Prepared by:
Lauren Laferla
llaferla@covisum.com

Prepared for:
James and Jennifer Johnson
Monday, December 2, 2019

ASSUMPTIONS - SAMPLE

Tax Year	2019
Standard Deduction	$24,400
Personal Exemption	$0
Additional Standard Deduction for Over 65	$1,300

CAPITAL GAINS TAX BRACKETS - SAMPLE

Taxable Income	Capital Gains
$0	0%
$78,750	15%
$488,850	20%

MEDICARE MONTHLY PREMIUM INCREASE - SAMPLE

Income	Part B	Part D
$170,000	$54.10	$12.40
$214,000	$135.40	$31.90
$267,000	$216.70	$51.40
$320,000	$297.90	$70.90
$750,000	$325.00	$77.40

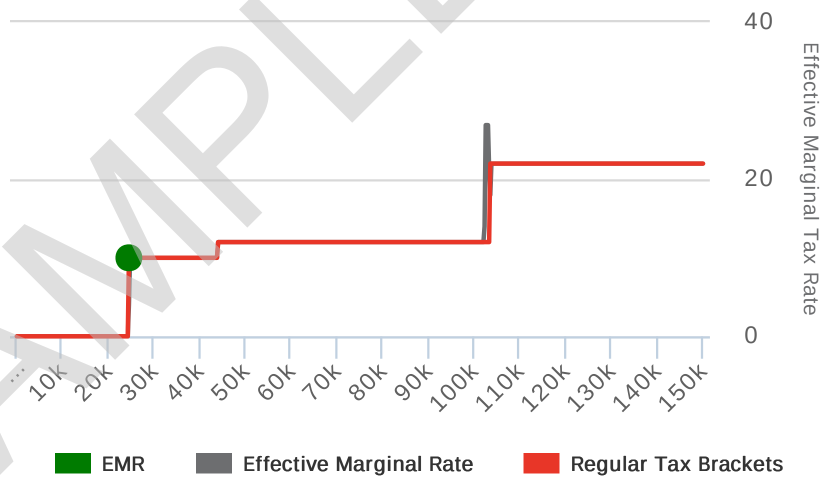
* Additional Medicare premiums are calculated as a tax in the current year. In reality, these premiums would be based off income from two years prior and would not be reflected on the tax return.

STRATEGY TAX MAP: SAMPLE

The Tax Maps below demonstrate the impact of each additional dollar recognized as income in the two broad categories of ordinary income and capital gains. Starting at the left of the graph and adding income as you move right, an additional dollar of ordinary income may create an additional tax that is greater than the marginal tax rate that dollar would normally face. This can occur because income that was non-taxable may become taxable, such as Social Security benefits, or because tax credits or deductions that may have been available at lower levels of income are phased out, such as medical expenses. Seeing the effective marginal rates you may pay for each additional dollar of income or capital gain harvested may help you make smarter decisions about when to realize that income or gain and allow you to create a more tax-efficient income.

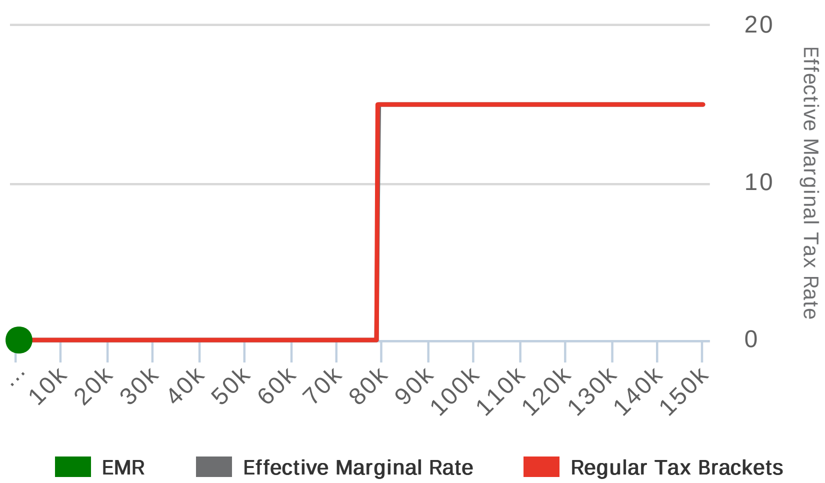
ORDINARY INCOME

Top Marginal Rate	27.25%
Current Marginal Rate	10%
Ordinary Income to Next Marginal Rate	$19,451
Next Marginal Rate	12%



CAPITAL GAINS AND QUALIFIED DIVIDENDS

Top Marginal Rate	15.25%
Current Marginal Rate	0%
Capital Gains to Next Marginal Rate	$77,818
Next Marginal Rate	8.75%



TOOLS FOR TAX CONTROL

Different account types, such as IRAs, Roth IRAs, and taxable accounts offer different tax treatment. Making sound decisions regarding which account types you save into prior to retirement can make a significant difference in when you are able to retire and what lifestyle you may be able to live in retirement. As you make retirement income decisions, some of the most impactful decisions you make will revolve around which assets you hold in which accounts, and which accounts to harvest from, in what order, and to what extent.

ACCOUNT AND PRODUCT TAXATION

Taxable Accounts: Taxable accounts are effectively invisible from a tax perspective. The tax properties of interest or gains generated by the holdings in the account determine the tax impact. Good examples of taxable accounts are bank accounts or brokerage accounts.

Traditional or Rollover Individual Retirement Account (IRA) or Qualified Plans: Subject to certain income limits, money goes into these accounts pre-tax and becomes taxable as ordinary income when withdrawn. As a result, IRAs and Qualified Plans may offer an advantage in that gains or interest may be earned on money that would otherwise have been lost to tax up front or during deferral. Required Minimum Distributions generally begin to force withdrawals at age 70 ½.

Roth IRA Accounts: Funds that are placed in a Roth IRA have already been taxed, but once inside the Roth IRA are able to grow tax-free. Roth IRAs are not subject to Required Minimum Distributions during the original owner's lifetime, which may allow assets to compound tax-free over a longer period of time.

Product Level Taxation: Different retirement products also offer different tax treatment. For example, cash value life insurance and annuity products may offer tax deferral for assets that would otherwise be held in a Taxable account. Holding individual stocks or Exchange Traded Funds (ETFs) may offer greater tax deferral benefits than some mutual funds when held in taxable accounts.