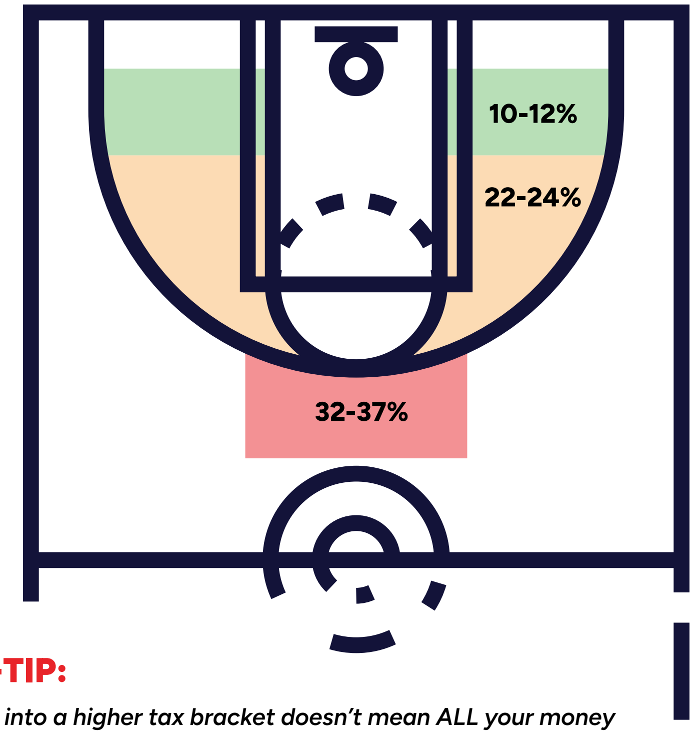
RON'$ PLAYBOOK

TAXES

STUDLE

TAX BRACKETS



Your income moves up the court, but different "zones" have different tax rates!

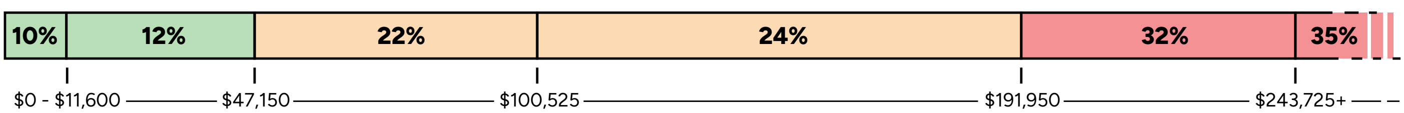
The Low Post ***(10-12% Brackets)*****:**
Low risk, low pressure.

The Mid-Range Shot ***(22-24% Brackets)*****:**
Most taxpayers fall here—strategic planning is key!

Top of the Key ***(32-37% Brackets)*****:**
The toughest defense! The more income you make, the higher the tax. But smart tax planning can keep more money in play.

PRO-TIP:

Moving into a higher tax bracket doesn't mean ALL your money gets taxed at that rate. It's just the portion in that range! Confused? Let's break it down together. If your taxable income is $250,000 AFTER DEDUCTIONS this is how it would be taxed:



DEDUCTIONS

The Free Throw Line ***(Standard Deduction)*****:**
Everyone gets a free shot! It's your baseline tax deduction—no extra effort required.

The Three-Point Line ***(Itemized Deductions)*****:**
When your expenses exceed the standard deduction ITEMIZE! Things like mortgage interest, medical expenses, and charitable donations could mean more money in your pocket.

Personal Fouls ***(Penalties & Audits)*****:**
Just like in basketball, fouls add up. Late filings, incorrect info, and missing deductions can cost you.

WHAT IS MY STANDARD DEDUCTION?

$14,600 for single filers, $21,900 for heads of household, and $29,200 for joint filers and surviving spouses.

EXTENSIONS!

