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The tax calm before the storm?

*Take full advantage of tax certainty while
planning for changes to come*

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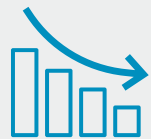
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A shifting landscape calls for a different approach

Talk to your financial professional about tax-smart strategies for today's conditions



Taxes will likely rise



Equity markets remain volatile



Estate transfer exemption is slated to decline



Interest rates have been elevated

Additional uncertainties lie ahead



**Debt ceiling
deadline**



2024 Elections



**Expiring Tax Cuts
and Jobs Act
(2017) provisions**

Integrate wealth and tax planning

Maximize after-tax outcomes and advance your other important goals:



- ✓ Support charitable organizations
- ✓ Transfer wealth to heirs
- ✓ Build retirement income

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Prepare now to minimize the impact



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Taxpayers will face higher rates on income and earnings

INCOME TAX RATE		AGI - MARRIED FILING JOINTLY		
2017	2023	2017	2023	2024
10%	10%	\$0 - \$18,650	\$0 - \$22,000	\$0 - \$23,200
15%	12%	\$18,651 - \$75,900	\$22,001 - \$89,450	\$23,201 - \$94,300
25%	22%	\$75,901 - \$153,100	\$89,451 - \$190,750	\$94,301 - \$201,050
28%	24%	\$153,101 - \$233,350	\$190,751 - \$364,200	\$201,051 - \$383,900
33%	32%	\$233,351 - \$416,700	\$364,201 - \$462,500	\$383,901 - \$487,450
35%	35%	\$416,701 - \$470,000	\$462,501 - \$693,750	\$487,451 - \$731,200
39.6%	37%	\$470,000+	\$693,751+	\$731,201+

CAP GAINS AND DIVIDEND TAX RATE	AGI - MARRIED FILING JOINTLY ¹		
	2017 ²	2023	2024
0%	\$0 - \$75,900	\$0 - \$89,250	\$0 - \$94,050
15%	\$75,901 - \$470,000	\$89,251 - \$553,850	\$94,051 - \$583,750
20%	\$470,000+	\$553,851+	\$583,751+

Source: IRS.gov.

¹ Incomes above \$250,000 (married, filing jointly) are subject to an additional 3.8% net investment income tax.

² Source for 2017 data: Bradford Tax Institute.

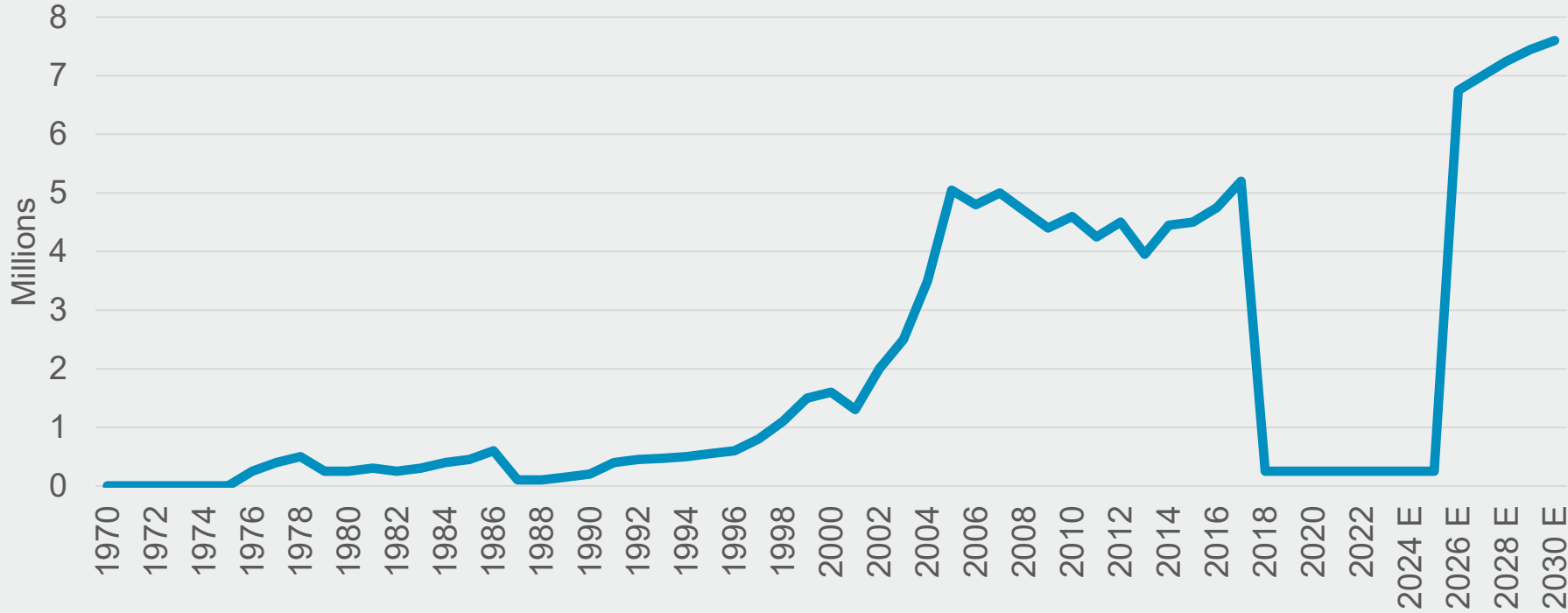
Alternative minimum tax thresholds will decline

