

Tax Planning 101

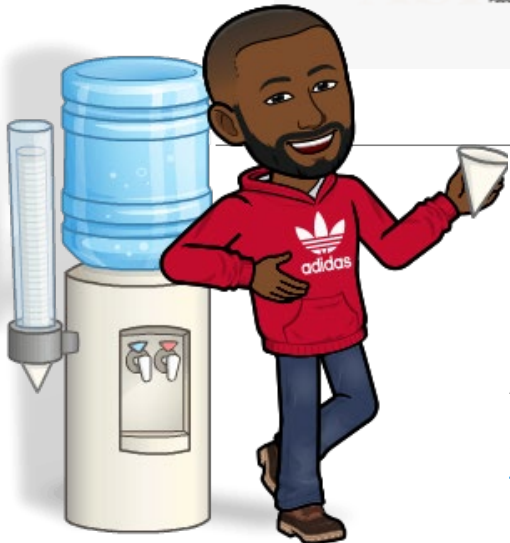
AskLovely

HIS & HER
MONEY

CNBC

Qube
Money

P&B



PRESENTED BY LAWRENCE DELVA-GONZALEZ

IG HANDLE: @GQ_ACCOUNTANT

AND @THENEIGHBORHOODFINANCEGUY

WWW.THENEIGHBORHOODFINANCEGUY.COM



Also on
The Financial Griot

[LISTEN HERE](#)

The Financial Griot Team

Because We Can't Tackle Wealth Building Alone.

Over \$2.5M in Assets.

A total of 45 years of Experience in the field of Accounting, Taxation, Auditing, Finance, Small Business Incubation, Medical Insurance, Tech, Marketing and Sales.

And, "Way too much of Lawrence hating on Brunch."



HOSTED BY

Alainta

"Black wealth to me is having options, not only having options but being well within those options."

@ITS_ALAINTA

WEALTH BUILDERS COLLECTIVE

A podcast card for Alainta featuring a portrait of her with a colorful headband. The card includes a quote about Black wealth and her social media handle @ITS_ALAINTA. It is part of the Wealth Builders Collective series, indicated by the logo at the bottom.



HOSTED BY

Lovely

"It doesn't matter how much money you touch, it's how you keep it and grow it."

@LOVELYMERDELUS

WEALTH BUILDERS COLLECTIVE



Lawrence

"I think that that's what wealth is all about, the idea that we can have opportunities beyond just surviving."

@THENEGIBORHOOD FINANCEGUY

WEALTH BUILDERS COLLECTIVE

Two podcast cards for Lovely and Lawrence. The Lovely card features a portrait of a woman with curly hair and a quote about money. The Lawrence card features a portrait of a man in a suit and a quote about wealth. Both cards include their social media handles and the Wealth Builders Collective logo.