DON'T FORGET: an extension doesn't push out the payment deadline or taxes due — *it only extends the filing deadline.*

RUN THE PLAYS

"Good teams don't just play defense—they make strategic plays!" Here's how you can run up the score on your tax savings:

- **Deductions:** Retirement, student loan interest, and charitable donations help lower your taxable income.
- **Home Office Deduction:** If you work from home, you may qualify for deductions on rent, utilities, and other business related expenses.
- **Retirement Contributions:** 401(k) or IRA contributions lower your taxable income now and help you win with potentially lower taxes in retirement.
- **Year-Round Planning:** Great teams don't just defend at the end of the game. Planning ahead keeps more of your money in play! Contact your tax preparer about a fall tax review or amendment consultation.
- **Tax Credits:** Credits like the Earned Income Credit, Child Tax Credit, and Energy Efficiency Credit lower what you owe!

WHAT'S THE DIFFERENCE BETWEEN A CREDIT AND A DEDUCTION?

Both credits and deductions can help lower your tax bill or increase your refund. Deductions reduce your taxable income. Tax Credits reduce the amount of tax due.

AVOID FOULS

"You don't want to give away free points! Here's what to avoid."

- ✖ **Incomplete Records:** Missing deductions because you don't track your expenses? That's like running down the court without dribbling.
- ✖ **Incorrect Filing:** Errors on your tax return can lead to audits or delays. Double-check your numbers—or better yet, let us handle them!
- ✖ **Missed Deadlines:** Filing late? The IRS charges penalties faster than a ref calls a foul.
- ✖ **Incorrect Withholding:** Avoid a surprise at tax time and check your withholding amount. Too little can lead to a tax bill or penalty. Too much can mean you won't have use of the money until you receive a tax refund.

KEY TAX DATES

January 15:
Fourth quarter estimated tax payment due (for self-employed or those who need to pay quarterly taxes).

January 31:
Deadline for employers to provide W-2 and 1099 forms to employees.

March 15:
Deadline for S-Corporation and partnership returns or extensions (Forms 1120S and 1065).

April 15:
Tax Day for filing individual tax returns (Form 1040) or extensions and first quarter estimated tax payment due; note that if this date falls on a weekend or holiday, the deadline may shift.

June 15:
Extended filing deadline for U.S. citizens living abroad. Second quarter estimated tax payment due.

September 15:
Third quarter estimated tax payment due.

October 15:
Final deadline for individuals who filed an extension to submit their tax returns.

ITEMIZED DEDUCTIONS

Medical Expenses

Medical expenses are generally deductible if they exceed 10% of your income or 7.5% of your income if you are over the age of 65. The following are some common medical expenses:

- ☐ Doctor/Dentist Fees
- ☐ Drug/Alcohol Treatment
- ☐ Cost of Guide Dogs
- ☐ Handicap Access Devices for Disabled
- ☐ Hospital Fees
- ☐ Insurance Premiums
- ☐ Prescriptions
- ☐ Laser Eye Surgery
- ☐ Lead Based Paint Removal Cost
- ☐ Life-Care Fees for Medical Treatment
- ☐ Long-term Care Insurance Premiums
- ☐ Meals/Lodging Related to Hospital Stays
- ☐ Medical Devices
- ☐ Operations
- ☐ Organ Donation
- ☐ Physician Diet/Health Programs
- ☐ Psychiatric Care
- ☐ School and/or Home for Disabled
- ☐ Smoking Cessation Program Cost
- ☐Special Life Items (glasses, limbs, dentures, wheelchairs, hearing aids, contacts, etc.)
- ☐Transportation (Medical related)
- ☐ Weight Loss Program Costs

Taxes

The following taxes are generally 100% deductible:

- ☐ State/Local Taxes
- ☐ Property Taxes
- ☐ Payments to Mandatory State Funds
- ☐ Foreign Income Taxes
- ☐ Real Estate Taxes
- ☐ Value Based Auto License Fee
- ☐ General State/Local Sales Tax

Interest Expense

Most personal interest is non-deductible; the following is a list of deductible interest expenses:

