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## FRONT

### Understanding \$ 999A Qualified Business Income

**Is it a Specified Service Business?**

No → **Is taxable income over the threshold?**  $326/676/3.3$

Yes → **Deduction = QBI × 20%**

No → **Over full phase-in?**

Yes → **Deduction Reduced**

No → **Deduction equals lesser of:**

- QBI × 20% or
- The greater of:
  - W-2 Wages × 50%
  - W-2 Wages × 25% + 2.5% of Qualified Property

**No Deduction**

**FLOWCHART ASSUMES THE DEDUCTION IS NOT LIMITED BY INSUFFICIENT TAXABLE INCOME.** See 1994A(2)(2)(B)

## BACK

### Understanding \$ 999A Qualified Business Income

**TERMS**

**Combined Qualified Business Income:** the qualified business income deduction attributable to each trade or business carried on by the taxpayer plus 20 percent of the amount of the qualified business income and qualified PPE income of the taxpayer.

**-W-2 wages:** the amount paid to employees reported to Social Security.

**Qualified business income:** the unadjusted book or tangible property value less depreciation under the qualified basis method. It does not include net income in any year in excess of \$100,000.

**Qualified business income:** net income, gains, deductions, and loss with respect to a qualified trade or business.

**Qualified trade or business:** any trade or business other than a specified service trade or business or performing services as an employee.

**Specified Service Trade or Business:** any trade or business where the performance of services in the fields of health, law, engineering, architecture, accounting, actuarial science, consulting, advertising, financial services, brokerage services, or investment management is a substantial part of the business, or the business is in the regulation of such or in one or more of them, any trade or business which involves the performance of services that consist of consulting and investment management, trading, or dealing in securities, partnership interests, or commodities.

**Qualified Real Estate:** are divided between a REIT and a non-REIT. A capital gain, dividend, and is not qualified dividend income.

**Qualified Real Estate:** the amount of each taxpayer's adjusted basis in each qualified trade or business, gains, deductions, and loss from a publicly traded partnership (other than a partnership under Section 706(b)) also are gain recognized by that taxpayer upon disposition of its interest in the partnership to the extent that gain is treated as an amount realized from the sale or exchange of property having a qualified asset under Section 751.

**1. John's law care and snow removal small business made \$40,000 this year. He also has \$20,000 other income.**  
 His deduction is  $\$20,000 \times 20\% = \$4,000$ .

**2. Jane grows fruit of her small business and becomes an employee of another farm and also snow removal.**  
 Since she is no longer entitled to a deduction, there is no deduction.

**3. Mary's personal training business made \$100,000 this year and she received \$20,000 in dividends from her REIT portfolio. She also has \$20,000 other income.**  
 Her deduction is  $\$100,000 \times 20\% + \$20,000 = \$24,000$ .

**4. Nancy and Tim own a restaurant that made \$100,000 this year, a construction company that made \$200,000 this year, and \$30,000 of other income.**  
 Their deduction is  $\$200,000 \times 20\% + \$30,000 = \$70,000$ .

**5. Peter and Paula have \$300,000 of net sales and \$150,000 of QBI.**  
 Their deduction is  $\$150,000 \times 20\% = \$30,000$ .

**6. Scott and Sarah run a large carpet and floor embroidery business which generates over \$500,000 of taxable income annually. They have a net QBI of net employment and pay \$2 million of wages.**  
 They have \$5,000,000 of other income as well.

**7. Lanie, who is married, owns a pest control business that made \$100,000 this year and \$200,000 of other income.**  
 Her deduction is  $\$100,000 \times 20\% + \$200,000 \times 25\% + 2.5\% \times \$200,000 = \$100,000$ .

**8. Randy has a large retail and online grocery he purchased for \$30,000 over the last twenty-five years (including the last year). He has no employees and none of the assets on his balance sheet.**  
 His deduction is  $\$30,000 \times 25\% + 2.5\% \times \$30,000 = \$7,500$ .

