



Robin and Ella

Year-End Tax and Investment Wrap-up

Current as of: Wednesday, November 13th, 2024

Agenda

- Review Economic Environment
- Key factors for your 2024 Tax Return & Projection
- Opportunities before the end of 2024
- "Lead Turns" for 2025+
- Next Meeting Timing and Topics

Key 2024 Tax Factors

Note: All data are the best estimates available, and more information may be needed.

- **AGI:** \$345K
- **Taxable Income:** \$315K
- **Safe Harbor:** \$37K
- **ESTIMATED PAYMENT NEEDED?** No. Safe Harbor achieved based on 110% of 2023 tax due.
- **Total Federal Tax Bill and Refund or Amount Due:** Your total bill is about \$60K and you could still OWE about \$5K.
- **Top Federal Rate:** 24%
- **Capital Gains Rate:** 18.8%
- **Credits:** Child Tax Credit of about \$3K
- **Deductions:** Standard Deduction of \$29,200
- **State Tax Considerations:** None in Texas.

Opportunities

IRA Contributions: Backdoor Roth IRA required, you can contribute up to \$7K (\$8K over 50) before 15 April. Sooner is better.

401(k): You're on track to max out your 401(k) including catchup contributions at \$30.5K!

Tax-Loss (Gain) Harvesting: No observed opportunities, but are you familiar with wash sales?

Roth Conversions: You have about \$51k of "headroom" available before entering the Child Tax Credit phase-out range and an equivalent marginal tax rate of 29%. Consider converting some of the \$476K of Traditional TSP funds while tax brackets are known to be fixed at present levels in 2024 and 2025.

Credits

Clean Energy Credits: Have you made any energy-efficient home upgrades this year?

Deductions

Healthcare FSA (Flexible Spending Account): How have your medical expenses been this year?

Charitable Giving: You might consider "bunching" to maximize your charitable deductions.

529 Contributions/Deductions: No state tax benefits for 529 Plan contributions as a resident of Texas.

Business: Phone, internet, computer, supplies, mileage, travel, advertising, utilities, home office, other operational expenses, etc.

2025 Lead Turns

These actions can streamline your 2025 tax year and 2024 tax return preparation.

Update Withholdings: Increasing withholdings by \$250 per FedEx pay period would be appropriate if continuing stock trading activity.

Estimated Payments: Estimated tax payments should not be needed.

IRAs: Backdoor Roth IRA required, consider early execution. The limits are the same--\$8K for over 50.

401(k): With the catch-up provision, the 401(k) contribution limits will increase to \$31K. Contributing 14% per FedEx pay period will put Chris on a good glide path to max out this opportunity.

Roth Conversions: 2025 might be the last year for the 24% bracket. Roth Conversions could be a tax bargain.

Taxable Investing: Let's discuss the tax efficiency of trading strategies and integration with long-term plans.

Education: Let's discuss how aggressive to be in 529s with college expenses on the horizon.

Charitable Giving: Bunching charitable giving could lower your tax bill.

Medicare: Age 63 is the first year that tax returns factor into the IRMAA Medicare Tax. Roth conversions now can reduce Medicare costs later.

Age-based changes: Sammy will be 17 at the end of 2025, reducing her Child Tax Credit amount from \$2K down to \$500. Also, Ella will be 50 at year-end, making her eligible for catch-up contributions.

2024 Tax Return

Preparation method: Will you use PimTax for tax prep?

Critical 2024 items for your return: Backdoor Roth IRA and Form 8606, Excess Roth Contribution Removal, Roth Conversions (T), Schedule D for Capital Gains and Losses