A Promise and Ongoing Commitment

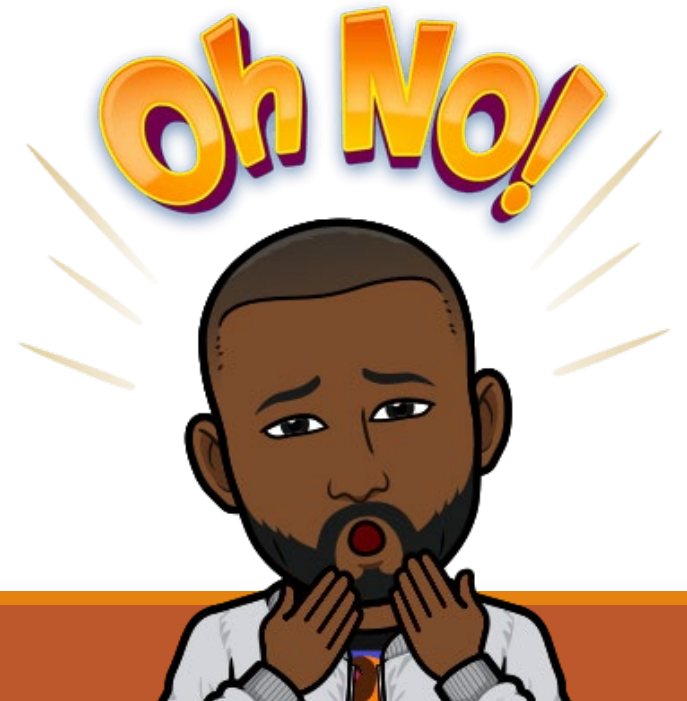
For more information,

TheNeighborhoodfinanceguy.com

[The Financial Griot Podcast](#)

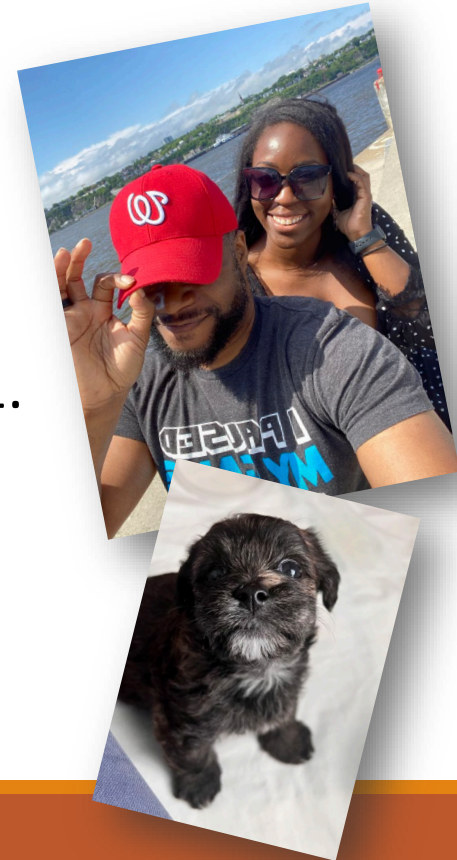


“The best things in life are free, but sooner or later the government will find a way to tax them.”



Sometimes the end is better...

- Dropped out of the Master's Program for Accounting/Taxation
 - A total \$110k in student loans (2012) + \$10k Interest Capitalization
- \$0 in savings, \$0 in retirement with Negative \$125,000 in Net Worth
 - My post failure job was as an Admin. Secretary (\$23k/year Pre-Tax)
- As of September 2022 - \$715,000+ in Net Worth with a credit score of 831.
 - Additionally, traveled to over 24 Countries, Got Married and Got a Pandemic Puppy, and 2x Homeowner which includes an out of state, rental property.
 - Currently making about \$117.5k (2022) -> \$125k (2023)



Really? \$27k Before Taxes?