An increasing number of investors may be subject to the AMT after 2025

	2017	2023	2024 E ¹
AMT Exemption	\$84,500	\$126,500	\$133,300
28% bracket threshold	\$187,800	\$220,700	\$232,600
Exemption phase-out threshold	\$160,900	\$1,156,300	\$1,218,700

Married, filing jointly.

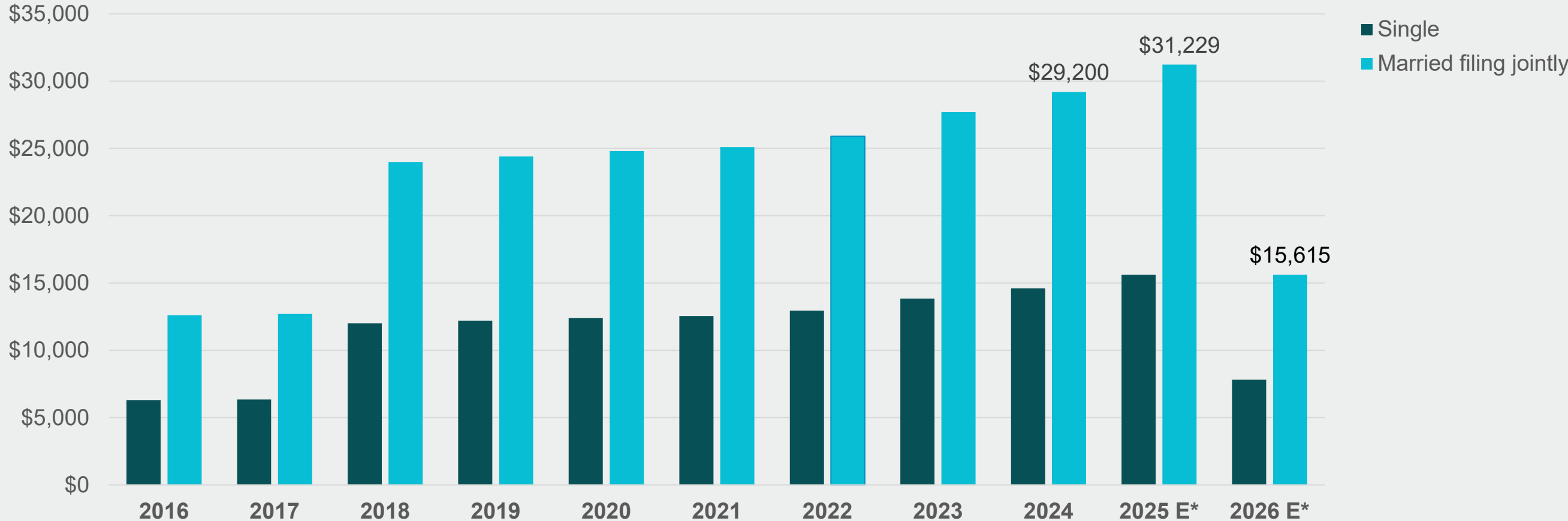
Taxpayers subject to AMT



Sources: IRS.gov and TaxPolicyCenter.org

Standard deduction will be halved

Standard deduction



*E = estimated.
Source: IRS.gov

Other factors that may impact your tax burden



Job status

Are you planning to retire or take a lower (or higher) paying job?



Additional income

Will you be required to start taking distributions from retirement accounts (RMD*)?



State domicile

Have you moved or are you planning to move to a different state?



Tax filing status

Are you anticipating a change in your marital status?

*Required minimum distribution



**The time to
prepare for
higher tax
rates is NOW**

Estimate your tax burden

Work with your financial professional to:



Approximate your income for each year between now and 2026



Determine high vs. low tax years



Compare total itemized deductions to expected standard

Choose the right strategies and timing

- Plan to take deductions when they will be most valuable (in higher tax years)
- Delay income and capital gains until lower tax years

Item	EXPECTED INCOME TAX	
	Higher: Delay income	Lower: Accelerate income
Charitable gifts	Make multiple-years worth of gifts	Delay gifts
State, income and property taxes	Pre-pay taxes	Delay payment until deadline
Retirement accounts	Maximize contributions	Increase IRA distributions Convert IRA to Roth
Stocks/options	Purchase collars to lock in capital gains without selling Harvest capital losses	Sell appreciated stock to recognize capital gains Exercise employee stock options (ESO)
Home sale	Collect sale price in installments	
Closely-held business		Take distributions

