LAST MINUTE TAX PLANNING TIPS AND SURPRISES FOR 2015

Presented by:

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JAMES J. HOLTZMAN, CFP®, CPA

James J. Holtzman, CFP®, CPA is a Wealth Advisor and Shareholder with Legend Financial Advisors, Inc.® and Emerging Wealth Investment Management, Inc.

Jim has been selected eight consecutive times by Medical Economics as one of “The 150 Best Financial Advisors for Doctors in America.”

Mr. Holtzman has been selected four times by Dental Products Report as one of “The Best Financial Advisors for Dentists in America.”

Jim has also been previously selected twice by Pittsburgh Magazine as one of the Pittsburgh area’s FIVE STAR Wealth Managers, a list that represents the most elite financial advisors in Pittsburgh.

With over 20 years of experience, Jim assists all types of clients with their financial planning and investment needs. Jim’s extensive skill set includes providing financial advice to retirement-focused clients, medical and dental practices, and businesses.

Jim serves as the firm’s Income Tax and Education Funding and Planning Specialist.

Jim’s previous professional experience includes employment with various CPA and Financial Advisory organizations where he provided tax, accounting, auditing and financial consulting services to individuals and businesses. Jim has also provided financial advice to various Fortune 500 and public company executives.

Jim’s areas of concentration include income tax planning, estate planning, stock option exercise planning, insurance, retirement planning and Section 529 Plans.

Mr. Holtzman was selected by Pittsburgh Business Times as one of the 2013 Fast Tracker's, which honors leaders in the Pittsburgh area's business community who've had a significant impact on the growth of their organization.
TAX RETURN FRAUD

1. Criminals Filing Tax Returns On Behalf Of Individuals To Collect Refunds

2. Information Can Be Stolen From Healthcare Providers

3. Fictitious Information Is Used To Complete Tax Return

4. Criminals Use Prepaid Cards To Withdraw Cash

5. Report Income Under Your Social Security Number
TOP 12 TAX FRAUDS ANNOUNCED BY THE IRS

1. Tax Return Refunds
2. Telephone Scams
3. Phishing
4. False Promise Of Free Money From Inflated Refunds
5. Return Preparer Fraud
6. Hiding Income Offshore
7. Impersonating Charitable Organizations
8. False Income, Expenses Or Exemptions
9. Frivolous Arguments
10. Falsely Claiming Zero Wages Or Using A False Form 1099
11. Abusive Tax Structures
12. Misuse Of Trusts
2016 TAX SEASON

1. New Steps Are Being Put Into Place by The IRS

2. Software Companies Are Using Better Identity Validation Processes

   a. The IRS
   b. Tax Preparation Software Firms
   c. Payroll Companies
   d. State Tax Administrators
TAX RETURN FRAUD – MISCELLANEOUS INFORMATION

1. IRS Never Calls Taxpayer
2. IRS Only Corresponds By Letter (No E-mails)
3. 80.0% Of Taxpayer E-file
4. Verify Tax Return Preparer Online Protection – Encrypted Vaults, Password Protected E-mails
5. IRS 6-Digit Identity Protection PIN Is Not Working Right Now
6. IRS Form 14039: Identity Theft Affidavit: Complete If Taxpayers Believes They Are A Victim Of Identity Theft
7. Forward E-mail Scams To The IRS At phishing@irs.gov
IRS CORRESPONDENCE