															2012	
Department of Financial Services - OPS															Department of Agriculture	
INCOME	\$6,329.96	\$5,662.70	\$782.91	\$1,125.00	\$3,370.00	\$4,434.00	\$963.00	\$835.00	\$816.00	\$324.00	\$1,430.00	\$1,831.00	\$27,903.57	\$2,325.30		
EXPENSES	\$2,824.38	\$2,329.12	\$1,791.53	\$2,312.05	\$5,857.32	\$2,909.93	\$1,690.87	\$1,661.25	\$1,554.65	\$2,134.96	\$1,887.47	\$1,738.72	\$28,692.25			
	January	February	March	April	May	June	July	August	September	October	November	December	Total	AVG Per Month	%	
Home w/Some Utilities	\$531.00	\$531.30	\$525.00	\$525.00	\$525.00	\$453.09	\$534.20	\$532.26	\$487.00	\$545.07	\$522.06	\$465.00	\$6,175.98	\$514.67	22%	
Travel	\$9.25	\$80.00	\$171.00	\$107.21	\$80.00	\$207.02	\$0.00	\$30.00	\$0.00	\$0.00	\$0.00	(\$54.05)	\$630.43	\$52.54	2%	
Food & Dining	\$871.25	\$309.58	\$491.06	\$300.03	\$252.41	\$357.45	\$434.28	\$283.01	\$323.63	\$393.81	\$194.63	\$258.61	\$4,469.75	\$372.48	16%	
Auto & Transport	\$136.81	\$225.25	\$59.32	\$452.07	\$185.48	\$303.71	\$193.23	\$380.25	\$228.11	\$384.36	\$284.73	\$361.17	\$3,194.49	\$266.21	11%	
Fees & Charges	\$9.32	\$16.53	\$58.87	\$89.56	\$47.41	\$64.13	\$103.18	\$88.02	\$75.79	\$310.36	\$273.48	\$137.31	\$1,273.96	\$106.16	4%	
Health & Fitness	\$30.46	\$322.22	\$25.10	\$107.56	\$131.67	\$55.49	\$218.38	\$164.00	\$264.91	\$80.02	\$91.75	\$340.43	\$1,831.99	\$152.67	6%	
Bills & Utilities	\$67.18	\$175.64	\$107.30	\$65.83	\$86.42	\$86.42	\$89.11	\$86.99	\$86.99	\$86.99	\$86.99	\$87.22	\$1,113.08	\$92.76	4%	
Shopping	\$988.36	\$498.70	\$269.72	\$125.79	\$0.00	\$79.00	\$0.00	\$5.38	\$31.23	\$5.68	\$148.14	\$73.00	\$2,225.00	\$185.42	8%	
Personal Care	\$78.71	\$22.50	\$0.00	\$13.50	\$14.50	\$143.14	\$73.50	\$30.00	\$27.00	\$27.00	\$67.45	\$31.50	\$528.80	\$44.07	2%	
Entertainment	\$102.04	\$9.99	\$9.99	\$52.48	\$64.54	\$24.49	\$44.99	\$9.99	\$9.99	\$60.03	\$26.24	\$36.98	\$451.75	\$37.65	2%	
Education	\$0.00	\$0.00	\$25.00	\$410.00	\$4,248.00	\$952.54	\$0.00	\$0.00	\$0.00	\$0.00	\$72.00	\$0.00	\$5,707.54	\$475.63	20%	
Miscellaneous	\$0.00	\$137.41	\$49.17	\$63.02	\$221.89	\$183.45	\$0.00	\$51.35	\$20.00	\$241.64	\$120.00	\$1.55	\$1,089.48	\$90.79	4%	
Total	\$2,824.38	\$2,329.12	\$1,791.53	\$2,312.05	\$5,857.32	\$2,909.93	\$1,690.87	\$1,661.25	\$1,554.65	\$2,134.96	\$1,887.47	\$1,738.72	\$28,692.25	\$2,391.02	100%	
Comments		Took Money out of my USMC TSP + Dental (Wisdom Teeth Extractions)	Camping Trip	Family Trip: Miami Trip via TMT Bus	Becker Test Prep for CPA Exam Classes		CPA Exam Fees	CPA Exam Fees	Still Paying for Dental Expenses	Hired	Marine Corp Ball	Family Holiday Trip: Miami				

