

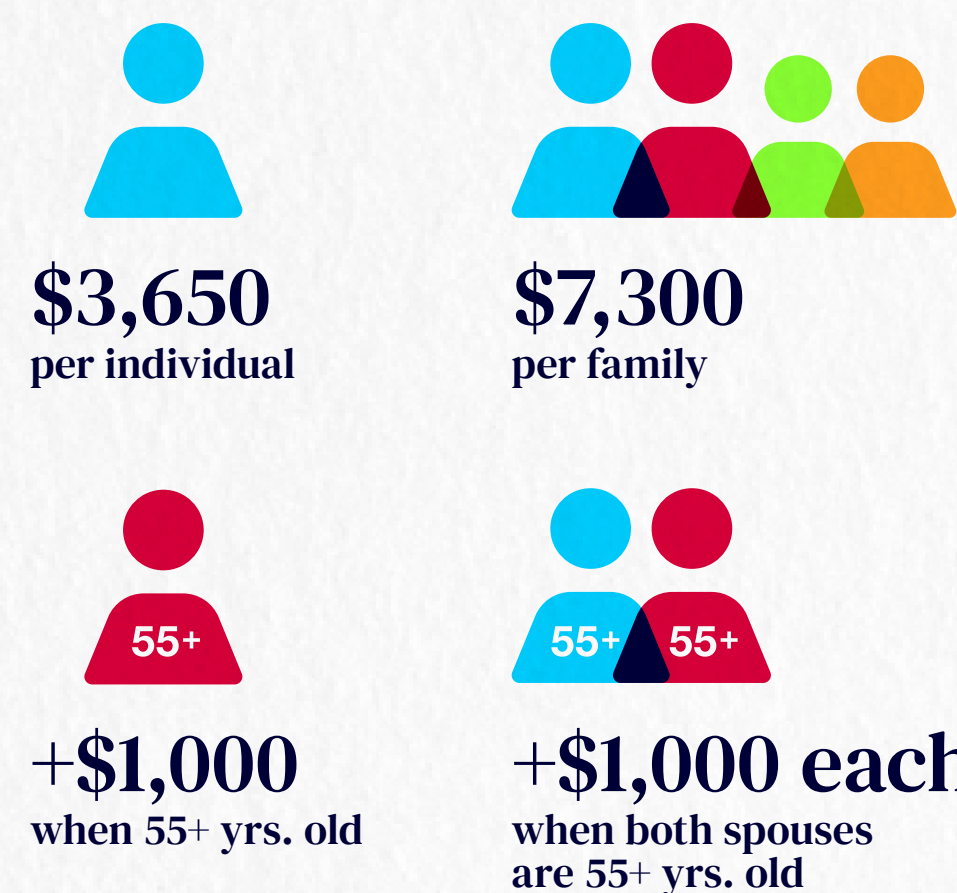
10

Tax Planning Tips Your CPA Might Have Missed

1. Invest In A Health Savings Account

Health savings accounts (HSAs) offer some of the smartest tax benefits available. To be eligible to contribute the full allowable amount to an HSA, you need to be covered under a high deductible health plan on the first day of the last month of your tax year – Dec. 1 for most taxpayers.

Limits can change. In 2022, contribute up to:



2. Set Up A Retirement Plan

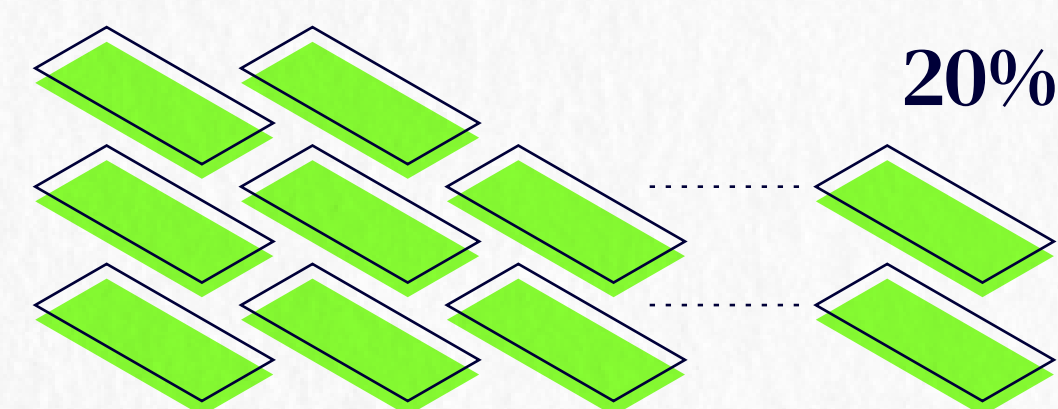
Even if you're self employed or your employer does not offer a retirement planning benefit, you can still set up a solo retirement plan. These types of plans help you qualify for other tax benefits and tax-advantaged investments.

