

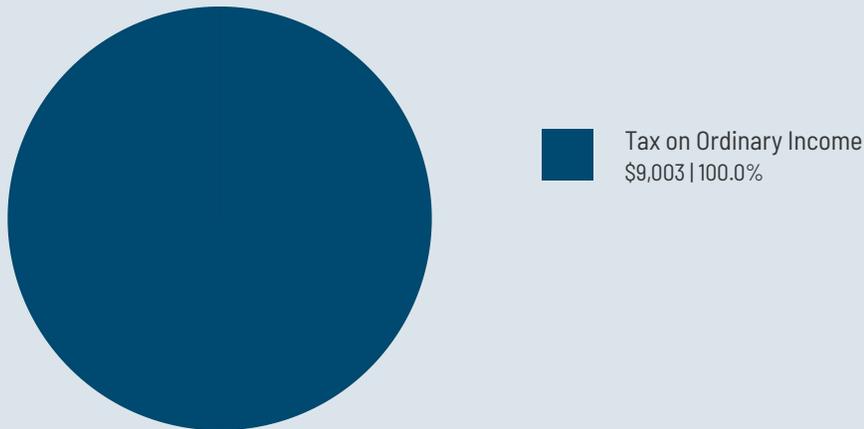


2025 Tax Report for Mark Middleton and Marjorie Middleton

KEY FIGURES

| | | | | | |
|------------------------------------|-----------|-------------------------|------------------------|-------------------------------------|-----------|
| Total Income | \$121,500 | Filing Status | Married Filing Jointly | Qualified/Ordinary Dividends | \$0 / \$0 |
| Adjusted Gross Income (AGI) | \$121,500 | Marginal Bracket | 12.0% | ST/LT Capital Gains | \$0 / \$0 |
| Deductions | \$31,500 | Average Rate | 3.4% | Carryforward Loss | \$0 |
| Taxable Income | \$79,000 | 2026 Safe Harbor | \$4,106 | Credits Claimed | \$4,900 |
| Total Tax | \$4,106 | | | | |

Let's take a look at your Tax Breakdown

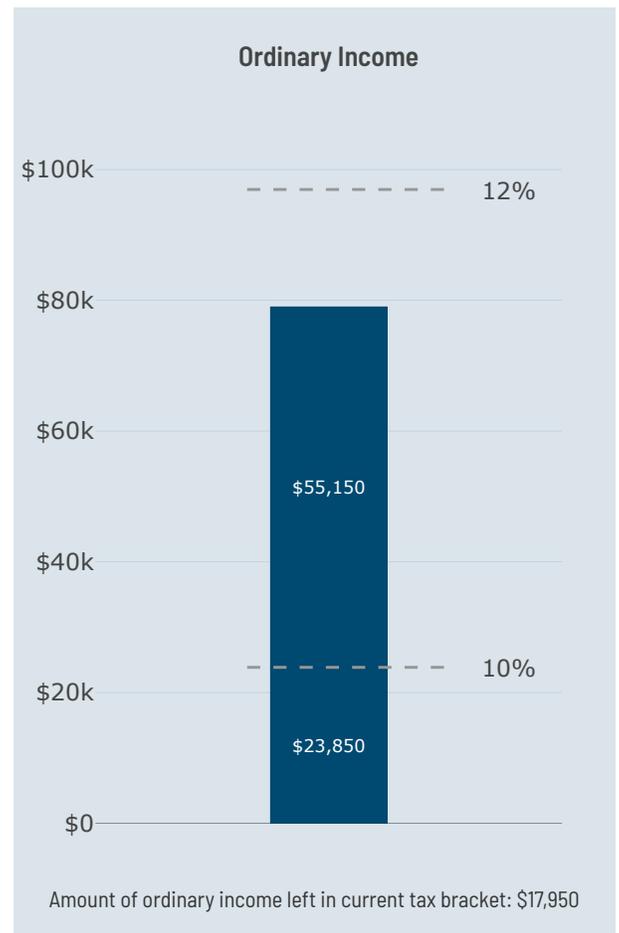


The chart displays taxes before any credits are applied. Accordingly, there may be a mismatch between Total Taxes in the Key Figures section and the sum of the Tax Breakdown components shown here.