**9. David and Veronica, own a small florist and earth moving business organized as an S-Corporation. They purchased a new computer last year for \$100,000 and have little other qualified property as they rest most of the equipment rented. They wages, including what they pay David, totals \$300,000. They will have a net profit this year and will have \$250,000 of post-year-end income in addition to \$500,000 of income from their bond and dividend stock portfolio.**  
 Their deduction is  $\$300,000 \times 25\% + 2.5\% \times \$300,000 = \$105,000$ .

**10. The business will make \$500,000 this year. It has a qualified property and pays \$100,000 wages. However, they have about \$150,000 of other taxable income mainly due to distributions from his grandfather's IRA trust.**  
 His deduction is  $\$500,000 \times 20\% + \$100,000 \times 25\% + 2.5\% \times \$100,000 = \$147,500$ .

**11. Next year, on your advice, Lanie makes an S-election and buys himself a salary of \$40,000, has \$20,000 of other income, and receives a similar trust distribution.**  
 His deduction is  $\$20,000 \times 20\% + \$20,000 \times 25\% + 2.5\% \times \$20,000 = \$10,500$ .

**12. Patricia, who owns a commercial building originally acquired for \$100,000 (not including thirty years ago) has no net income. The building has about \$80,000 of taxable income annually, essentially, because it's a trade or business. The income from her other investments, pension, and IRA's is about \$100,000.**  
 Her deduction is  $\$100,000 \times 20\% = \$20,000$ .

**13. Nancy and Tim own a restaurant that made \$100,000 this year, a construction company that made \$200,000 this year, and \$30,000 of other income.**  
 Their deduction is  $\$200,000 \times 20\% + \$30,000 = \$70,000$ .

**14. Sophia and James purchased a building for \$2,000,000. The value of the building, improvements and fixtures is about \$1,000,000 and the rest of the value is attributable and land. They have \$1,000,000 of other income.**  
 They also expect to have a taxable income from the output of about \$400,000. Their deduction is  $\$1,000,000 \times 20\% + \$400,000 \times 25\% + 2.5\% \times \$1,000,000 = \$360,000$ .

**15. Larry, who is single, earns wages of \$175,000 and owns a 10% interest in a closely held real estate company. The real estate company has \$1,000,000 of taxable income. However, they have \$500,000 of Qualified Property. The partnership has no employees.**  
 His deduction is  $\$175,000 \times 20\% + \$500,000 \times 25\% + 2.5\% \times \$500,000 = \$196,250$ .

**16. Larry, who is single, owns a 10% interest in a partnership which has REITS distributions roughly equal to his wages. He also helps maintain the building owned by the partnership instead of being a partner and receives a guaranteed payment of \$10,000.**  
 His deduction for the real estate partnership is  $\$10,000 \times 20\% + \$10,000 \times 25\% + 2.5\% \times \$10,000 = \$5,250$ .

**17. Dave and Anne own a mental property portfolio. Their QBI is \$300,000 and they have sufficient other income to make a net profit. They also own the Wages of \$200,000. However, their taxable income is only \$150,000. What effect would the RIA Convention of \$30,000 have on their deduction?**  
 The deduction without a RIA Convention is limited to  $\$300,000 \times 20\% + \$200,000 \times 25\% + 2.5\% \times \$200,000 = \$147,500$ . The deduction with a RIA Convention is  $\$400,000 \times 20\% + \$200,000 \times 25\% + 2.5\% \times \$200,000 = \$167,500$ .

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**BACK**

75 BEST INCOME TAX STRATEGIES IN 2020 FOR  
FINANCIAL PROFESSIONALS TO GENERATE TAX ALPHA™

The increased value created in an investment portfolio by using the tax saving strategies described below is referred to as "Tax Alpha." Put another way, it is your after-tax excess return (after-Tax Alpha) minus your pre-tax excess return (pre-Tax Alpha) based on the appropriate benchmarks. Research indicates that many portfolios don't consistently beat their benchmarks on a pre-tax basis, often producing negative alpha on an after-tax basis. That is why creating Tax Alpha is important. If pre-tax alpha is positive, tax planning can increase the excess.