- ☐ Home Mortgage Interest
- ☐ 2nd Home Mortgage Interest
- ☐ Mortgage Loan Interest Premiums Covering Mortgages Purchased in 2007 & beyond
- ☐ Interest on Special Assessments (as real estate tax)
- ☐ Business Interest
- ☐ Investment Interest
- ☐ "Points" Paid

Charitable Contributions

Cash and property are generally deductible if donated to qualified organizations. These include:

- ☐ Churches
- ☐ Non-Profit Schools
- ☐ Non-Profit Hospitals
- ☐ Public Parks
- ☐ Boy & Girl Scouts
- ☐ War/Veterans Groups
- ☐ Agencies such as: Red Cross, Salvation Army, Goodwill, United Way, & etc.
- ☐ YMCA
- ☐ Some Environmental/Conservation Groups

Casualty & Theft Losses

Casualty and theft losses are generally deductible to the extent they exceed 10% of your adjusted gross income, are not reimbursable by insurance, and each event exceeds $500.

- ☐ Fire
- ☐ Theft
- ☐ Natural Loss: Tornado, Hurricane, Flood, etc.
- ☐ Car Accident
- ☐ Vandalism
- ☐ Other Accidents

Miscellaneous Deductions

Most of the following miscellaneous deductions are only deductible to the extent they exceed 2% of your adjusted gross income.

- ☐ Gambling Losses to Offset Gains
- ☐ Handicapped Job Related Expenses
- ☐ Work Uniforms
- ☐ Un-recovered Annuity Costs
- ☐ Job Hunting Expenses
- ☐ Safe Deposit Box Cost
- ☐ Tax Preparation Fees
- ☐ Employee Business Expenses
- ☐ Hobby Expense to Offset Gains
- ☐ 50% of Business Related Meals; Entertainment
- ☐ Classroom Material Expense for Teachers
- ☐ Repayments of Income
- ☐ Repayments of Social Security
- ☐ Investment Related Expense
- ☐ In-Home Office Expenses
- ☐ IRA/KEOGH Administration Fees
- ☐ Business Use Depreciation
- ☐ Certain Legal Fees
- ☐ Trust Administration Fees
- ☐ Job Required Medical Exams
- ☐ Job Required Education Expenses

SCORING "BUCKETS"

THE BUCKETS CONCEPT

Diversifying across these three buckets is like drafting a perfect team with different players suited for different situations.

"TAX ME NOW"

These are the funds that get taxed as soon as they enter play.

Wages and Salaries: Income from your regular job.

Interest and Dividends: Earnings from savings, bonds, or stocks.

Short-Term Capital Gains: Profits from selling investments held for less than a year.

Other Immediate Income: Bonuses, commissions, or any cash flow that is taxed right away.

"TAX ME LATER"

This bucket includes assets where the tax impact is postponed. Set up a play and wait for the right moment to take the shot.

Traditional 401(k) and IRAs: Contributions lower your taxable income now, with taxes deferred until withdrawals.

Deferred Annuities: Payments grow tax-deferred until you start receiving them.

Traditional Pension Plans: Similar to retirement accounts where the tax hit is delayed.

Certain Investment Gains: Long-term capital gains may also benefit from a lower tax rate if held over a longer period, delaying some tax impact.

"TAX ME NEVER"

Assets that, once executed, typically don't get taxed at all. A slam dunk in the right circumstances.

Roth IRAs and Roth 401(k)s: Contributions are made with after-tax dollars, but qualified withdrawals are tax-free.

Municipal Bonds: Often provide interest that's exempt from federal (and sometimes state and local) taxes.

Other Tax-Advantaged Accounts: Some health savings accounts (HSAs) and education savings accounts (like 529 plans) offer tax-free growth when used for qualified expenses.

You've learned the plays, broken down the buckets, and have what you need to draft an all-star tax plan. Just like a championship team, success in tax planning comes from smart, well-practiced moves and knowing when to call a timeout to reassess. We hope this playbook helps you make every dollar count and keep your tax game strong. If you need any help when its time to hit the court, give us a call.