BEATING THE TAX GAME

WHY PAY MORE WHEN YOU CAN **PAY LESS**

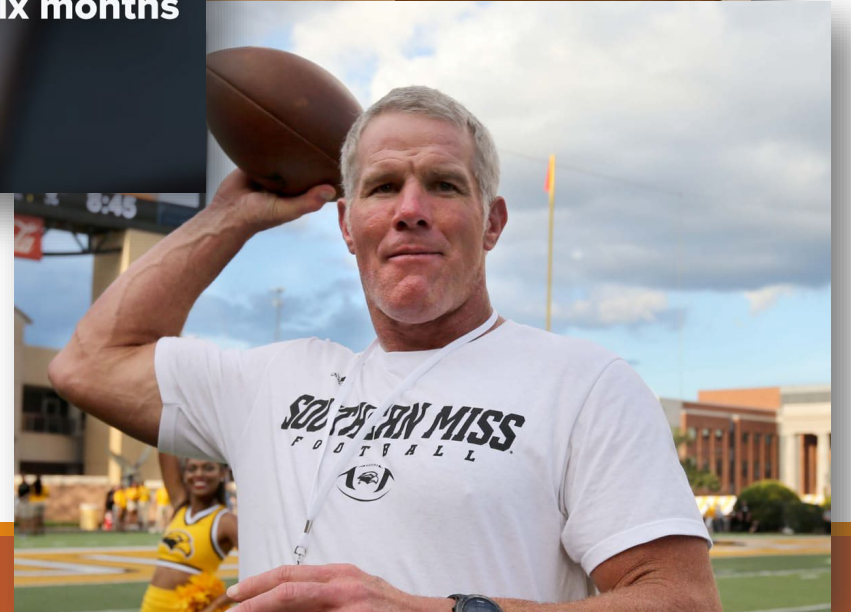
Is it Possible
to Catch Up...

YEAR	TAX RATE	EFFECTIVE TAX RATE
2015	25%	7.97%
2016	25%	6.43%
2017	25%	6.67%
2018	24%	8.59%
2019	24%	7.60%
2020	22%	11.40%
2021	24%	16.67%



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EMPOWERING • INFORMATIVE • FUN(D)

