



12-Point Tax Return Review Checklist

TFG reviews the following twelve (12) items in detail from your tax return for tax planning purposes. Our thoughts are sent to you along with your Tax Observation Report, which presents numerous key findings from your tax return. Read more to find out what we consider when analyzing your tax return.

1. Marginal Tax Rate

We review your marginal tax rate. The marginal tax rate is the tax rate paid on the next dollar of income, so it gives us an idea of which tax bracket you are in and it assists us in tax planning, such as whether we should take an IRA distribution in a "low income year."

2. Average Tax Rate

We review your average tax rate. The average tax rate is arrived by dividing the total tax paid by total income. This helps us to better understand your overall tax picture.

3. Carry Forward Losses

Carry forward losses moves your capital losses (from sales of stock) to a future year to reduce future tax liabilities. This can provide a great planning opportunity.

4. IRMAA Surcharges

Medicare Income-Related Monthly Adjustment Amount (IRMAA) is the extra surcharge based on income and added to your Medicare premiums. These additional charges can be unexpected, and we look to decrease income (where possible) and otherwise plan around them.

5. Capital Gains

Long-term capital gains are taxed at a more preferential rate than your ordinary income, which is helpful when selling stocks.

6. Qualified Dividends (of Total Dividends)

Qualified dividends are dividends that are taxed at capital gains rates as opposed to your ordinary income rate, which is generally higher. The higher the percentage of qualified dividends to total dividends, the more tax-efficient your portfolio is.

7. Roth Conversion Opportunities

Have you considered a Roth conversion to guarantee tax-free and RMD-free income in retirement? We use industry-leading technology to find the optimal Roth conversion amount that would allow you to build your Roth balances and fill your current marginal tax bracket "bucket."

8. Itemized vs. Standard Deduction

Did you take the Standard Deduction when taking an Itemized Deduction could have been more beneficial for you? We consider planning strategies (such as "bunching") and we look to make sure Itemized Deductions are taken when appropriate.

9. Net Investment Income (NII) Tax

The additional Net Investment Income (NII) tax is for single individuals who have MAGI above \$200,000, and married taxpayers who have MAGI above \$250,000. The income over the limit is taxed at 3.8% and is often a surprise to higher income clients.



10. Qualified Business Income (QBI) Deduction

The Tax Cut and Jobs Act (TCJA) of 2017 includes a 20% tax deduction for pass-through businesses (subject to several requirements). All small business owners should be aware of this tax savings opportunity.

11. Phaseouts

There are fifty (50) tax credits that are available, but they are subject to a variety of income phaseouts. We believe you should take advantage of all available tax credits and that you should know whether you are in a phaseout range so we can plan accordingly.

12. Review of Credits and Deductions

We believe you should be aware of your income as well as all of the tax deductions and tax credits you claimed.

We take our clients' tax return analysis and reviews very seriously. The above twelve (12) items are crucial for clients to know about their financial status. After all, a tax return is the most accurate documentation people have in terms of income and taxes paid. We do our best to work with you and present the information in the most helpful way possible.

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Let us help you on your financial journey

This material is for general information only and is not intended to provide specific advice or recommendations for any individual. To determine what is appropriate for you, consult a qualified professional.

Converting from a traditional IRA to a Roth IRA is a taxable event.

For a comprehensive review of your personal situation, always consult with a tax or legal advisor. Neither Cetera Advisor Networks LLC nor CWM, LLC provide legal or tax advice. This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified advisor.

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