2. Roth IRA conversions by asset class
3. Roth IRA conversions when basis exists
4. Roth 401(k) bracket analysis
5. Roth IRA fees paid from "outside" broker accounts
6. Asset location with Roth IRAs and Traditional IRAs
7. Taking IRA and Roth IRA distributions in December rather than January
8. Making IRA and Roth IRA contributions in January rather than December
9. IRA Distributions to "fill-up" brackets
10. Carefully planning for pre-age 59½ distributions

**QUALIFIED RETIREMENT PLAN DISTRIBUTION STRATEGIES**

28. Consider stock distributions that take advantage of net unrealized appreciation strategies

29. Consider basis and "after-tax" amounts when analyzing distribution options

30. Carefully plan for pre-age 59½ distributions

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71. Consider harvesting losses on securities in a post-mortem setting following a step-up in basis
72. Consider life insurance and annuities to avoid the 37% + 3.8% combined tax
73. Consider the choice of assets to leave to charity at death
74. Consider all available options for post-mortem IRA planning, including spousal rollovers and life expectancy distributions
75. Consider, with the client's other advisors, trust and estate distributions to shift income into the lower tax brackets

With the focus of investment strategies changing rapidly, in order for financial advisors to add value for their clients, they will need to add Tax Alpha; or, in other words, alpha by virtue of reducing the effective tax rate on investment returns. The heart of Tax Alpha is understanding and utilizing the statutory tax shelters provided within the Internal Revenue Code.

This work is intended to provide general information about the service. The author, its firm or anyone for whom it is prepared is not liable for any damages (actual or consequential) in connection with the use of the information contained herein.

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**BACK**

## Quick Guide to Generation Skipping Transfer (GST) Tax

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- "Gift trust" means a trust that could have a generation-skipping transfer with respect to the transferor (a)
  - the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or for the satisfaction of one or more individuals who are not an exempt transferee
    - o before the date that the individual attains age 40,
    - o on or before one or more dates specified in the trust instrument that will occur before the date that such individual attains age 40, or
    - o upon the occurrence of an event that, in accordance with regulations prescribed by the Secretary, may reasonably be expected to occur before the date that such individual attains age 40
  - the trust instrument provides that more than 25 percent of the trust corpus must be distributed to or for the satisfaction of one or more individuals who are not an exempt transferee

and the instrument provides that, if none or more individuals who are single persons (or one or before the date that the individual attains age 40, or on or before one or more dates specified in the instrument that will occur before the date that such individual attains age 40, receive 25 percent of the net corpus after each trust termination date, then the instrument shall be deemed to be a trust and subject to a general power of appointment exercisable by one or more of such individuals.

The trust is a charitable lead trust (within the meaning of section 545(c)(9)) or a charitable remainder trust or a charitable remainder unitrust (within the meaning of sections 642(c), 642(d), and 642(e)).

The trust is a trust with respect to which the grantor or the grantor's estate has no direct or indirect interest in the form of the right to receive annual payments of a fixed percentage of the fair market value of the trust property (determined annually) which is required to be principal to a non-skip person.

Each person is alive after the date of the grantor's death.

For purposes of determining if a trust is a "501(c)(3)" trust, the value of transferred property shall not be considered for purposes of the gross estate of the grantor, and the value of the property shall be determined as if the grantor were holding a right of reversion to each of such individuals, and such value is assumed referred to as section 2038(b)(1).

with respect to *expedience*, and it shall be assumed that powers of appointment held by non-ship persons will not be exercisable.

