



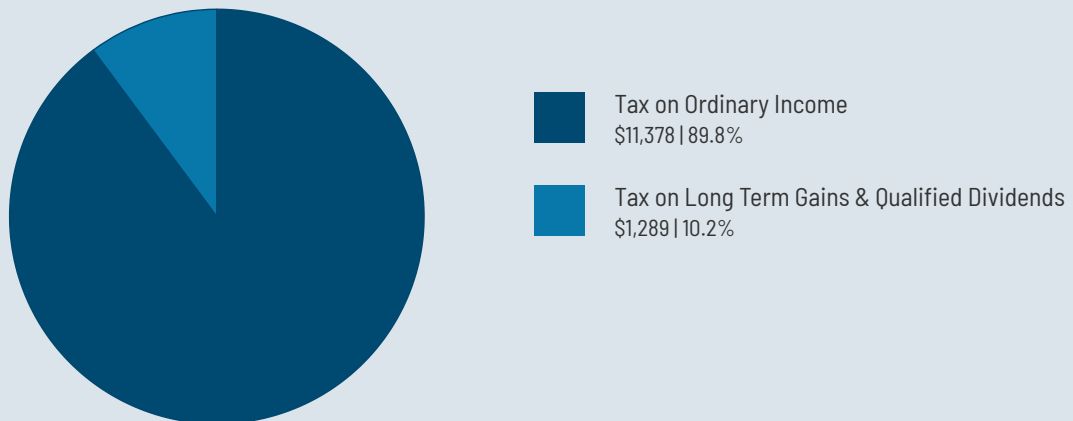
2026 Tax Report for Joseph Sample and Catherine Sample

Scenario: Tax Year 2026

KEY FIGURES

Total Income	\$147,390	Filing Status	Married Filing Jointly	Qualified/Ordinary Dividends	\$1,837 / \$2,560
Adjusted Gross Income (AGI)	\$147,390	Marginal Bracket	12.0%	ST/LT Capital Gains	(\$5,976) / \$12,732
Standard Deduction	\$33,850	Average Rate	8.6%	Carryforward Loss	\$0
Total Deductions	\$39,850	2026 Safe Harbor	\$11,400	Total/Taxable Social Security	\$60,930 / \$51,791
Taxable Income	\$107,540	Enhanced Senior Deduction	\$6,000	Credits Claimed	\$0
Total Tax	\$12,667				

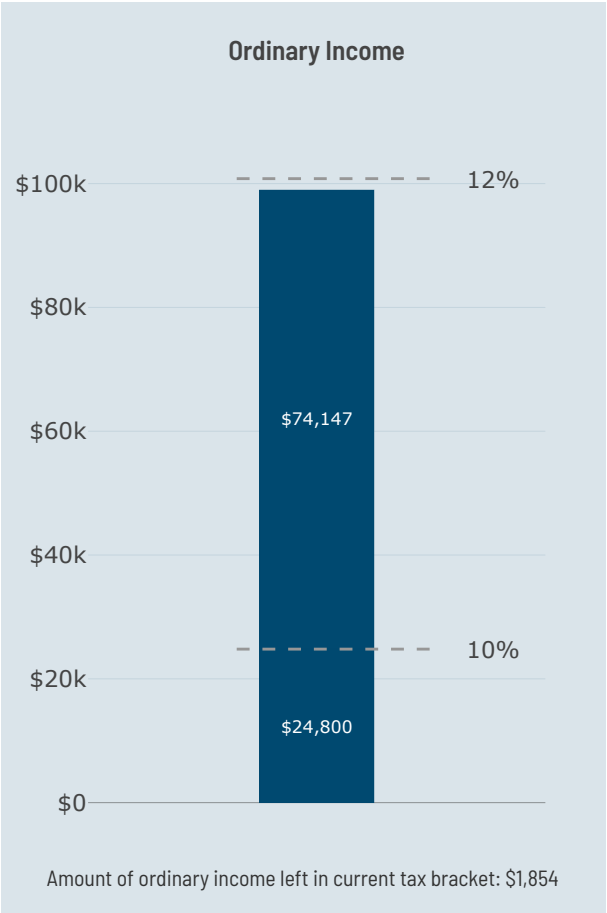
Let's take a look at your Tax Breakdown



Marginal Tax Brackets: Ordinary Income

The marginal tax rate for your ordinary income is as follows:

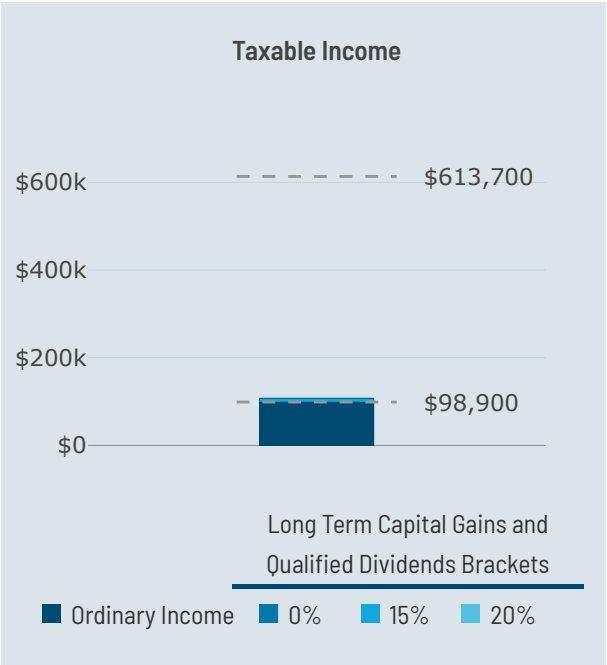
Marginal Rate	Ordinary Income Threshold	Ordinary Income	Tax
10%	\$0 to \$24,800	\$24,800	\$2,480
12%	\$24,800 to \$100,800	\$74,147	\$8,898
22%	\$100,800 to \$211,400	\$0	\$0
24%	\$211,400 to \$403,550	\$0	\$0
32%	\$403,550 to \$512,450	\$0	\$0
35%	\$512,450 to \$768,700	\$0	\$0
37%	\$768,700 and above	\$0	\$0
Total		\$98,947	\$11,378



Marginal Tax Brackets: Long Term Capital Gains & Qualified Dividends

Your taxable income of \$107,540 includes \$8,593 of long-term gains and qualified dividends that are taxed at lower rates compared to ordinary income. Long-term gains are added on top of your ordinary income to determine the tax rates that apply.

Marginal Rate	Taxable Income Threshold	Taxable Income	Qualified Income	Tax
0.0%	\$0 to \$98,900		\$0	\$0
15.0%	\$98,900 to \$613,700	\$107,540	\$8,593	\$1,289
20.0%	\$613,700 and above		\$0	\$0
Total			\$8,593	\$1,289



Medicare Part B/D Premiums for 2028

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income* (MAGI). Your MAGI is \$147,390.
Amounts are monthly per person.

*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	MAGI	Part B Premium	Part D Premium
\$0 to \$218,000	\$147,390	\$202.90	Your Plan Premium
\$218,000 to \$274,000		$\$202.90 + \$81.20 = \$284.10$	Your Plan Premium + \$14.50
\$274,000 to \$342,000		$\$202.90 + \$202.90 = \$405.80$	Your Plan Premium + \$37.50
\$342,000 to \$410,000		$\$202.90 + \$324.60 = \$527.50$	Your Plan Premium + \$60.40
\$410,000 to \$750,000		$\$202.90 + \$446.30 = \$649.20$	Your Plan Premium + \$83.30
\$750,000 and above		$\$202.90 + \$487.00 = \$689.90$	Your Plan Premium + \$91.00

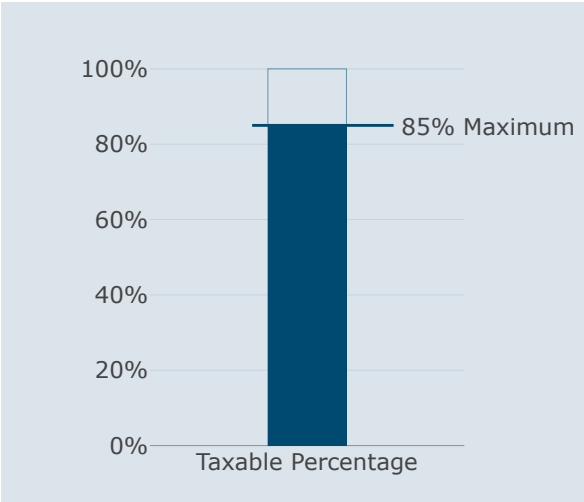
Social Security

TAXATION OF SOCIAL SECURITY

Taxable Percentage	Income Threshold	Combined Income *	Your Taxable Percentage
0% Taxable	Less than \$32,000		
Up to 50.0% taxable	\$32,000 to \$44,000		
Up to 85.0% taxable	More than \$44,000	\$126,064	85.0%

SOCIAL SECURITY

Description	Amount
Total Benefits	\$60,930
Taxable Percentage	85.0%
Taxable Benefits	\$51,791



* Combined income (provisional income)

AGI (not including Social Security benefits)	\$95,599
Nontaxable Interest	\$0
50% of your Social Security benefits	\$30,465
Total combined income	\$126,064