So Instead of Breaking News 2022

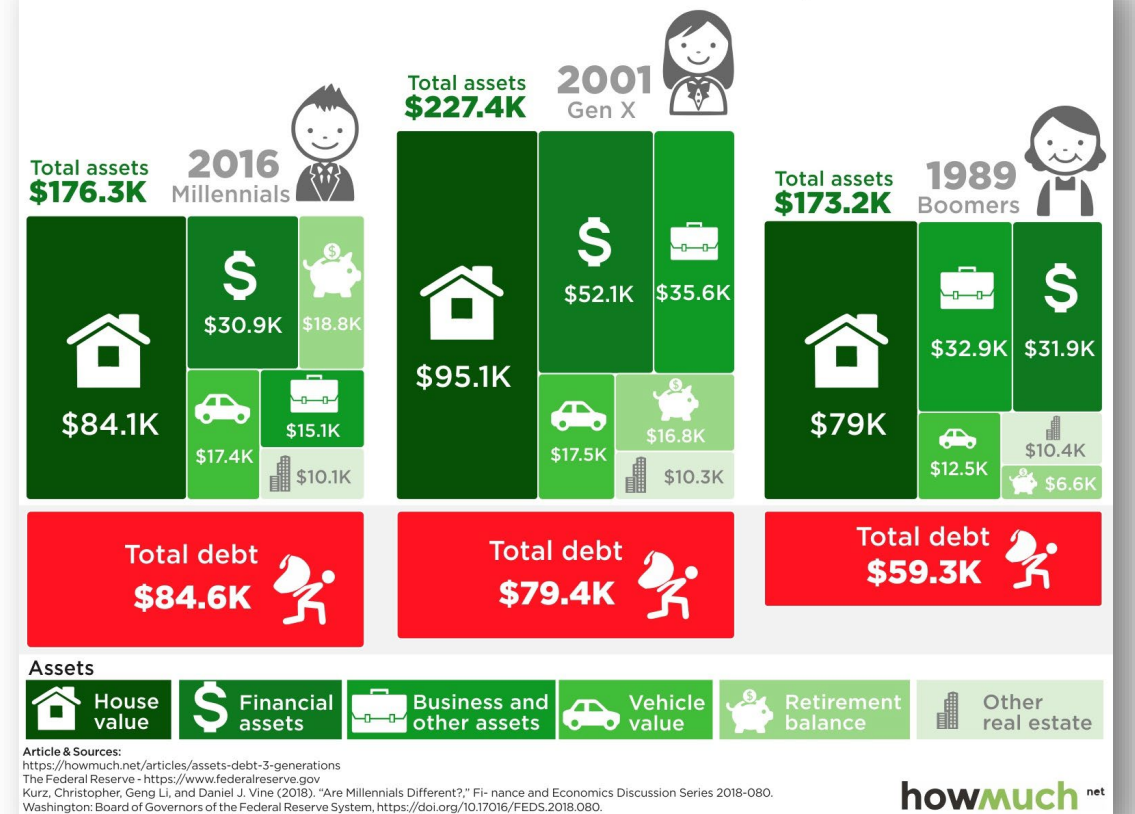


Day to Day Spending

As 2021, the avg. American Household made \$87,432, and spent \$66,928 annually.

- I. *Savings and Pension - \$8,000/yr*
Avg. savings account across all ages \$41,600
- II. *Housing, Transportation and Food make up over 62.6% - \$41,897*
- III. *Indebtedness up 6.2% - \$155,622*