1. IRS Requests To Verify Taxpayer Identities Due To Suspicious Activity.

2. Taxpayers Should Use IRS Identity Verification Service Website: idverify.irs.gov.

3. Formal Name Of The Letter Is Letter 5701C.
## 2015 TAX RATE SCHEDULE

<table>
<thead>
<tr>
<th>Taxable Income ($)</th>
<th>Base amount of tax ($)</th>
<th>Plus</th>
<th>Marginal Tax Rate</th>
<th>Of The Amount Over ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 to 9,225</td>
<td></td>
<td>+</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>9,226 to 37,450</td>
<td>922.50</td>
<td>+</td>
<td>15%</td>
<td>9,225</td>
</tr>
<tr>
<td>37,451 to 90,750</td>
<td>5,156.25</td>
<td>+</td>
<td>25%</td>
<td>37,450</td>
</tr>
<tr>
<td>90,751 to 189,300</td>
<td>18,481.25</td>
<td>+</td>
<td>28%</td>
<td>90,750</td>
</tr>
<tr>
<td>189,301 to 411,500</td>
<td>46,075.25</td>
<td>+</td>
<td>33%</td>
<td>189,300</td>
</tr>
<tr>
<td>411,501 to 413,200</td>
<td>119,401.25</td>
<td>+</td>
<td>35%</td>
<td>411,500</td>
</tr>
<tr>
<td>413,201 +</td>
<td>119,996.25</td>
<td>+</td>
<td>39.6%</td>
<td>413,200</td>
</tr>
<tr>
<td><strong>Married Filing Jointly And Surviving Spouses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0 to 18,450</td>
<td></td>
<td>+</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>18,451 to 74,900</td>
<td>1,845.00</td>
<td>+</td>
<td>15%</td>
<td>18,450</td>
</tr>
<tr>
<td>74,901 to 151,200</td>
<td>10,312.50</td>
<td>+</td>
<td>24%</td>
<td>74,900</td>
</tr>
<tr>
<td>151,201 to 230,450</td>
<td>29,387.50</td>
<td>+</td>
<td>28%</td>
<td>151,200</td>
</tr>
<tr>
<td>230,451 to 411,500</td>
<td>51,577.50</td>
<td>+</td>
<td>33%</td>
<td>230,450</td>
</tr>
<tr>
<td>411,501 to 464,850</td>
<td>111,324.00</td>
<td>+</td>
<td>35%</td>
<td>411,500</td>
</tr>
<tr>
<td>464,850 +</td>
<td>129,996.50</td>
<td>+</td>
<td>39.6%</td>
<td>464,850</td>
</tr>
</tbody>
</table>
## RECOGNIZING CAPITAL GAINS

<table>
<thead>
<tr>
<th>Short-Term (One Year Or Less)</th>
<th>10% And 15% Tax Brackets</th>
<th>25% Up To 35% Tax Brackets</th>
<th>39.6% Tax Bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ordinary Income Tax Rate</td>
<td>0%*</td>
<td>15%*</td>
<td>20%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Long-Term (Longer Than One Year)</th>
<th>10% And 15% Tax Brackets</th>
<th>25% Up To 35% Tax Brackets</th>
<th>39.6% Tax Bracket</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends</td>
<td>Qualified Dividends Are Taxed At Long-Term Capital Gains Rates. Non-Qualified Dividends Are Taxed At Ordinary Income Tax Rates.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*To The Extent Taxable Income Remains In These Brackets. Consult Your Tax Advisor About How This Applies To Your Situation.
CAPITAL LOSS CARRYOVER

Don't Forget To Review Your Prior Year Tax Return To See If This Applies
## MISCELLANEOUS UPDATES FOR 2015

### PERSONAL AND DEPENDENCY EXEMPTION: $4,000.00

<table>
<thead>
<tr>
<th>Standard Deductions</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Married/Joint</td>
<td>$12,600.00</td>
</tr>
<tr>
<td>Single</td>
<td>$6,300.00</td>
</tr>
<tr>
<td>Head Of Household</td>
<td>$9,250.00</td>
</tr>
<tr>
<td>Dependents</td>
<td>$1,050.00</td>
</tr>
<tr>
<td>Married/Separate</td>
<td>$6,300.00</td>
</tr>
</tbody>
</table>

For dependents with earned income, the deduction is greater of $1,050.00 or earned income +$350.00 (up to $6,300.00)

### ADDITIONAL STANDARD DEDUCTIONS

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Married, Age 65 or older or blind</td>
<td>$1,250.00*</td>
</tr>
<tr>
<td>Single, Age 65 or older (Per Person) or blind</td>
<td>$1,550.00</td>
</tr>
</tbody>
</table>

*Per Person
1st QUARTER 2016 ESTIMATED TAX PAYMENTS

Deadline: April 18, 2016
ANNUALIZED INSTALLMENT METHOD

1. Can Reduce Or Eliminate Underpayment Penalty
2. Report Your Income And Deductions In The Quarter That They Occurred
3. Match Your Estimated Income Tax Payments When Income Is Received
4. Income Tax Withholding Can Also Reduce Underpayment Penalty
TAX RETURN EXTENSIONS

1. File Automatic Six-Month Extension
2. Extension Does Not Give Extension To Pay Taxes
IRS PAYMENT PLANS

1. IRS Has Installment Agreement Plan If Taxpayer Can’t Pay Tax Bill

2. IRS Form 9465: Installment Agreement Request
2015 MILEAGE DEDUCTION

1. Medical Care: 23.0 Cents Per Mile
2. Charitable Work: 14.0 Cents Per Mile
3. Business Related: 57.5 Cents Per Mile
REVISED IRS FORM 1099