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**BACK**

**Robert S. Keebler, CPA/PFS, MST, AEP: Tax Asset Classes**

taxable income				tax-deferred income			tax-free income		
Interest & Non-Qualified Dividends	Short-Term Capital Gains	Rents & Royalty Income	Qualified Dividends	Long-Term Capital Gains	Qualified Retirement Plans (Taxable)	Non-Qualified Deferred Annuities	Tax-Exempt Interest	Life Insurance	Qualified Retirement Plans (Not Taxable)
Taxable as ordinary income				Taxable as long-term capital gains		Taxable as ordinary income		NOT taxed	

Ordinary income (i.e. 10%, 32%, 35%, 37%)	Taxable as long-term capital gains (i.e. 0%, 15%, 20%)	Taxable as ordinary income (i.e. 10%, 12%, 22%, 24%, 32%, 35%, 37%)
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	(L.e. 10%, 12%, 22%, 24%, 32%, 35%, 37%)		gains (L.e. 0%, 15%, 20%)		(L.e. 10%, 12%, 22%, 24%, 32%, 35%, 37%)		(L.e. 10%, 12%, 22%, 24%, 32%, 35%, 37%)		
	Interest Income & Non-Qualified Dividends	Short-Term Capital Gains	Rents & Royalty Income	Qualified Dividends	Long-Term Capital Gains	Qualified Retirement Plans (Taxable)	Self-Employed Investment	Tax-Saver Investment Income	Life Insurance
Examples	= Bank Interest = Bond Interest	= Gains from = Gains from	= Rental Income = Royalty Income	= Corporate Dividends = Dividends from	= Gains from = Gains from	= Traditional 401(k) = Rollovers which do	= Interest from bank = Interest from stock	= Whole life insurance = Term life insurance	= Designated beneficiary = Designated beneficiary

[illegible]

The Ultimate Estate Planner, Inc. at [www.ultimateestateplanner.com](http://www.ultimateestateplanner.com) and 1-800-754-0477

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# Tax Asset Classes Chart (one-sided)

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TAX ASSET CLASSES

- Money market
- Corporate bonds
- US Treasury bonds

**Attributes**

- Annual income tax on interest
- Taxed at highest marginal rates

- Equity securities

**Attributes**

- Qualified dividends at LTCG rate
- Return of capital dividend
- Capital gain dividends

- Capital gain income

**Attributes**

- Deferral until sale
- Reduced capital gains rate
- Step-up basis at death

- Bonds issued by state and local governmental entities

**Attributes**

- Federal tax exempt
- State tax exempt

- Pension plans
- Profit sharing plans
- Annuities

**Attributes**

- Growth during lifetime
- RMD for IRA and qualified plans
- No step-up

**Real Estate**

- Depreciation tax shield
- 199A tax shield
- 1031 exchanges
- Deferral on growth until sale

**Oil & Gas**

- Large up front IDC deductions
- Depreciation allowances

**Both IRA and Insurance**

**Both IRA**

- Tax-free growth during lifetime
- No 70% RMD
- Tax-free distributions out to beneficiaries
- Life expectancy

**Life Insurance**

- Tax-deferred growth
- Tax-exempt payout at death

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# Bracket Management Chart

# FRONT

## Robert S. Keebler, CPA/PFS, MST, AEP: Bracket Management

### 15 Impactful Bracket Management Ideas

- 1. Taxpayers/IRAs/Charitable:** Contribute to Traditional IRAs/Charitable in high income years to reduce current income tax on wages and reduce investment taxes during accumulation years.
- 2. Roth IRA/Charitable:** Contribute to Roth IRAs/Charitable in low income years to reduce current income tax on wages and reduce investment taxes during accumulation years.
- 3. Roth IRA/Charitable:** Make Roth IRA/Charitable contributions to the extent of the current marginal rate to the floor or slightly to the projected average rate on distributions during retirement.
- 4. Roth IRA/Charitable:** Make Roth IRA/Charitable contributions to the extent of the current marginal rate to the floor or slightly to the projected average rate on distributions during retirement.
- 5. Capital Gains Harvesting:** Harvest gains in high income years to offset capital gains.
- 6. Capital Gains Harvesting:** Harvest gains in low income years to offset the 15% LTCG rate and current gain harvesting, which is more tax-efficient at lower rates in order to reduce future taxation at a higher rate.
- 7. Capital Gains Harvesting:** Consider harvest on investment accounts. For example, reducing ordinary income and harvest when it does not make a taxable event.
- 8. Capital Gains Harvesting:** Consider "rolling" taxable bonds down to a taxable event and harvesting to offset capital gains in low income years to offset the 15% LTCG rate and current gain harvesting, which is more tax-efficient at lower rates in order to reduce future taxation at a higher rate.
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- 15. Capital Gains Harvesting:** Consider harvest on investment accounts. For example, reducing ordinary income and harvest when it does not make a taxable event.