Consider the tax efficiency of individual investments

Some asset classes and vehicles have the potential for additional tax savings



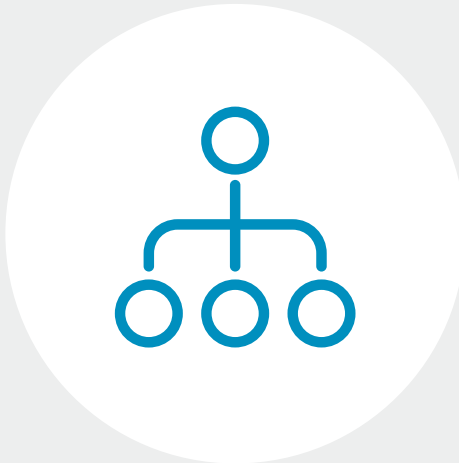
**Municipal bonds
(munis)**

Generate tax-exempt income



**Real estate investment trusts
(REITs)**

Receive attractive tax treatment



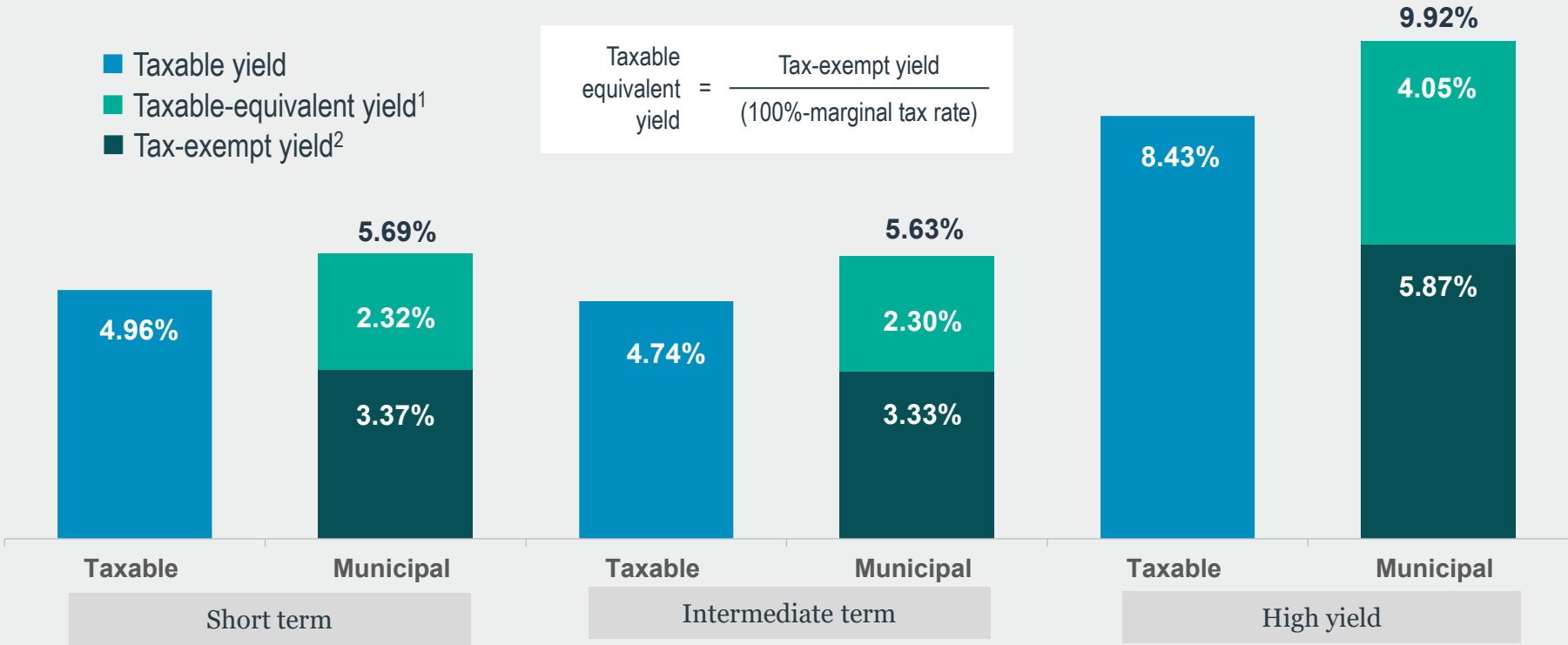
**Exchange traded funds
(ETFs)**

Reduce taxable distributions

Municipal bonds generate tax-exempt income

- Generally exempt from federal taxes
- May be exempt from taxes from the state issuer

Taxable vs. tax-equivalent yields



¹ The taxable-equivalent yield is based on the highest individual marginal federal tax rate of 37%, plus the 3.8% Medicare tax on investment income (the Net Investment Income Tax). Individual tax rates may vary.

² Some income may be subject to state and local taxes and the federal alternative minimum tax.