1. Don’t File Tax Return Too Early

2. Estimated One In Eight IRS 1099-DIV Forms Will Need To Be Reissued

3. Why? Qualified Or Non-Qualified Dividends
FORMS TO SEND IN

1. Attach The Following Forms
   a. W-2
   b. IRS Form 1099-R
   c. Generally, Any Form That Reflects Federal Withholding

2. If Filing Electronically, An Electronic Copy Of These Documents Is Created For The IRS
AMENDED TAX RETURN

Deadline To Amend 2012 Tax Return:
April 18, 2016
IRS FORM TD F 90-22.1 – REPORT OF FOREIGN BANK AND FINANCIAL ACCOUNTS (FBAR)

1. Need To File If Taxpayer Has More Than $10,000.00 At Any Time In An Account During The Year Overseas.

2. Deadline: June 30, 2016 - No Extensions Granted

3. File Separately (Not With Individual Tax Return)

4. Penalty: Non-Willful: $10,000.00

5. Penalty: Willful: Greater Of $100,000.00 or 50.0% Of Account Balances
1. Report The Ownership Of Specific Foreign Financial Assets

2. Single: More Than $50,000.00 On Last Day Of Year Or More Than $75,000.00 On Any Day Of The Year

3. Married Filing Joint: More Than $100,000.00 On Last Day Of Year Or More Than $150,000.00 On Any Day Of The Year

4. Due Date: April 18, 2016 Or October 17, 2016 If Personal Tax Return Is Extended.

5. File With Individual Tax Return.

6. Penalty (Includes Criminal Penalties)
   a. Up To $10,000.00 For Failure To Disclose
   b. Additional $10,000.00 For Each 30 Days Of Non-Filing After IRS Notice Up To $60,000.00
1. IRA Trustee Or Custodian Reports Activity
2. Reports The Following:
   a. Contributions
   b. Transfers In Or Rollovers In
   c. Roth IRA Conversion
   d. Mailed By May 31
   e. Required Withdrawals/Distributions
IRS FORM 5498-SA

Reports Annual Contributions To Health Savings Account
IRA CONTRIBUTIONS

1. 3 Types Of IRAs
   a. Deductible IRA
   b. Non-Deductible IRA (Everyone With Earned Income Can Make This Kind Of IRA Contribution)
   c. Roth IRA

2. 2015 Deadline: April 18, 2016

3. 2015 IRA Contribution Limit: $5,500.00

4. 2015 IRA Catch-Up Contribution Limit: $1,000.00
# TRADITIONAL IRA DEDUCTIBILITY SCHEDULE

**FOR INDIVIDUALS COVERED BY AN EMPLOYER-SPONSORED RETIREMENT PLAN**

<table>
<thead>
<tr>
<th></th>
<th>2015 MAGI</th>
<th>2015 Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Single</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up TO $61,000</td>
<td></td>
<td>$5,500</td>
</tr>
<tr>
<td>$61,000 - $71,000</td>
<td></td>
<td>Partial</td>
</tr>
<tr>
<td>Above $71,000</td>
<td></td>
<td>No Contribution</td>
</tr>
<tr>
<td><strong>Married Filing Joint</strong></td>
<td>Up to $98,000</td>
<td>Full $5,500</td>
</tr>
<tr>
<td>$98,000 - $118,000</td>
<td></td>
<td>Partial</td>
</tr>
<tr>
<td>Above $118,000</td>
<td></td>
<td>No Contribution</td>
</tr>
<tr>
<td></td>
<td>2015 MAGI</td>
<td>2015 Deduction</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Single</td>
<td>Unlimited</td>
<td>$5,500</td>
</tr>
<tr>
<td>Married Filing Joint</td>
<td>Unlimited</td>
<td>$5,500</td>
</tr>
</tbody>
</table>
TRADITIONAL IRA DEDUCTIBILITY SCHEDULE