### 2020 Federal Income Brackets

2020 Federal Income Brackets

Single	Married
\$10,400	\$13,600
\$40,125	\$52,000
\$84,200	\$107,000
\$160,150	\$204,100
\$207,350	\$267,150
\$501,300	\$647,850
\$583,750	\$750,000

### Tax Rate Asset Allocation

Tax Rate Asset Allocation

Asset Class	15%	20%	25%	30%	35%	40%	45%	50%	55%	60%	65%	70%	75%	80%	85%	90%	95%	100%
Stocks	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Bonds	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Real Estate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Commodities	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Art	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Collectibles	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Charitable	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Other	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

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### Bracket Management Checklist

- Determine the client's current tax bracket.
- Project the client's future tax brackets.
- Determine if and when the client's AMT, 3.8% NIT, 3.8% LTCG, and 3.8% NIT will apply.
- Use the projections to build the client's portfolio according to the Tax Rate Asset Allocation chart.
- Build the portfolio with an understanding of the Taxation of Retirement Distributions.
- Consider Impactful Bracket Management Ideas 1-15 for all clients.
- Consider Impactful Bracket Management Ideas 9-15 for all clients, but especially those not "flying below the radar".

### Taxation of Retirement Distributions

Retirement Plan	Pre-tax Withdrawal	Post-tax Withdrawal	Pre-tax Withdrawal	Post-tax Withdrawal
401(k)	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal
403(b)	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal
457(b)	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal
IRA	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal
Roth IRA	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal
529 Plan	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal
Life Insurance	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal
Charitable	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal
Other	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal	Pre-tax Withdrawal

### Illustration: Poor Bracket Management

#### Strategic Income Tax Diagnostics

A very common, and dangerous, bracket management error occurs when retirement assets are not managed properly. This is because the client's income is not managed properly. The client's income is not managed properly.

# Capital Gains Harvesting Chart

FRONT

Robert S. Keebler, CPA/PFS, MST, AEP: 2020 Capital Gains Harvesting Chart

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graph TD
    Q1{If the asset is sold this year, will a higher capital gains rate apply than generally applies in the future?}
    Q2{Do you need cash immediately?}
    Q3{Can you defer the sale?}
    Q4{Does it make sense to borrow against the asset?}
    Q5{Is the present value of the future tax greater than the current tax?}
    Q6{Is the sale until income tax is lower or as long as possible?}