Schedule D - Capital Gains/Losses

The tax return listed the following sources of capital gains/losses

SHORT TERM

Description	Amount
Short Term Gain/Loss for 2026	(\$5,976)
Total Short Term Gain/Loss for 2026	(\$5,976)

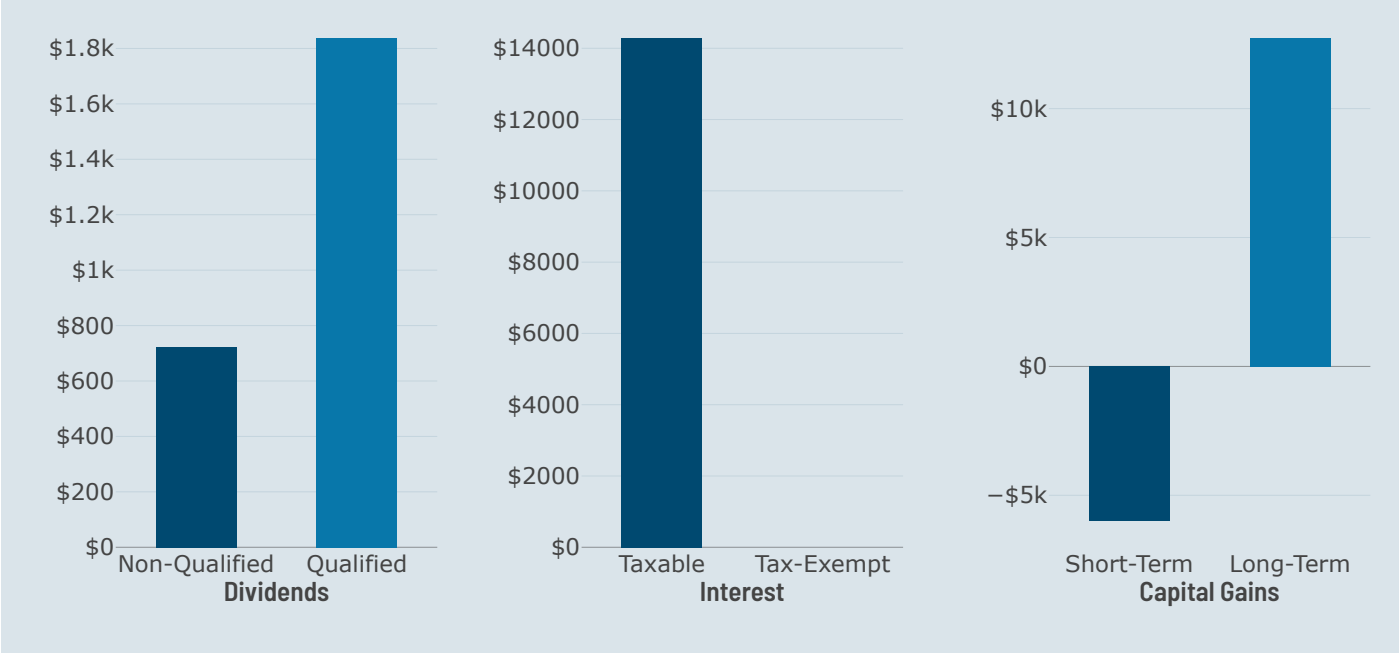
LONG TERM

Description	Amount
Long Term Gain/Loss for 2026	\$12,732
Total Long Term Gain/Loss for 2026	\$12,732

TOTAL		CARRY FORWARD LOSSES TO 2027	
Total Gains/Losses for 2026	\$6,756	Short Term Loss	\$0
		Long Term Loss	\$0

Let’s take a look at the tax efficiency of your investment income

Different types of investment income are taxed differently. For example, non-qualified dividends and short-term capital gains are taxed as ordinary income at higher rates, while qualified dividends and long-term capital gains are taxed at lower preferential rates. And depending on your marginal bracket, it may be more tax efficient to use tax-free income vehicles like municipal bonds/bond funds instead of taxable income options.



Modified Adjusted Gross Income (MAGI): Planning Considerations

Certain deductions and tax incentives phase out as income reaches certain levels. The definition of “income” for these phase outs can be different. The term “Modified Adjusted Income” (MAGI) is generally used, but there are several definitions of MAGI that are slightly different from each other.