Avg. retirement balance \$73,100
Avg. social security pay out per year \$20,000
Avg. retirement expenses per year \$45,000

Assets & Debt across 3 Generations: Millennials, Gen X & Boomers



Managing Money is Easy!

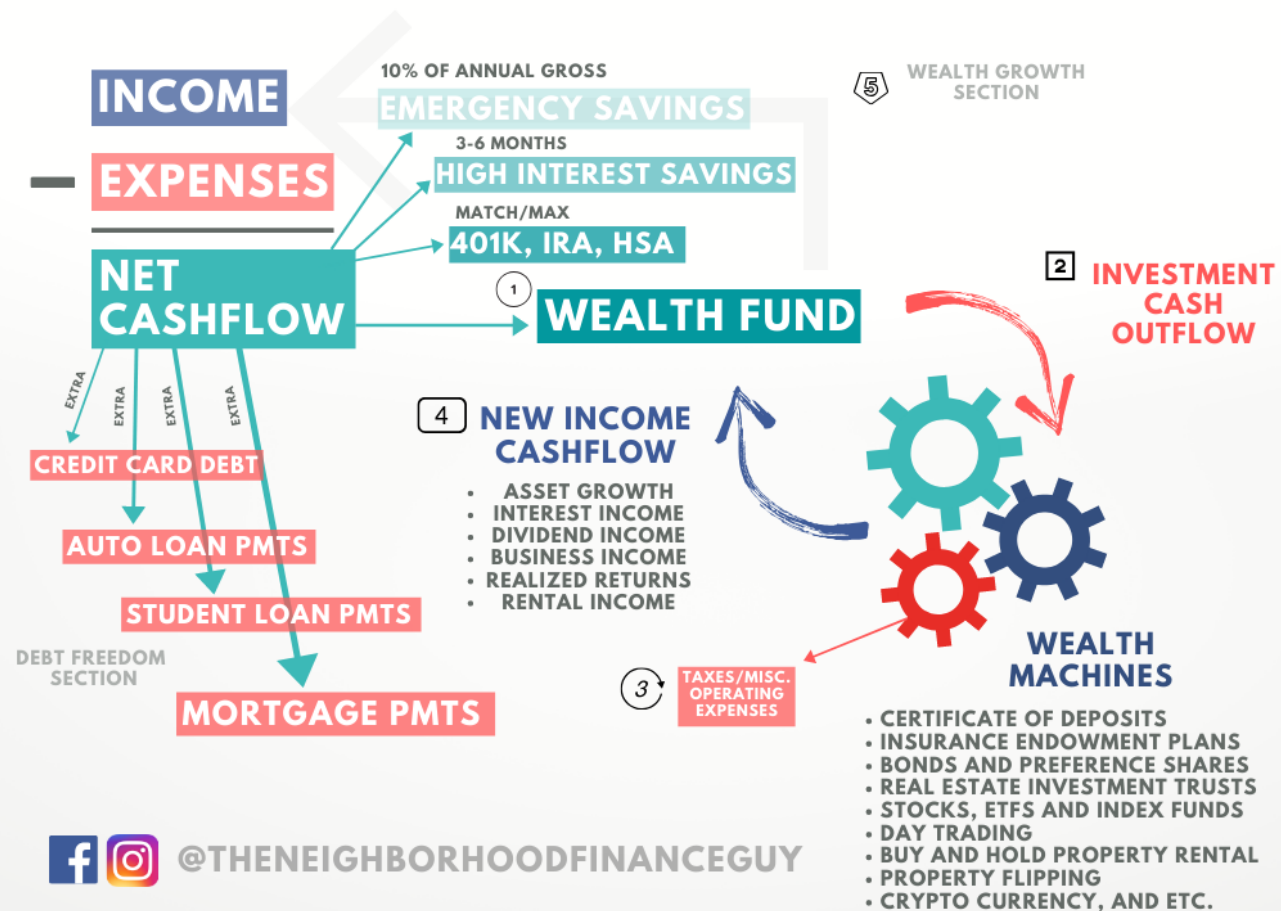
Income minus **Expenses** Plus Opportunity to Do More with Less while factoring *time horizon*.