Data source: Bloomberg L.P., 31 Aug 2023. **Performance data shown represents past performance and does not predict or guarantee future results.** Yields are yield to worst. **Yield to worst** is the lowest potential yield that can be received on a bond without the issuer defaulting. **Taxable-equivalent yield** is the yield a taxable investment needs to possess (before taxes) for its yield to be equal to that of a tax-free municipal investment. The yields shown are based on the highest individual marginal federal tax rate of 37%, plus the 3.8% Medicare tax on investment income. Individual tax rates may vary. They do not take into account the effects of the federal alternative minimum tax (AMT) or capital gains taxes. **Representative indexes:** **Short term taxable bonds:** Bloomberg U.S. Government/Credit 1-5 Year Index; **Short term municipal bonds:** Bloomberg Municipal Short Index; **Intermediate term taxable bonds:** Bloomberg U.S. Government/Credit 5-10 Year Index; **Intermediate term municipal bonds:** Bloomberg Municipal Intermediate Index; **High yield taxable bonds:** Bloomberg Corporate High Yield 2% Issuer Capped Index; **High yield municipal bonds:** Bloomberg High Yield Municipal Bond Index. Different benchmarks, economic periods, methodologies and market conditions will produce different results.

Real estate investment trusts receive unique tax treatment

- Return of capital (ROC) tax shelter may reduce taxable portion of distributions^{1,2}
- Redemptions taxed as capital gain
- 20% deduction on pass-through income (but not capital gains)

Hypothetical Example: \$5,000 REIT Distribution

Return of capital %	0%	60%	90%
Return of capital amount	\$0	\$3,000	\$4,500
Taxable basis	\$5,000	\$2,000	\$500
Tax payable at highest rate (29.6%)	\$1,480	\$592	\$148
After-tax distribution	\$3,520	\$4,408	\$4,852
After-tax yield	3.5%	4.4%	4.9%
Effective federal tax rate	29.6%	11.8%	3.0%

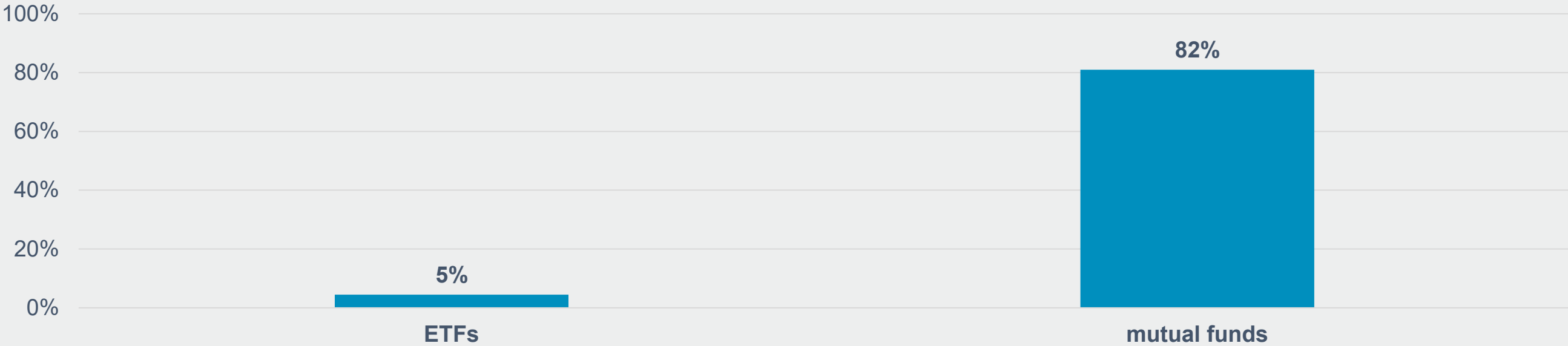
¹ Return of capital reduces the stockholder's tax basis in the year the dividend is received, and generally defers taxes on that portion until the capital asset is sold.

² Certain non-cash deductions, such as depreciation and amortization, lower the taxable income for REIT distributions. The 60% ROC scenario reflects the following: straight-line depreciation can account for approximately 50% of a REIT's distributions; assuming a 5% distribution and a 40-year depreciable life, depreciation would amount to 2.5% annually; including additional non-cash deductions we estimate that 60% of distributions would be considered ROC. The illustrative example does not reflect the impact of increasing net operating income ("NOI"); an increasing NOI from higher rents would reduce the amount of ROC. While NOI for commercial real estate has historically increased, past performance is not indicative of future results.

Exchange-traded funds may minimize taxable gains

ETF managers can generally avoid capital gains distributions

% of equity funds with capital gains in 2022



Source: Morningstar and Russell, as of 12/31/22

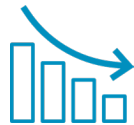
A shifting landscape calls for a different approach



