



2025 Tax Report for Robert Retiree and Roxanne Retiree

KEY FIGURES

Total Income	\$72,775	Filing Status	Married Filing Jointly	Tax Exempt Interest	\$1,500
Adjusted Gross Income (AGI)	\$72,775	Marginal Bracket	10.0%	Qualified/Ordinary Dividends	\$19,000 / \$22,500
Deductions	\$34,700	Average Rate	0.0%	ST/LT Capital Gains	\$0 / \$10,000
Taxable Income	\$26,075	2026 Safe Harbor	\$0	Carryforward Loss	\$0
Total Tax	\$0	Tax Exempt Pct. of Total Interest	16.7%	Total/Taxable Social Security	\$68,000 / \$32,775
				Credits Claimed	\$0

Marginal Tax Brackets: Ordinary Income

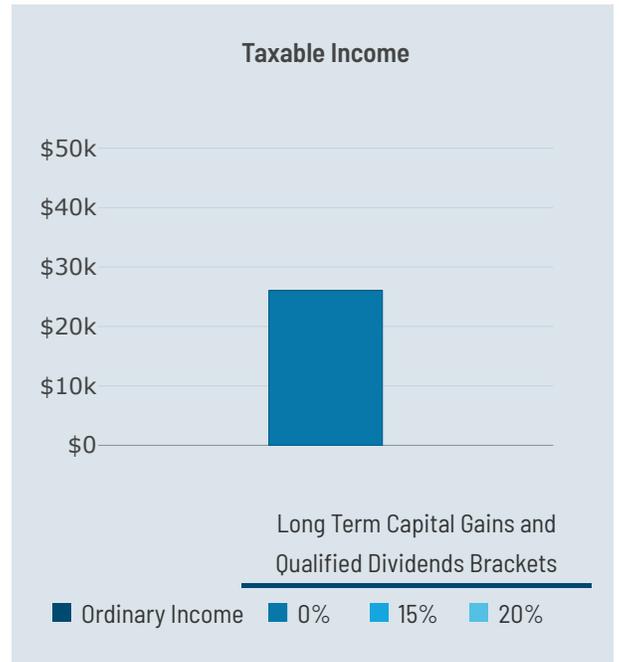
The marginal tax rate for your ordinary income is as follows:

Marginal Rate	Ordinary Income Threshold	Ordinary Income	Tax
10%	\$0 to \$23,850	\$0	\$0
12%	\$23,850 to \$96,950	\$0	\$0
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		\$0	\$0

Marginal Tax Brackets: Long Term Capital Gains & Qualified Dividends

Your taxable income of \$26,075 includes \$26,075 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 \$96,700	\$26,075	\$26,075	\$0
15.0%	\$96,700 to \$600,050		\$0	\$0
20.0%	\$600,050 and above		\$0	\$0
Total			\$26,075	\$0



Medicare Part B/D Premiums for 2027

Medicare Parts B and D premiums can be impacted by Modified Adjusted Gross Income* (MAGI). Your MAGI is \$74,275. Amounts are monthly per person.

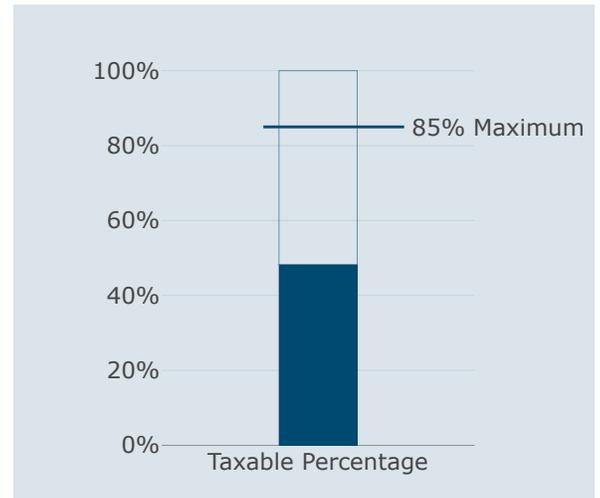
*MAGI = AGI + Tax-Exempt Interest

MAGI Threshold	MAGI	Part B Premium	Part D Premium
\$0 to \$218,000	\$74,275	\$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	\$75,500	48.2%



SOCIAL SECURITY

Description	Amount
Total Benefits	\$68,000
Taxable Percentage	48.2%
Taxable Benefits	\$32,775

* Combined income (provisional income)

AGI (not including Social Security benefits)	\$40,000
Nontaxable Interest	\$1,500
50% of your Social Security benefits	\$34,000
Total combined income	\$75,500