FOR INDIVIDUALS WHOSE SPOUSE IS COVERED BY EMPLOYER-SPONSORED RETIREMENT PLAN

<table>
<thead>
<tr>
<th>Married Filing Joint</th>
<th>2015 MAGI</th>
<th>2015 Deduction</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Up To $181,000</td>
<td>$5,500</td>
</tr>
<tr>
<td></td>
<td>$181,000 - $191,000</td>
<td>Partial</td>
</tr>
<tr>
<td></td>
<td>Above $191,000</td>
<td>No Contribution</td>
</tr>
<tr>
<td></td>
<td>2015 MAGI</td>
<td>2015 Contribution</td>
</tr>
<tr>
<td>----------------------</td>
<td>-------------------------</td>
<td>-------------------</td>
</tr>
<tr>
<td><strong>Single</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up To $116,000</td>
<td></td>
<td>$5,500</td>
</tr>
<tr>
<td>$116,000 - $131,000</td>
<td></td>
<td>Partial</td>
</tr>
<tr>
<td>Above $131,000</td>
<td></td>
<td>No Contribution</td>
</tr>
<tr>
<td><strong>Married Filing Joint</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Up to $183,000</td>
<td></td>
<td>Full $5,500</td>
</tr>
<tr>
<td>$183,000 - $193,000</td>
<td></td>
<td>Partial</td>
</tr>
<tr>
<td>Above $193,000</td>
<td></td>
<td>No Contribution</td>
</tr>
</tbody>
</table>

**ROTH IRA ELIGIBILITY**

1. SEP IRA
2. SIMPLE IRA
3. Individual 401(k)
INDIVIDUAL 401(k) PLAN

1. For Self-Employed Individuals

2. Established By 12/31/15

3. Higher Contribution Than SEP IRA (In Most Cases)

4. 2 Part Calculation
   a. Salary Deferral: 100% Of The First $18,000.00 ($24,000.00 If Age 50+) Of Net Self-Employment Income
   b. Profit Sharing Contribution: 20.0% Of Net Self-Employment Income

5. 2015 Maximum Contribution: $53,000.00 ($59,000.00 If Age 50+)
SEP IRA

1. Can Be Established Before 04/18/16 For 2015 Tax Year

2. Contribution Deadline Is 04/18/16 For 2015 Tax Year

3. 20.0% Of Net Self-Employment Income

4. 2015 Contribution Limit: $53,000.00

5. No Catch-Up Contribution
### MEDICARE PART B

<table>
<thead>
<tr>
<th>If Your Yearly Income in 2013 (For What You Pay in 2015) Was</th>
<th>You Pay Monthly (In 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td>File Individual Tax Return</td>
<td>File Joint Tax Return</td>
</tr>
<tr>
<td>---------------------------</td>
<td>------------------------</td>
</tr>
<tr>
<td>$85,000 or Less</td>
<td>$170,000 or Less</td>
</tr>
<tr>
<td>Above $85,000 up to $107,000</td>
<td>Above $170,000 up to $214,000</td>
</tr>
<tr>
<td>Above $107,000 up to $160,000</td>
<td>Above $214,000 up to $320,000</td>
</tr>
<tr>
<td>Above $160,000 up to $214,000</td>
<td>Above $320,000 up to $428,000</td>
</tr>
<tr>
<td>Above $214,000</td>
<td>Above $428,000</td>
</tr>
</tbody>
</table>

- $104.90
- $146.90
- $209.80
- $272.20
- $335.70
<table>
<thead>
<tr>
<th>If Your Filing Status And Yearly Income in 2013 Was</th>
<th>You Pay Monthly (In 2015)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>File Individual Tax Return</strong></td>
<td><strong>File Joint Tax Return</strong></td>
</tr>
<tr>
<td>$85,000 or Less</td>
<td>$170,000 or Less</td>
</tr>
<tr>
<td>Above $85,000 up to $107,000</td>
<td>Above $170,000 up to $214,000</td>
</tr>
<tr>
<td>Above $107,000 up to $160,000</td>
<td>Above $214,000 up to $320,000</td>
</tr>
<tr>
<td>Above $160,000 up to $214,000</td>
<td>Above $320,000 up to $428,000</td>
</tr>
<tr>
<td>Above $214,000</td>
<td>Above $428,000</td>
</tr>
<tr>
<td><strong>File Married &amp; Separate Tax Return</strong></td>
<td></td>
</tr>
<tr>
<td>$85,000 or Less</td>
<td></td>
</tr>
<tr>
<td>Above $85,000 up to $107,000</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Above $107,000 up to $160,000</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Above $160,000 up to $214,000</td>
<td>Above $85,000 and up to $129,000</td>
</tr>
<tr>
<td>Above $214,000</td>
<td></td>
</tr>
</tbody>
</table>

**MEDICARE PART D**
MEDICAL EXPENSE OPPORTUNITIES

1. Provide Accountant With The Following:
   a. Pre-Medicare Medical Insurance Premiums
   b. Medicare Part B Premiums
   c. Medicare Part D Premiums
   d. Medigap Insurance Premiums
   e. Medicare Advantage Plan Insurance Premiums
   f. Non-Reimbursed Medical Expenses
   g. Long-Term Care Insurance Premiums

2. Itemizing: 10.0% Of Adjusted Gross Income In 2015

3. Exception: Taxpayers Aged 65 And Older: 7.5% of AGI Limit Through The Tax Year 2016
FLEXIBLE SPENDING ACCOUNTS

1. Set Up By Employer

2. Pre-Tax Through Payroll.

3. $2,550.00 Contribution Limit Per Year.