Tax rates will likely rise



Prepare now to minimize the impact



Equity markets remain volatile



Leverage the opportunities that arise



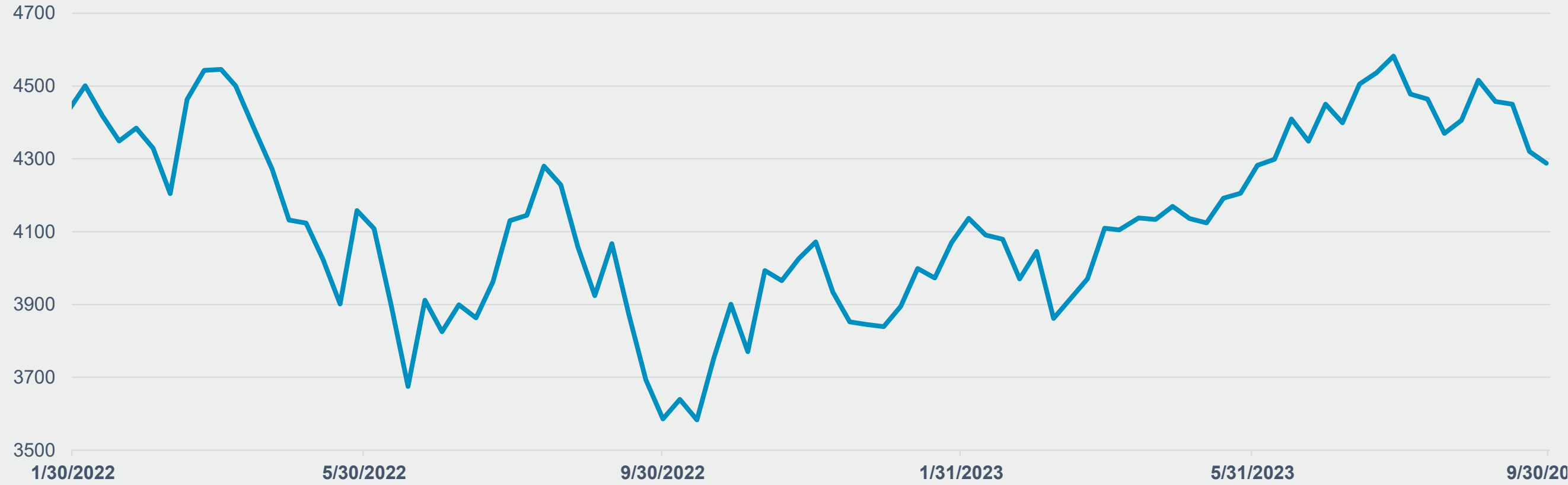
Estate transfer exemption is slated to decline



Interest rates have been elevated

Equity markets continue to be volatile

S&P 500 weekly close
Jan 1, 2022 – Sept 30, 2023



Source: Nasdaq. For the period 1/03/22 - 9/30/23.