Marginal Tax Brackets: Ordinary Income

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

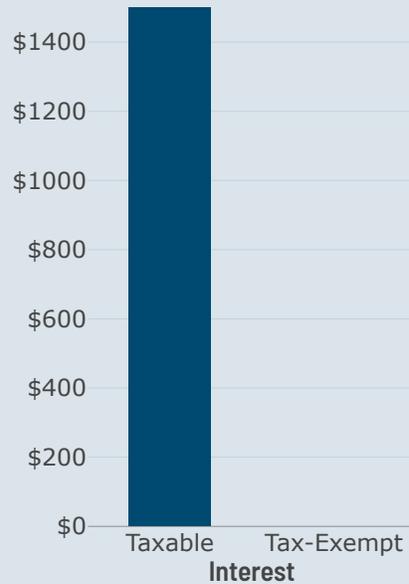
| Marginal Rate | Ordinary Income Threshold | Ordinary Income | Tax |
|---------------|-----------------------------|-----------------|----------------|
| 10% | \$0 to \$23,850 | \$23,850 | \$2,385 |
| 12% | \$23,850 to \$96,950 | \$55,150 | \$6,618 |
| 22% | \$96,950 to \$206,700 | \$0 | \$0 |
| 24% | \$206,700 to \$394,600 | \$0 | \$0 |
| 32% | \$394,600 to \$501,050 | \$0 | \$0 |
| 35% | \$501,050 to \$751,600 | \$0 | \$0 |
| 37% | \$751,600 and above | \$0 | \$0 |
| Total | | \$79,000 | \$9,003 |



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 | \$121,500 | |
| Coverdell ESA | \$190,000 - \$220,000 | Under |
| Lifetime Learning Credit | \$160,000 - \$180,000 | Under |
| American Opportunity Credit | \$160,000 - \$180,000 | Under |
| Child Tax Credit | \$400,000 - \$488,000 | Under |
| Qualified Adoption Expenses Credit | \$259,190 - \$299,190 | Under |
| Savers Credit | \$51,000 - \$79,000 | Above |
| Clean Vehicle Credit (New) - Expires 9/30/2025 | \$0 - \$300,000 | Under |
| Clean Vehicle Credit (Used) - Expires 9/30/2025 | \$0 - \$150,000 | Under |
| Enhanced Deduction for Seniors | \$150,000 - \$250,000 | Under |
| SALT Deduction Cap | \$500,000 - \$600,000 | 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 | \$121,500 | |
| Net Investment Income Tax | \$0 - \$250,000 | Under |
| MAGI Definition 3 | \$121,500 | |
| Roth IRA Contribution | \$236,000 - \$246,000 | Under |
| MAGI Definition 4 | \$121,500 | |
| Student Loan Interest Deduction | \$170,000 - \$200,000 | Under |
| MAGI Definition 5 | \$121,500 | |
| IRA Contribution Deductibility - Covered by Qualified Plan | \$126,000 - \$146,000 | Under |
| IRA Contribution Deductibility - Not Covered/Spouse Covered | \$236,000 - \$246,000 | Under |
| MAGI Definition 6 | \$121,500 | |
| ACA Premium Credit | 389% 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 + 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

| Claimed | Deduction |
|------------------------------|-----------|
| Standard Deduction | \$31,500 |
| Car Loan Interest Deduction | \$2,500 |
| Qualified Overtime Deduction | \$5,000 |
| Qualified Tips Deduction | \$3,500 |

CREDITS

| Claimed | Credit | Type |
|------------------------------------------------------------------|---------|----------------|
| Non-Refundable Child Tax Credit + Credit for Other Dependents | \$4,400 | Non-refundable |
| Dependent Care | \$500 | Non-refundable |

Observations

Your taxable income appears to be low enough to have allowed you to recognize long term capital gains at a 0% tax rate. If you expect to have low taxable income this year as well, you might consider taking some or all of any unrealized capital gains you might have.

Given that you are in a lower marginal tax bracket, you may consider converting any eligible retirement accounts to Roth

Your return indicates an overpayment of taxes through estimated payments and/or withholding, resulting in a refund. Tax refunds are essentially interest-free loans to the government. Consider discussing your withholding and estimated payments with a tax professional, as adjustments may allow you to retain more of your money.

The 2026 safe harbor for underpayment penalties is your total tax x 100%, or \$4,106. Note that the timing of your payments is also important with respect to avoiding penalties. Withholding from a paycheck or retirement account distributions are considered to have happened throughout the year, but estimated tax payments should be timed to correspond with the timing of the income earned. A tax professional should be able to help in cases where income is uneven throughout the year.

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". The tax return does include some 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) 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. Taxpayers with MAGI above 400% of the FPL may receive the credit, to the extent the credit will keep the cost of the benchmark plan to no more than 8.5% of household income.

Your modified adjusted gross income (MAGI) appears to be low enough to qualify for either the new or used clean vehicle credit for a purchase of an eligible vehicle, assuming that purchase meets the other eligibility criteria. Please note that the credit is not available for vehicles purchased after September 30, 2025.