4. 2 Options:
   a. Use It Or Lose It By March 15 Of The Following Year Or,
   b. $500.00 Carryover But Use It Or Lose It For The Rest Of The Funds By December.
HEALTH SAVINGS ACCOUNT (HSA)

1. High Deductible Health Insurance Plan.

2. Tax Benefits
   a. Pre-Tax Deductions
   b. Tax Deferred Earnings
   c. Tax Free Withdrawal If Used For Covered Medical Expenses
<table>
<thead>
<tr>
<th></th>
<th>2015 IRS LIMITS</th>
<th>2016 IRS LIMITS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Single Plan</td>
<td>Family Plan</td>
</tr>
<tr>
<td>Maximum Contribution Limit</td>
<td>$3,350.00</td>
<td>$6,650.00</td>
</tr>
<tr>
<td>Minimum Deductible</td>
<td>$1,300.00</td>
<td>$2,600.00</td>
</tr>
<tr>
<td>Maximum Out-Of-Pocket</td>
<td>$6,450.00</td>
<td>$12,900.00</td>
</tr>
<tr>
<td>Catch-Up Contribution (55+)</td>
<td>$1,000.00</td>
<td>$1,000.00</td>
</tr>
</tbody>
</table>
HEALTH SAVINGS ACCOUNT

1. **Non-Qualified Withdrawal:** Taxable And 20.0% Penalty Before 65

2. **No Penalty For Non-Qualified Withdrawal After 65**

3. **Age Limit For Contributions:** 65 Unless Delaying Medicare Enrollment
HEALTH INSURANCE FOR
SELF-EMPLOYED

1. Health Insurance Premiums Paid On Behalf Of The Family Are Able To Be Deducted Before AGI

2. More Favorable Than Itemized Deduction Which Needs To Be Greater Than 10.0% Of Your AGI
## 2015 Long-Term Care Insurance Federal Tax Deduction Limits

<table>
<thead>
<tr>
<th>Taxpayer’s Age At End Of Tax Year</th>
<th>Deductible Limit</th>
</tr>
</thead>
<tbody>
<tr>
<td>40 Or Less</td>
<td>$ 380.00</td>
</tr>
<tr>
<td>More Than 40 But Not More Than 50</td>
<td>$ 710.00</td>
</tr>
<tr>
<td>More Than 50 But Not More Than 60</td>
<td>$ 1,430.00</td>
</tr>
<tr>
<td>More Than 60 But Not More Than 70</td>
<td>$ 3,800.00</td>
</tr>
<tr>
<td>More Than 70</td>
<td>$ 4,750.00</td>
</tr>
</tbody>
</table>
ALTERNATIVE MINIMUM TAX

1. AMT Exemption Is Increased: $83,400.00 For Married Filing Joint And $53,600.00 For Single Filers.

2. AMT Exemption Will Be Inflation-Adjusted Annually.

3. Common Causes:
   a. High Number Of Personal Exemptions
   b. State And Local Income Taxes
   c. Miscellaneous Itemized Deductions
   d. Large Capital Gains

4. Other Causes:
   a. Standard Deduction
   b. Interest On Second Mortgage
   c. Medical Expenses
   d. Various Credits
   e. Incentive Stock Options
   f. Private Activity Bonds
1. Definition: Reversal Of Roth IRA Conversion


3. Cannot Recomvert Back To A Roth IRA In The Same Tax Year As Your Recharacterization Back To A Traditional IRA, And You Must Wait At Least 30 Days To Switch Back To A Roth IRA

4. Amount Recharacterized Will Include Earnings On Converted Funds

5. Reported On IRS Form 8606

6. Why Consider Recharacterization? If Converted Assets Drop In Value
WORTHLESS INVESTMENTS

1. Treated As Though The Investment Was Sold On The Last Day Of The Year

2. No Markets For That Particular Investment Can Be Available Before You Write It Off On Your Tax Return
COST BASIS REPORTING FROM BROKERAGE FIRMS