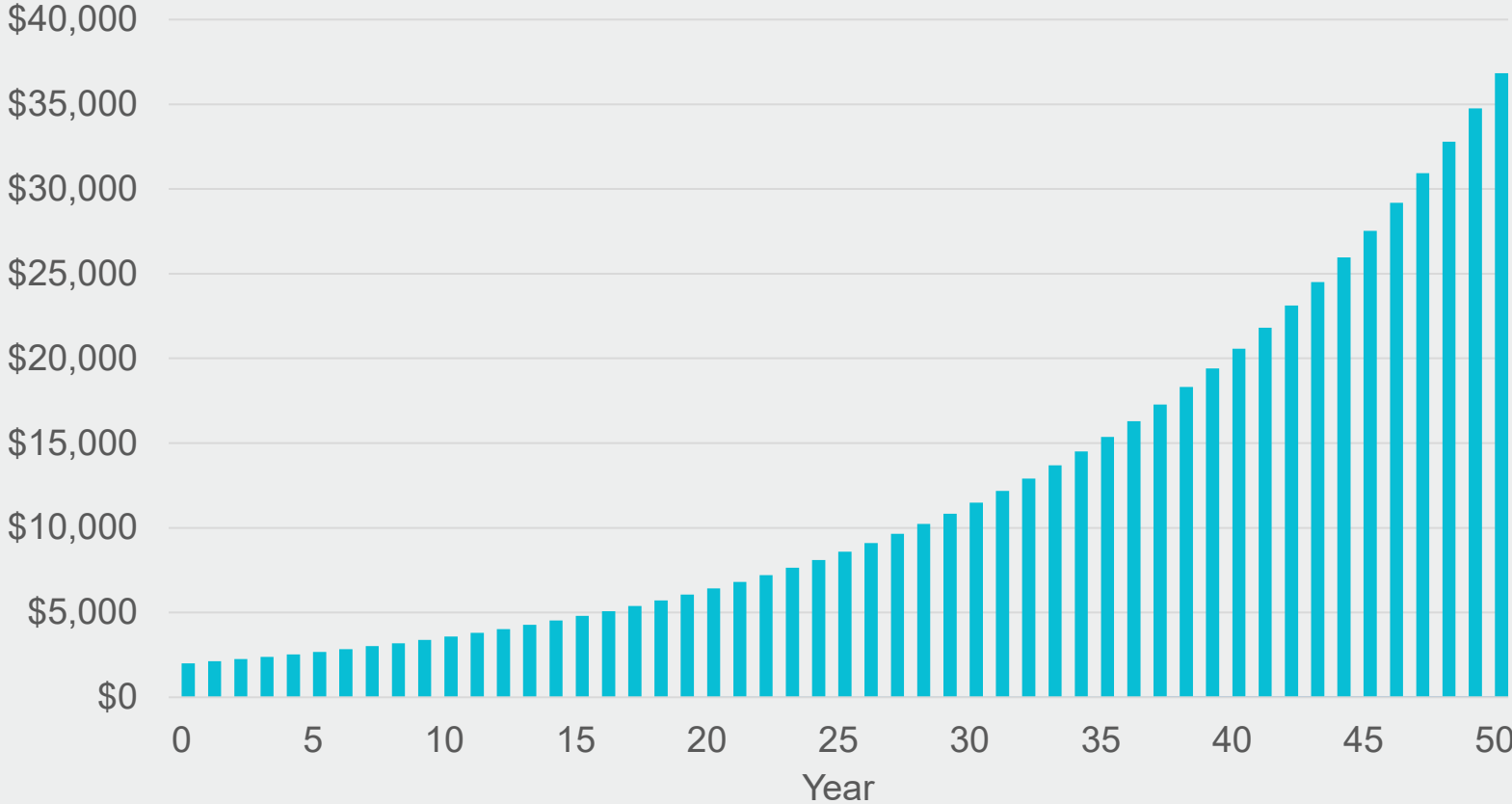
Leverage the opportunities that arise

Take full advantage of tax-exempt savings

- Will you be eligible to convert to a Roth IRA?
- Consider opening Roth IRAs for children/grandchildren

2023 Roth IRA Contribution Threshold Modified AGI ¹	
Married, filing jointly	\$218,000
Single	\$138,000

Growth of a \$2,000 investment over 50 years²

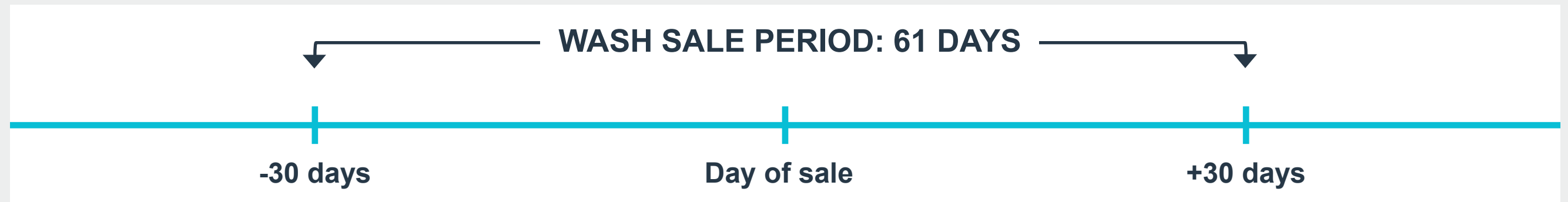


¹ Source: IRS.gov.
² Source: Investor.gov. Assumes 6% interest, compounded annually without taxes

Increase your overall cost basis

Your financial professional can help you:

- Identify accounts (including trusts) with capital losses
- Determine the best individual securities and lots to sell, based on cost basis
- Reinvest proceeds of a sale to maintain or enhance asset allocation
 - Avoid wash sale