    Q1 -- YES --> A1[Apply higher capital gains rate]
    Q1 -- NO --> Q2
    Q2 -- YES --> A2[Consider a CRT, installment sale, tax-free exchange/rollover, etc.]
    Q2 -- NO --> Q3
    Q3 -- YES --> A3[Consider a CRT, installment sale, tax-free exchange/rollover, etc.]
    Q3 -- NO --> Q4
    Q4 -- YES --> A4[Revisit selling next year]
    Q4 -- NO --> Q5
    Q5 -- YES --> A5[Apply higher capital gains rate]
    Q5 -- NO --> Q6
    Q6 -- YES --> A6[Defer the sale until income tax is lower or as long as possible]
    Q6 -- NO --> A7[Defer the sale until income tax is lower or as long as possible]
  
```

Summary of Concept

Long-term capital gains rates increased in 2013 from 15% to 20% for those in the top tax bracket. In addition, many high income taxpayers may be subject to the new 3.8% tax on net investment income and phase-outs of deductions against income. Given the varied tax rates, many taxpayers who expect their rates to increase may actually realize a tax benefit by accelerating realization of gains.

Use this chart as a starting point for analyzing whether to harvest capital gains in the current year.

Long-Term Capital Gain Rates

	Single	Married	Trusts
0%	\$0 – \$40,000	\$0 – \$80,000	\$0 – \$2,650
15%	\$40,001 – \$441,450	\$80,001 – \$496,600	\$2,651 – \$13,150
20%	>\$441,450	>\$496,600	>\$13,150

Important Thresholds

	Single	Married	Trusts
3.8% NIT (MAGI)	\$200,000	\$250,000	\$12,950
199A Limits (Taxable Income)	\$163,300	\$326,600	\$163,300

BACK

Robert S. Keebler, CPA/PFS, MST, AEP: 2020 Capital Gains Harvesting Chart

Gain Harvesting Scenarios:

John purchased a stock in XYZ Corp. in November 2013, but will need to sell to use the cash in early in mid 2020.

- From a tax perspective, John should not sell. Since the stock was purchased recently, it isn't selling well enough to generate a short-term capital gain, based on ordinary income.
- Steve and Katie have combined taxable income of \$50,000. They will have a need to sell within 2020.