1. Brokerage Firms Have To Report Cost Basis For Stocks Bought On Or After January 1, 2011

2. Brokerage Firms Have To Report Cost Basis For Mutual Funds Bought On Or After January 1, 2012

3. On January 1, 2013, Brokerage Firms Must Report Cost Basis For Options, Fixed Income, And Any Security Not Covered In Previous Tax Years

4. IRS Form 1099-B Will Be Used To Report Cost Basis And Will Reflect Short-Term Or Long-Term Capital Gain
SOCIAL SECURITY TAX WITHHOLDING

1. If You Changed Jobs During 2015, Make Sure That Your Social Security Withholding Is Correct

2. Calculation Of Maximum Withholding: $7,347.00 ($118,500.00 X 6.20%)

3. Claim Excess Amount As A Credit On Your 2015 Federal Tax Return
# SOCIAL SECURITY

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>AGI Plus Provisional Income</th>
<th>Amount Of Social Security Subject To Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Married Filing Jointly</strong></td>
<td>Under $32,000 $32,000 - $44,000 Over $44,000</td>
<td>0% Up to 50% Up to 85%</td>
</tr>
<tr>
<td><strong>Single</strong></td>
<td>Under $25,000 $25,000 - $34,000 Over $34,000</td>
<td>0% Up to 50% Up to 85%</td>
</tr>
</tbody>
</table>
COVERDELL EDUCATION SAVINGS ACCOUNT

1. Maximum Contribution Is Permanently Set At $2,000.00

2. Will Also Include Tax-Free Treatment Of Elementary And Secondary School Expenses

1. Allows a deduction of $14,000.00 per beneficiary per taxpayer for Section 529 contributions.

2. Deduction applies for a contribution to any state's Section 529 plan.

3. Residents of other states must review their state rules for income tax breaks for Section 529 plans.
### STUDENT LOAN INTEREST DEDUCTION

<table>
<thead>
<tr>
<th>Maximum Deduction: $2,500.00</th>
</tr>
</thead>
<tbody>
<tr>
<td>MAGI Phase-Outs</td>
</tr>
<tr>
<td>Married Filing Jointly</td>
</tr>
<tr>
<td>Others</td>
</tr>
</tbody>
</table>
1. The IRS Provides Donation Guides In IRS Publication 526 And 561 For Non-Cash Gifts

2. Review Your Prior Year Tax Return For A Charitable Contribution Carryover
PRIOR YEAR STATE AND LOCAL INCOME TAXES

1. A CPA Can Provide Suggestions To Improve Your Overall Income Tax Situation

2. CPA Will Respond To Any Notice That You Might Receive From The IRS

3. Finally, Consider The Time And Effort It Will Take You To Prepare The Tax Return

4. IRS Estimates That It Can Take 20-25 Hours To Prepare Your Own Tax Return

5. Income Tax Return Preparation Costs Are Deductible As A Miscellaneous Itemized Deduction On Schedule A
INVESTMENT RELATED EXPENSES

You May Write Off Any And All:

1. Investment Publications To Which You Subscribe
2. Financial Advisor's Annual Fees (If Paid With Taxable Funds)
3. Mileage For Visits To Your Advisor
4. Safe Deposit Boxes
PROTECTING AMERICANS FROM TAX HIKES ACT OF 2015

PERMANENT EXTENSION

1. State and Local Sales Tax Deduction
2. American Opportunity Tax Credit
3. Child Tax Credit
4. Earned Income Credit
5. Teachers’ Classroom Expense Deduction
7. Charitable Distributions From IRAs
8. Qualified Conservation Contributions
9. Section 529 Plan Computer Equity and Technology Purchase
10. ABLE Accounts – Any State Can Be Used
PROTECTING AMERICANS FROM TAX HIKES ACT OF 2015

TWO-YEAR EXTENSION

1. Qualified Tuition/Related-Expenses Deduction
2. Mortgage Debt Exclusion
3. Mortgage Insurance Premium Deduction
4. Residential Energy Property Credit
5. Affordable Care Act Excise Tax On Cadillac Plans
BUSINESS EXTENSION: PERMANENT

1. Section 179 Expensing
2. Research Tax Credit
3. 100% Gain Exclusion On Qualified Small Business Stock
4. Work Opportunity Tax Credit
QUALIFIED CHARITABLE DISTRIBUTION

1. An IRA Owner Must Be At Least Age 70½
2. $100,000 Limit
3. Not Included In Taxable Income
4. Can Be Used To Satisfy The IRA Owner’s Required Minimum Distribution
5. No Charitable Deduction
1. Option Of Claiming The Greater Of State And Local Income Taxes Or State And Local General Sales Taxes