Schedule B - Income Sources

The tax return listed the following income sources on Schedule B

INTEREST

Description	Amount
BANK OF AMERICA	\$2,500
ALLY BANK	\$3,500
SCHWAB	\$1,500

DIVIDENDS

Description	Amount
VANGUARD	\$12,500
SCHWAB	\$10,000

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 2025	\$0
Total Short Term Gain/Loss for 2025	\$0

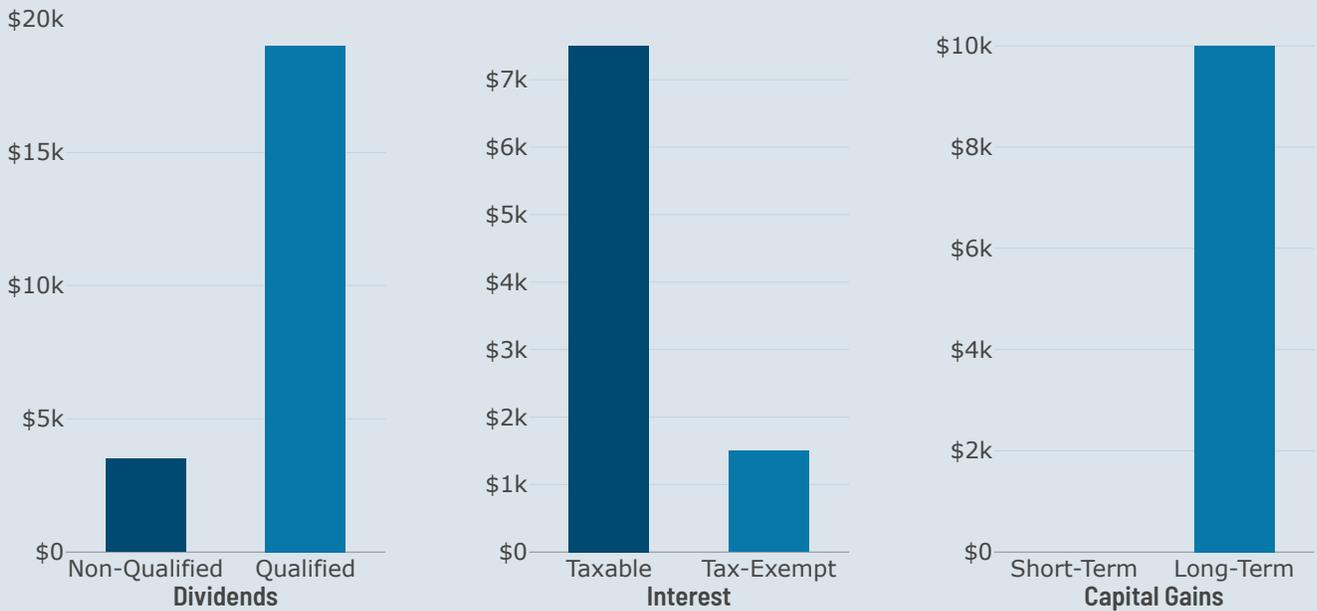
LONG TERM

Description	Amount
Long Term Gain/Loss for 2025	\$10,000
Total Long Term Gain/Loss for 2025	\$10,000

TOTAL		CARRY FORWARD LOSSES TO 2026	
Total Gains/Losses for 2025	\$10,000	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	\$72,775	
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 - \$400,000	Under
Qualified Adoption Expenses Credit	\$259,190 - \$299,190	Under
Savers Credit	\$51,000 - \$79,000	Phase Out
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	\$72,775	
Net Investment Income Tax	\$0 - \$250,000	Under
MAGI Definition 3	\$72,775	
Roth IRA Contribution	\$236,000 - \$246,000	Under
MAGI Definition 4	\$72,775	
Student Loan Interest Deduction	\$170,000 - \$200,000	Under
MAGI Definition 5	\$72,775	
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	\$109,500	
ACA Premium Credit	536% 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
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Deductions & Credits

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

DEDUCTIONS

Claimed	Deduction
Standard Deduction	\$34,700
Enhanced Senior Deduction	\$12,000

CREDITS

Claimed	Credit	Type
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Observations

\$32,775, or 48%, of your total Social Security earnings of \$68,000 was taxable as ordinary income. Social Security income is excluded from taxes to varying degrees, based on total income from other sources.

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 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.

You both are over the age of 70.5 and thus are eligible to make tax-free Qualified Charitable Distributions (QCDs) from IRAs to qualifying charitable organizations.

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.