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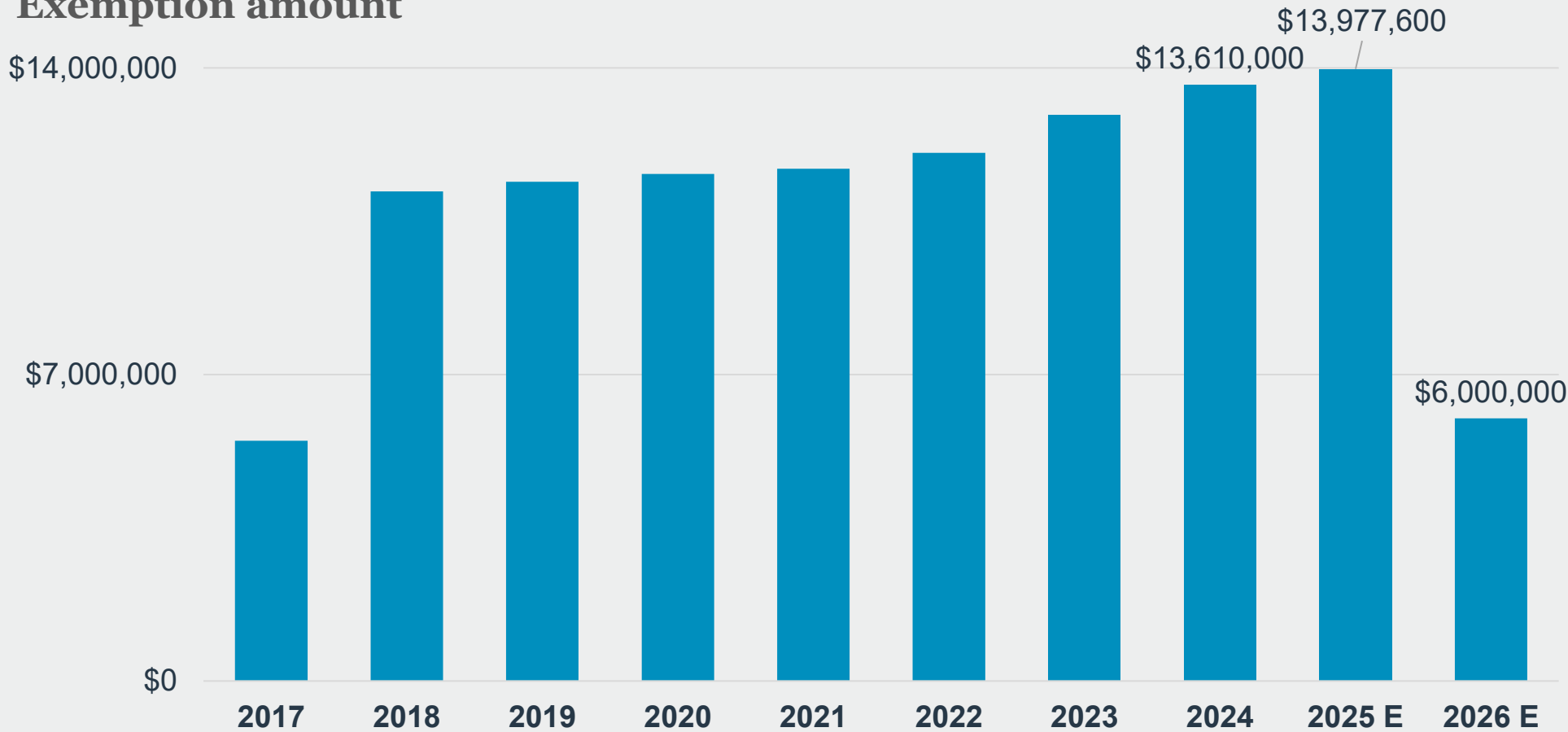
Decide whether and when to use it (or lose it)



Interest rates have been elevated

Lifetime transfer exemption set to fall

Exemption amount



- You may be facing a time limit to gift significant amounts in a tax-efficient manner
- Applies both to gifts to charity or wealth transfer to heirs

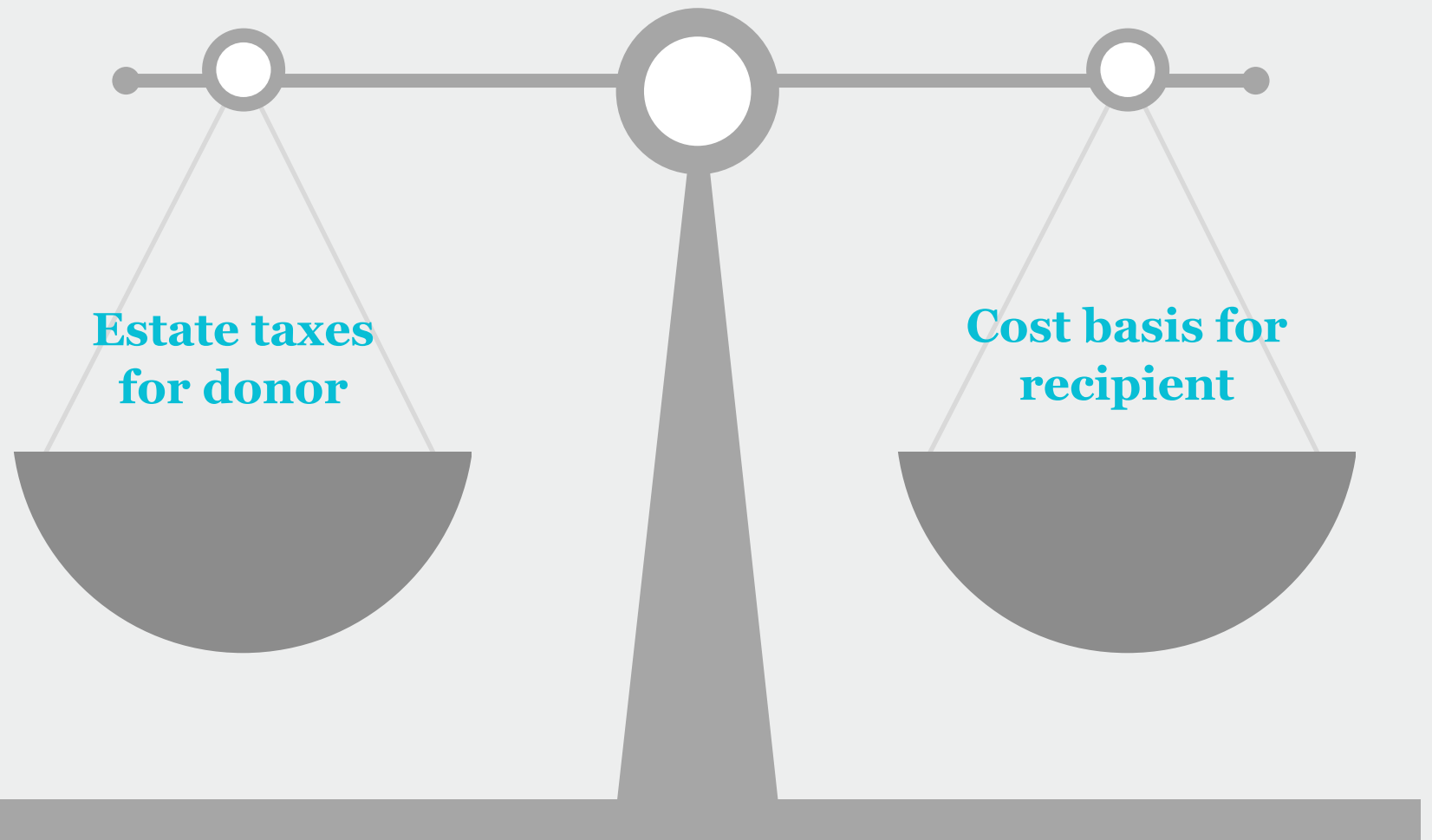
Source: IRS.gov.