2. Could Be Beneficial If Resident Of Low Tax Rate State Or No Tax State

3. Could Be Beneficial If Taxpayer Made Large Purchase
AMERICAN OPPORTUNITY TAX CREDIT

1. Undergraduate

2. More Advantageous Than Hope Credit

3. 40.0% Is Refundable

4. AGI Phase-Out
AMERICAN OPPORTUNITY TAX CREDIT

<table>
<thead>
<tr>
<th>MAGI Phase-Outs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Married Filing Jointly</td>
<td>$160,000.00 – 180,000.00</td>
</tr>
<tr>
<td>Single</td>
<td>$80,000.00 – 90,000.00</td>
</tr>
</tbody>
</table>

Maximum Credit: $2,500.00 Per Student Per Year, For First Four Years Of Qualified Expenses Paid
MORTGAGE INSURANCE DEDUCTIONS

1. First Mortgage Or Refinanced Mortgage After January 1, 2007
2. File On Line 13 Of Schedule A
3. Form 1098 In Box 4
4. AGI Phase-Out
ENERGY CREDIT FOR INDIVIDUALS

1. Energy Efficiency Improvements To Their Existing Residence

2. 10% OF Qualifying Expenses Up To Lifetime Credit Limit Is $500.00.
ELECTRIC-DRIVE AUTOMOBILES

1. Incentives For Purchase Of Electric-Drive And Plug-In Hybrid Electric Vehicles.

2. $2,500.00 - $7,500.00 Non-Refundable Credit.

3. Energy Department Website Lists Vehicles That Apply.
CHILD AND DEPENDENT CARE TAX CREDIT

1. Applies For Daycare, After-School Programs Or Nanny Services
2. Up To $3,000.00 For A Single Child
3. Up To $6,000.00 To Calculate The Credit For Two Or More Children
4. Under The Age Of 13
5. Credit Value Is Between 20% And 35% Of The Total Cost
6. Percentage Is Based Upon Your Adjusted Gross Income
7. Made Permanent From American Taxpayer Relief Act Of 2012
### LIFETIME LEARNING CREDIT

<table>
<thead>
<tr>
<th>MAGI Phase-Outs</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Married Filing Jointly</strong></td>
<td><strong>$110,000.00 – 130,000.00</strong></td>
</tr>
<tr>
<td><strong>Single Filer</strong></td>
<td><strong>$55,000.00 – 65,000.00</strong></td>
</tr>
</tbody>
</table>

**Maximum Credit:**
20% Of First $10,000.00 (Per Tax Return) Of Qualified Expenses Paid In 2015

- **Married Filing Jointly**
  - MAGI Phase-Outs
  - $110,000.00 – 130,000.00

- **Single Filer**
  - MAGI Phase-Outs
  - $55,000.00 – 65,000.00
BOX 12 OF YOUR W-2 – HEALTH INSURANCE


2. Includes Employer And Employee Contribution

3. Purpose Is Not To Report Tax Information

4. Purpose Is To Provide Information On The Cost Of Overall Healthcare Coverage
AFFORDABLE CARE ACT TAX FORMS


2. Form 1095-B Or 1095-C: Reflects Information About Health Insurance Purchased Outside The Exchange Or From Your Employer

3. Form 8965: Choose Health Coverage Exemption Or Penalty Calculation If Exemptions Don’t Apply

4. Form 8962: Reflects Premium Tax Credit From Health Insurance Exchange
## CHILD TAX CREDIT

<table>
<thead>
<tr>
<th>Tax Credit For Dependent Children</th>
<th>Modified Adjusted Gross Income (MAGI)</th>
<th>Tax Credit For Each Child Younger Than Age 17</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married/Joint</td>
<td>$0 – 110,000.00</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Individual</td>
<td>$0 – 75,000.00</td>
<td>$1,000.00</td>
</tr>
</tbody>
</table>
KIDDIE TAX


2. If Child Has Enough Earned Income To Provide Greater Than Half Of His/Her Support, The Unearned Income Would Be Taxed At The Child’s Rates.
## KIDDIE TAX

<table>
<thead>
<tr>
<th>Unearned Income</th>
<th>Tax Treatment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less Than $1,000.000</td>
<td>No Tax</td>
</tr>
<tr>
<td>$1,050.00 - $2,100.00</td>
<td>Taxed At Child’s Income Tax Rate</td>
</tr>
<tr>
<td>More Than $2,100.00</td>
<td>Taxed At The Higher Of The Parent’s Top Marginal Income Tax Rate Or The Child’s Income Tax Rate</td>
</tr>
</tbody>
</table>
ITEMIZED DEDUCTION LIMITATION

1. Reduces The Amount Of Deductions You Can Take By 3% Of Adjusted Gross Income (AGI) Above The Following Thresholds:
   A. $309,900.00 Adjusted Gross Income For Married Filing Joint.
   B. $258,250.00 Adjusted Gross Income For Single Filers.