Steve and Katie should take gains up to get to the top of the 0% bracket (\$10,000 for married couples) and any 50% tax on the gains.

Jim and Mary are retired, but we are not collecting Social Security. The taxable portion of their Social Security income will bump them into the 22% tax bracket.

Jim and Mary should sell assets to "fill up" the 0% tax bracket and get a "tier" base.

Patrick does not need to retire for another seven years. He has no cash needs beyond what his current salary provides. He is in the 24% tax bracket, so he should pay 15% capital gains tax in 2020.

Patricia should not sell any assets in the investment account on the 30th or 31st of 2019.

Gain Harvesting strategy will be diminished by the time he needs cash in retirement.

Chris has more than \$200,000 in salary in 2020, and would like to sell stock with a few basis. He plans to retire at the end of 2021.

Chris should sell during the last week in 2020. If he can sell, Chris would be subject to the 3.8% NIT, therefore paying 18.8% rate on capital gains. If he can wait until 2021, when he has no salary income, he could be taxed as long as possible.

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Gain Harvesting Return on Investment (after-tax)

	2019	2020	2021	2022	2023	2024	2025	2026
Growth Rate	4.0%	0.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
State Tax	4.0%	0.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	0.0%	20.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	0.0%	23.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	20.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	23.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%

	2019	2020	2021	2022	2023	2024	2025	2026
Growth Rate	8.0%	0.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
State Tax	4.0%	0.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	0.0%	20.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	0.0%	23.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	20.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	23.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%