Decide whether and when to use transfer exemption

Consider your gifting priorities

- Weigh pros and cons
 - Tax reduction vs. loss of control
- Account for risks
 - Exemption could be lowered before 2026



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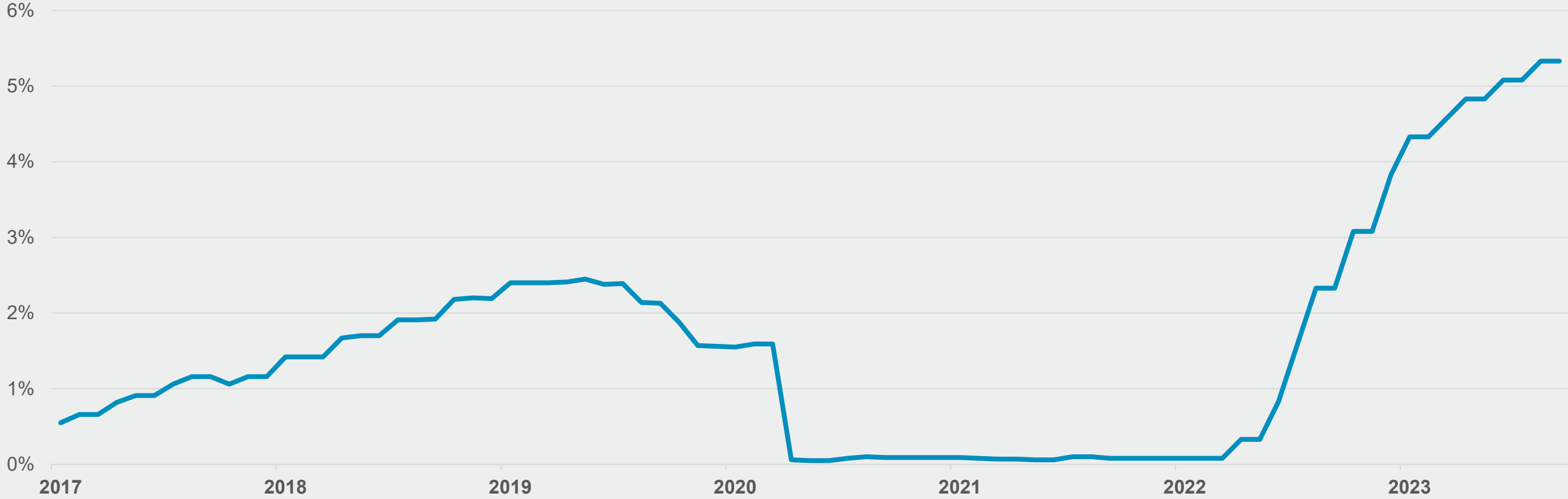
Interest rates have been elevated



Choose the right trust vehicles for the current environment

The Fed continues to raise rates

Fed Funds rate



Source: Macrotrends.net, data shown annually, as of 9/30/23.



Choose the
right trust
vehicles for
the current
environment

Choose the right trust vehicles

Value of a trust varies with level of interest rates

More attractive when rates are:	Trust type	Income tax deduction timing	Income tax deduction value	Recipient of current interest	Recipient of assets at end of term
HIGH	Charitable remainder trust (CRT)	Current tax year	Present value of donated assets minus present value of future payments to named charity	Donor	Named charity
	Qualified Personal Residence Trust (QPRT)	n/a	n/a	Donor	Named beneficiary
LOW	Charitable lead trust (CLT)	Current tax year	Present value of future payments to named charity	Named charity	Named beneficiary
	Grantor Retained Annuity Trust (GRAT)	n/a	n/a	Donor	Named beneficiary

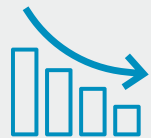
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▶ Prepare now to minimize the impact



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▶ Choose the right trust vehicles for the current environment

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