,000 |
| Gift tax annual exclusion | $16,000 |
| Exclusion on gifts to non-citizen spouse | $164,000 |

## Education Credits, Deductions, and Distributions

| Credit/Deduction/ Account | Maximum credit/ deduction/ distribution | Income phaseouts begin at AGI of: |
|---|---|---|
| American Opportunity Tax Credit/Hope | $2,500 credit | $160,000 joint<br>$80,000 all others |
| Lifetime learning credit | $2,000 credit | $160,000 joint<br>$80,000 all others |
| Savings bond interest tax-free if used for education | Deduction limited to amount of qualified expenses | $128,650 joint<br>$85,800 all others |
| Coverdell | $2,000 maximum; not deductible | $190,000 joint<br>$95,000 all others |
| 529 plan (K-12) | $10,000 distribution | None |
| 529 plan (Higher Ed.) † | Distribution limited to amount of qualified expenses | None |

## Tax Deadlines

| |
|---|
| January 18 – 4th installment of the previous year's estimated taxes due |
| April 18 – Tax filing deadline, or request extension to Oct. 17. 1st installment of 2022 taxes due. Last day to file amended return for 2018. Last day to contribute to: Roth or traditional IRA for 2021; HSA for 2021; Keogh or SEP for 2021 (unless tax filing deadline has been extended). |
| June 15 – 2nd installment of estimated taxes due |
| September 15 – 3rd installment of estimated taxes due |
| October 17 – Tax returns due for those who requested an extension. Last day to contribute to SEP or Keogh for 2021 if extension was filed. |
| December 31 – Last day to: 1) pay expenses for itemized deductions; 2) complete transactions for capital gains or losses; 3) establish a Keogh plan for 2022; 4) establish and fund a solo 401(k) for 2021; 5) complete 2022 contributions to employer-sponsored 401(k) plans; 6) correct excess contributions to IRAs and qualified plans to avoid penalty. |

* Greater of $1,150 or $400 plus the individual's earned income.
** Indexed for inflation and scheduled to sunset at the end of 2025.
† $10,000 lifetime 529 distribution can be applied to student loan debt.



Check with your financial professional for updates.