2. Inflation-Adjusted Going Forward.

3. Cannot Lose More Than 80% Of The Affected Itemized Deductions.

4. Deductions Impacted:
   I. Mortgage Interest
   II. Charitable Deductions
   III. State And Local Income Tax Payments.
ITEMIZED DEDUCTION LIMITATION EXAMPLE

1. Adjusted Gross Income (AGI) Assumption: $500,000.00

2. Married Filing Jointly

3. AGI Limitation Level: $309,900.00

4. Total Itemized Deductions Subject To Limitation: $45,000.00

5. Excess AGI: $190,100.00 = $500,000.00 AGI - $309,900.00 AGI Limitation Level

6. Reduction Of Itemized Deduction Calculation: 3.0% x $190,100.00 = $5,703.00

7. Total Itemized Deductions Allowed: $45,000.00 - $5,703.00 = $39,297.00
PERSONAL EXEMPTION DEDUCTION LIMITATION

1. The Value Of Each Personal Exemption Is Reduced From Its Full Value By 2 Percent For Each $2,500 Above The Above Specified Income Thresholds.

2. Beginning At $309,900.00 Adjusted Gross Income For Married Filing Joint.

3. Beginning At $258,250.00 Adjusted Gross Income For Single Filers.

PERSONAL EXEMPTION DEDUCTION LIMITATION EXAMPLE

1. Adjusted Gross Income: $359,900.00

2. Filing Status: Married Filing Jointly

3. Phase-Out Begins $309,900.00

4. Amount AGI Exceeds Threshold: $50,000.00 ($359,900.00 - $309,900.00)

5. Excess Amount Divided By $2,500.00 ($50,000.00/$2,500.00) = 20

6. Multiply Excess Amount By 2.00% = 40.0% (20 x 2.00%)

7. Reduce Personal Exemptions By 40.0%

8. 2015 Personal Exemption: $8,000.00 ($4,000 x 2)

9. Amount Of Personal Exemption Reduction: $8,000.00 x 40.0% = $3,200.00

10. Total Amount Of Personal Exemptions: $8,000.00 - $3,200.00 = $4,800.00
### ADDITIONAL .9% MEDICARE TAX

Applies To Wages and Self-Employment Income In Excess Of The Following Thresholds:

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>Wages/Net Self-Employment Income:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married Filing Jointly – Combined Incomes</td>
<td>$250,000</td>
</tr>
<tr>
<td>Single</td>
<td>$200,000</td>
</tr>
<tr>
<td>Married Filing Separately</td>
<td>$125,000</td>
</tr>
</tbody>
</table>
ADDITIONAL MEDICARE TAX ON WAGE EXAMPLE

1. Single Individual

2. Salary: $250,000.00

3. The Tax Would Apply To:
   
a. Wages Exceeding The Threshold Amount ($200,000.00), Or $50,000.00
   
b. Tax Calculation: .90% Of $50,000.00 = $450.00
MEDICARE NET INVESTMENT INCOME TAX

3.8% TAX ON LESSER OF NET INVESTMENT INCOME OR EXCESS OF MAGI OVER

<table>
<thead>
<tr>
<th>Filing Status</th>
<th>MAGI:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Married Filing Jointly</td>
<td>$250,000</td>
</tr>
<tr>
<td>Single</td>
<td>$200,000</td>
</tr>
<tr>
<td>Married Filing Separately</td>
<td>$125,000</td>
</tr>
</tbody>
</table>
MEDICARE TAX ON UNEARNED INCOME

1. Unearned Income Defined:
   a. Capital Gains
   b. Interest
   c. Dividends
   d. Rental Income
   e. Passive Investor
MEDICARE TAX ON UNEARNED INCOME EXAMPLE

1. Single Individual

2. Modified AGI: $220,000.00

3. Net Investment Income: $40,000.00

4. The Tax Would Apply To The Lesser Of:
   a) Net Investment Income: $40,000.00 Or
   b) Modified AGI ($220,000.00) Over The Threshold Amount ($200,000.00), Or $20,000.00
   c) Tax Calculation: 3.8% Of $20,000.00 = $760.00
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