MAGI Definition 1	\$147,390	
Coverdell ESA	\$190,000 - \$220,000	Under
American Opportunity Credit	\$160,000 - \$180,000	Under
Child Tax Credit	\$400,000 - \$400,000	Under
Lifetime Learning Credit	\$160,000 - \$180,000	Under
Qualified Adoption Expenses Credit	\$265,080 - \$305,080	Under
Savers Credit	\$52,500 - \$80,500	Above
Enhanced Deduction for Seniors	\$150,000 - \$250,000	Under
SALT Deduction Cap	\$505,000 - \$606,330	Under
Qualified Tips Deduction	\$300,000 - \$550,000	Under
Overtime Deduction	\$300,000 - \$550,000	Under
Car Loan Interest Deduction	\$200,000 - \$250,000	Under
MAGI Definition 2	\$147,390	
Net Investment Income Tax	\$0 - \$250,000	Under
MAGI Definition 3	\$147,390	
Roth IRA Contribution	\$242,000 - \$252,000	Under
MAGI Definition 4	\$147,390	
Student Loan Interest Deduction	\$175,000 - \$205,000	Under
MAGI Definition 5	\$147,390	
IRA Contribution Deductibility - Covered by Qualified Plan	\$129,000 - \$149,000	Phase Out
IRA Contribution Deductibility - Not Covered/Spouse Covered	\$242,000 - \$252,000	Under
MAGI Definition 6	\$156,529	
ACA Premium Credit	740% of federal poverty limit (48 States and DC)	

Formulas

- MAGI Definition 1: AGI + Foreign Housing Exclusion + Foreign Earned Income Exclusion + Foreign Housing Deduction
- MAGI Definition 2: AGI + Excluded Foreign Earned Income
- MAGI Definition 3: AGI + IRA Deduction + Student Loan Interest Deduction + Tuition and Fees Deduction (2020 only) + Total Foreign Income Exclusions + Foreign Housing Deduction - Taxable Roth Conversion
- MAGI Definition 4: Worksheet 4-1 from Publication 970, Total Income, Several Above the Line Deductions, + Total Foreign Income Exclusions + Foreign Housing Deduction
- MAGI Definition 5: AGI + IRA Deduction + Unemployment Comp. (2020 only) + Student Loan Interest Deduction + Tuition and Fees Deduction (2020 only) + Total Foreign Income Exclusions + Foreign Housing Deduction
- MAGI Definition 6: AGI + Excluded Foreign Income + Nontaxable Social Security Benefits (Including Tier 1 Railroad Retirement Benefits) + Tax Exempt Interest

Deductions & Credits

Deductions reduce the amount of income subject to tax while credits reduce taxes dollar for dollar.

DEDUCTIONS		CREDITS	
Claimed	Deduction	Claimed	Credit Type
Standard Deduction	\$33,850		
Enhanced Senior Deduction	\$6,000		

Observations

- \$51,790, or 85%, of your total Social Security earnings of \$60,930 was taxable as ordinary income. Social Security income is excluded from taxes to varying degrees, based on total income from other sources.
- Given that you are in a lower marginal tax bracket, you may consider converting any eligible retirement accounts to Roth
- Your Modified Adjusted Gross Income (MAGI) suggests you are eligible to contribute to a Roth IRA. Note that Roth contributions must come from what the IRS calls "compensation income". This tax return does not appear to include compensation income.
- Your tax return does not list any HSA contributions. If you are eligible to contribute to an HSA, you will get a tax deduction, regardless of whether you itemize or take the standard deduction.
- For the ACA Premium Tax Credit, taxpayers with MAGI of less than 100% of the Federal Poverty Limit (FPL) or in excess of 400% of the FPL are not eligible to receive any credits. Generally, taxpayers with MAGI between 100% and 400% of the FPL are eligible to receive the credit on a sliding scale.
- Based on the total tax estimate, the minimum amount of withholding needed in 2026 to avoid an underpayment penalty is 90% of the total tax, or \$11,400. Alternatively, the "penalty proof" withholding amount can be calculated based on the previous year's total tax and Adjusted Gross Income.

NY State Tax Hints

Income from federal government, New York state and local government, and military retirement plans are exempt from taxation.

Contributions to a New York 529 plan are deductible up to \$5,000 per year by an individual, and up to \$10,000 per year by a married couple filing jointly. Only contributions made by the account owner, or if filing jointly, by the account owner's spouse, are deductible.

Social Security benefits are not taxed.

Miscellaneous deductions, including advisor fees, can be itemized.

If your pension is taxable and you were 59½ before January 1 of the tax filing year, you may qualify for a pension and annuity exclusion of up to \$20,000. If you became 59½ during the tax year, you can exclude up to \$20,000 of the pension income you received after turning 59½.

Alimony received is counted as taxable income. Alimony paid is a deduction.

Taxpayers may be eligible to exclude up to \$20,000 of disability income from New York tax. For individuals that take both the pension and disability exclusion, the total of the two exclusions cannot exceed \$20,000.