Many people are unaware that you can set up the following plans to set aside money for retirement:

- Solo 401(k)
- Defined Benefit Plan
- Roth IRA
- Traditional IRA
- SEP IRA
- Simple IRA

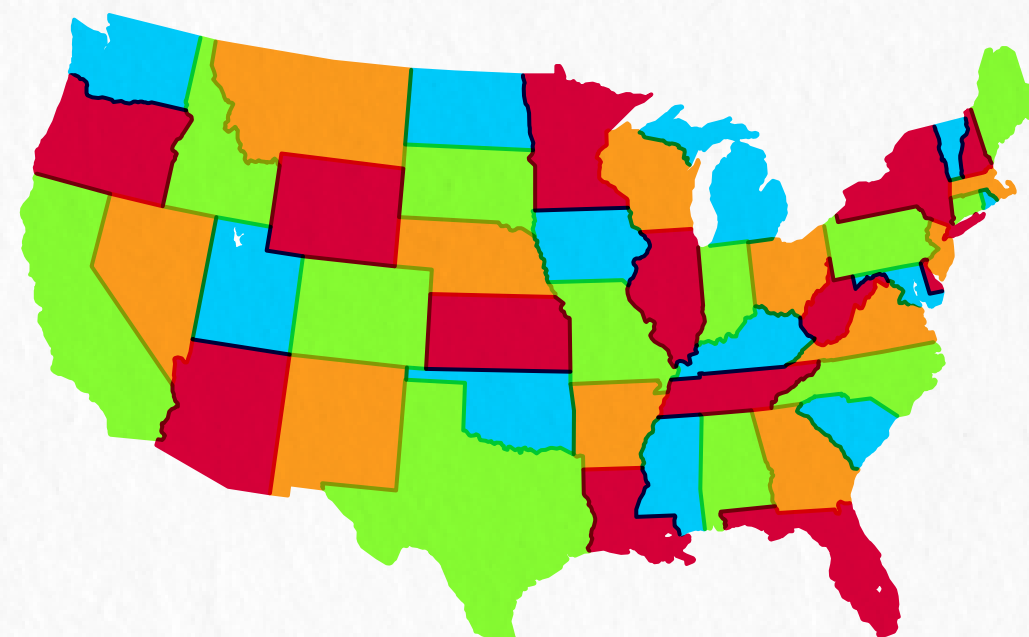
3. Factor in Section 199A

For pass-through entities such as sole-proprietorships, partnerships, S corporations, trusts or estates, Section 199A allows for a new deduction of up to 20% of qualified domestic business income.



4. State your Location

In the United States, you can move from state to state to pay lower taxes. States vary tremendously on how they generate revenue from taxes and the tax rates charged. The state you live in when you die and the state your property is located in can also impact your taxes.



5. Lock in on Asset Location, Location, Location

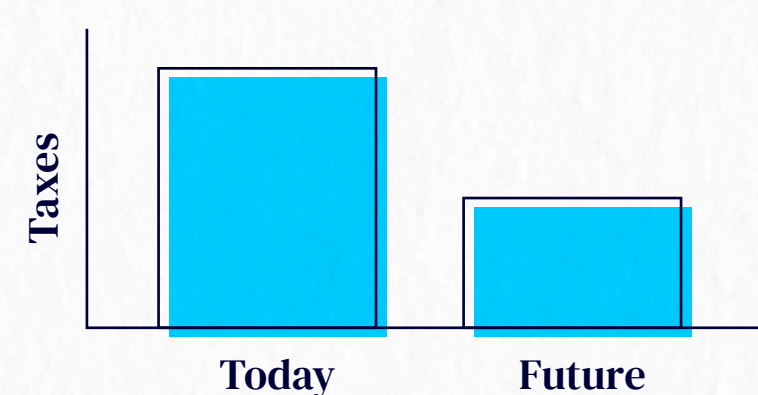
A great way to save on taxes is to understand how each type of account is taxed and line up your assets accordingly.

Investments are taxed in one of three ways:

- Taxable Investments
- Tax-deferred Money
- Tax-free Investments

6. Roth and Roll

Roth IRA conversions mean **higher taxes today but lower taxes in the future**. Rolling a 401(k) or other tax-free retirement accounts into a Roth IRA lets that money grow tax-free as long as the holding period requirements and trigger events for distribution are met.



7. Matters of Estate Planning

Estate planning involves preparing your assets to smoothly pass on to your loved ones and giving permission to others to provide care and support in the event you can no longer care for yourself.

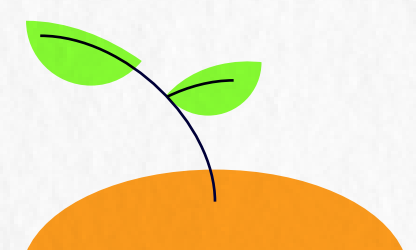


8. Invest in Opportunity Zones

A new tax planning opportunity was created in the Tax Cuts And Jobs Act called "opportunity zones." These opportunity zones encourage people to invest in specially designated economically distressed areas in exchange for tax breaks.

Qualified Opportunity Fund can allow exclusions of the deferred gain per set amount of years. If held for more than:

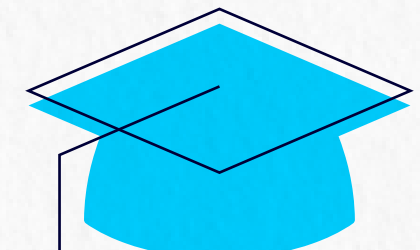
- 5 Years 10% exclusion
- 7 Years 15% exclusion
- 10 Years investor doesn't have to pay taxes on any capital gains produced from the original investment



9. Diversifying Taxes Through Life Insurance

Life insurance can be funded with after-tax dollars and create tax-deferred growth and cash value buildup internally in the policy. Cash value can be accessed over time without tax implications as long as the policy is a non-MEC (modified endowment contract).

This can help create a new source of cash flow to help with retirement expenses or college funds.



10. Check Your Business Entity Structure

If you're operating your own small business, you should think about your legal entity structure, because your entity type impacts your taxes.

Today, many people gravitate to LLCs for the liability and pass-through nature. However, a partnership, S corp, C corp, or a sole proprietorship can make more sense for others.

There are 4 types of business entity structures:



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Converting from a Roth IRA is a taxable event. To qualify for the tax-free and penalty-free withdrawal or earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 ½ or due to death, disability, or a first time home purchase (up to a \$10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.