	2019	2020	2021	2022	2023	2024	2025	2026
Growth Rate	8.0%	0.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
State Tax	4.0%	0.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	0.0%	20.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	0.0%	23.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	20.0%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%
	15.0%	23.8%	18.8%	18.8%	18.8%	18.8%	18.8%	18.8%

The Gain Harvesting strategy involves selling a security in the current year and reinvesting the proceeds in the same stock or a similar asset class. This strategy does not call for a "move to cash." From a financial perspective, nothing changes except that stock is sold and a gain is triggered at the current tax rate.

The results show the return on investment (ROI) if you harvest a gain in the current year and then sell again in subsequent years versus doing nothing now and selling in the later year when cash is needed. Essentially, you're buying a future savings in taxes by taking the gain in the current year. This illustrates the rate of return on the tax savings that you have "purchased." The ROI numbers for years beyond next year are a Compound Annual Growth Rate (CAGR) taking yearly compounding into consideration.

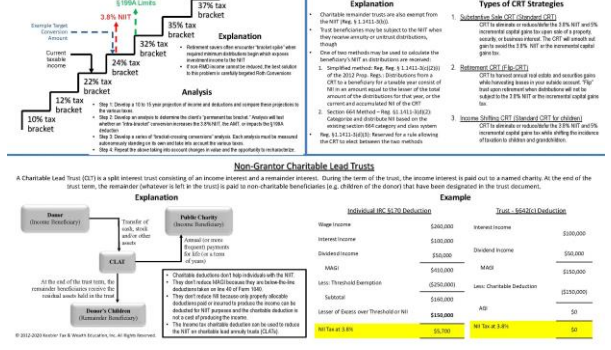
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## X Chart

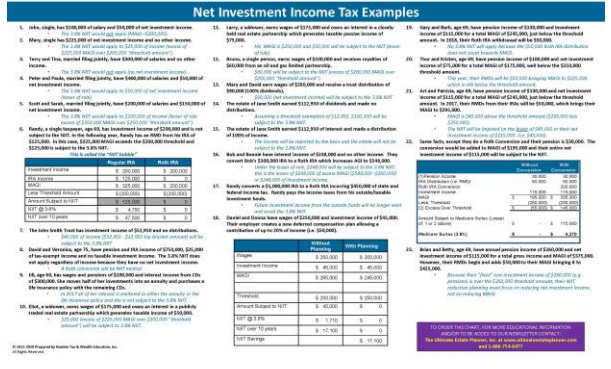
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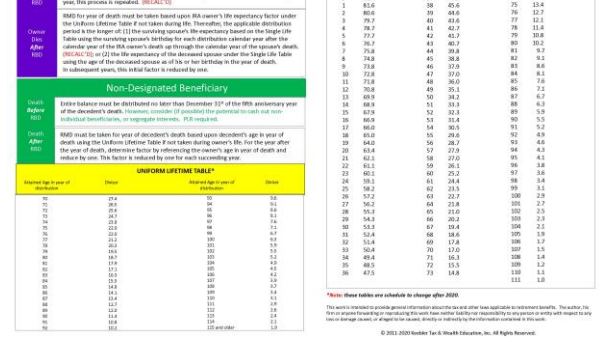
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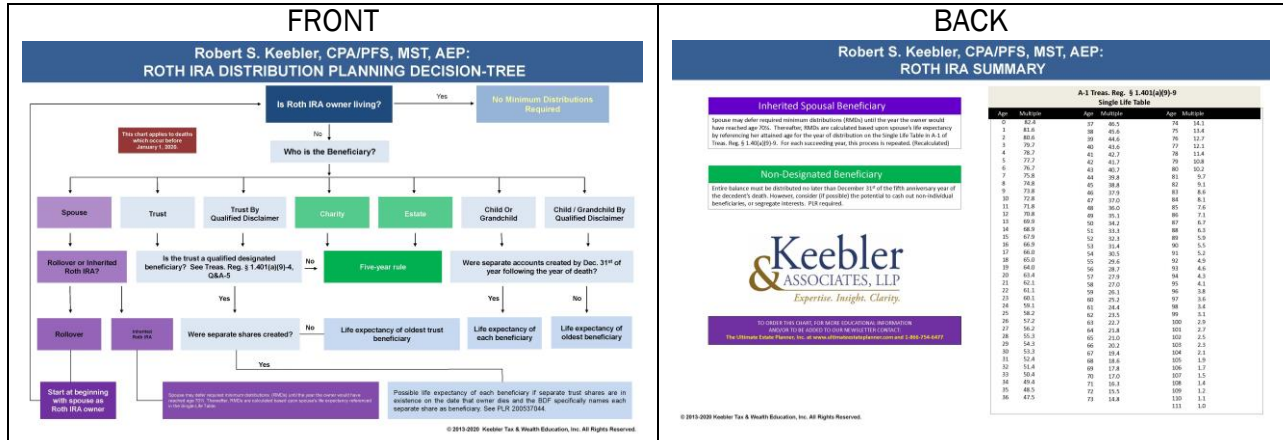
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### Inherited Spousal Beneficiary

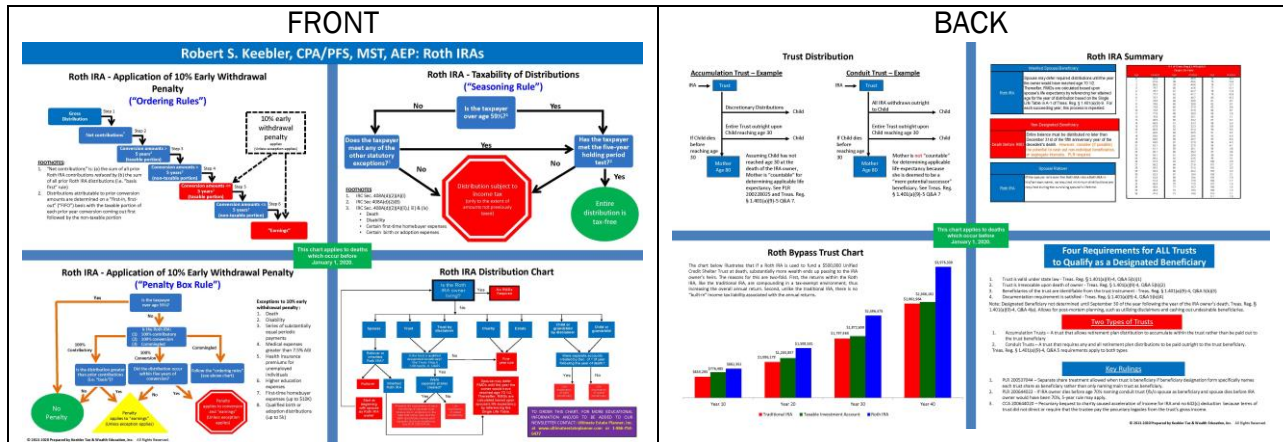




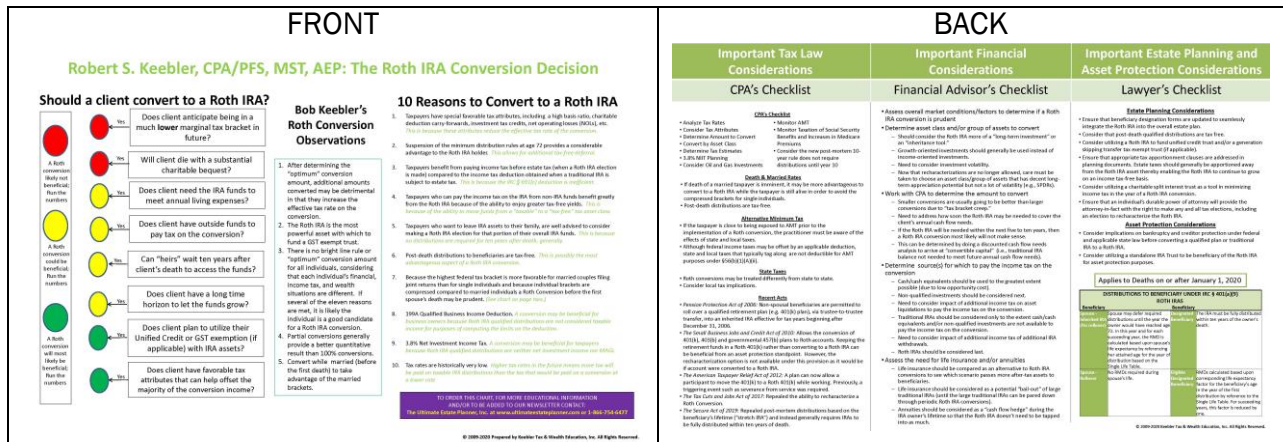
# Roth IRA Distribution Flowchart



# The Roth IRA Quadrants Chart



# Roth IRA Conversion Decision Chart



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