Check out the [Net Max Financial Plans](#) for FREE.

MONEY CONCEPTS

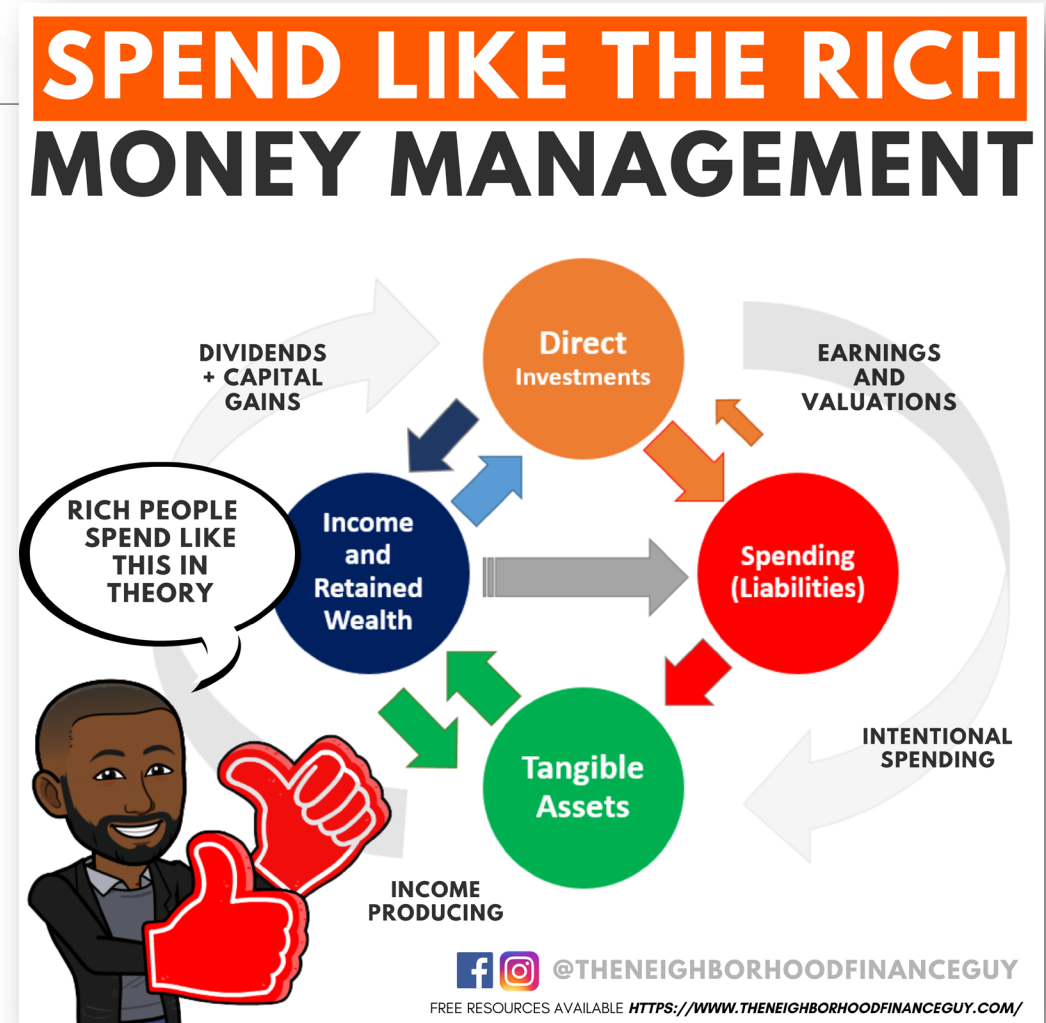
THE WEALTH MACHINE STRATEGY

A conceptual way to manage your money and generate more income, based on a model created by the *NetMax Plan + Budget and InvestmentMoats.com*



Wealth Blueprint for 2022+

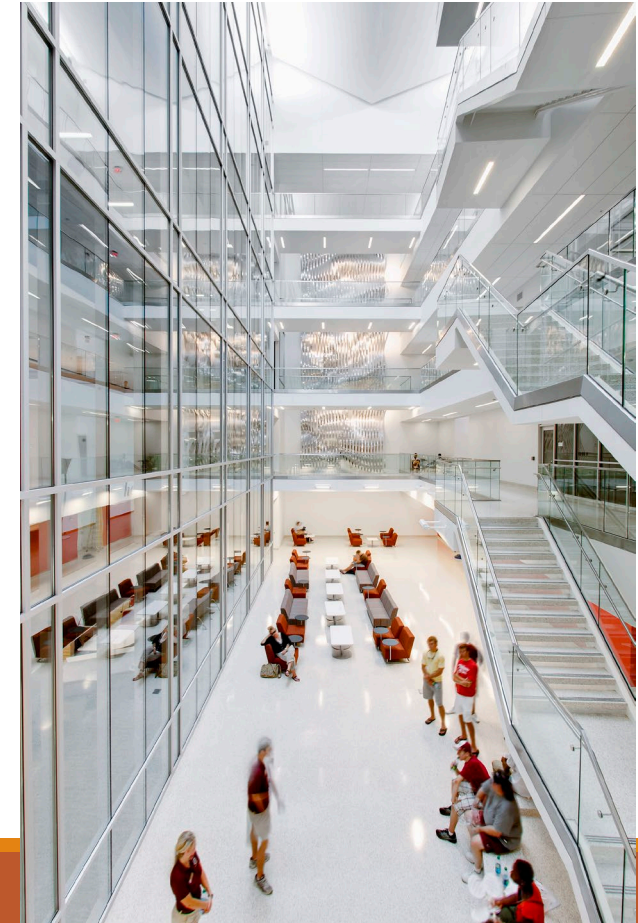
1. Create a **Financial Float** of 1-3 Months worth of Expenses.
2. **Never Skip the 401k matching.** At 5% Max, that's worth over \$150k over 30yrs.
3. **Pay off credit Card Debt!** It's a drag on your cash flow.
4. **Max out on 401ks, IRAs and HSA** for tax deferral benefits and phase-out avoidance.
5. **Buy an Affordable Home** that's less than 25% of your take home pay.
6. **Invest in an after-tax brokerage** for growth or dividends.
7. **Revise your Tax Strategy.** Pay Less and Do More.





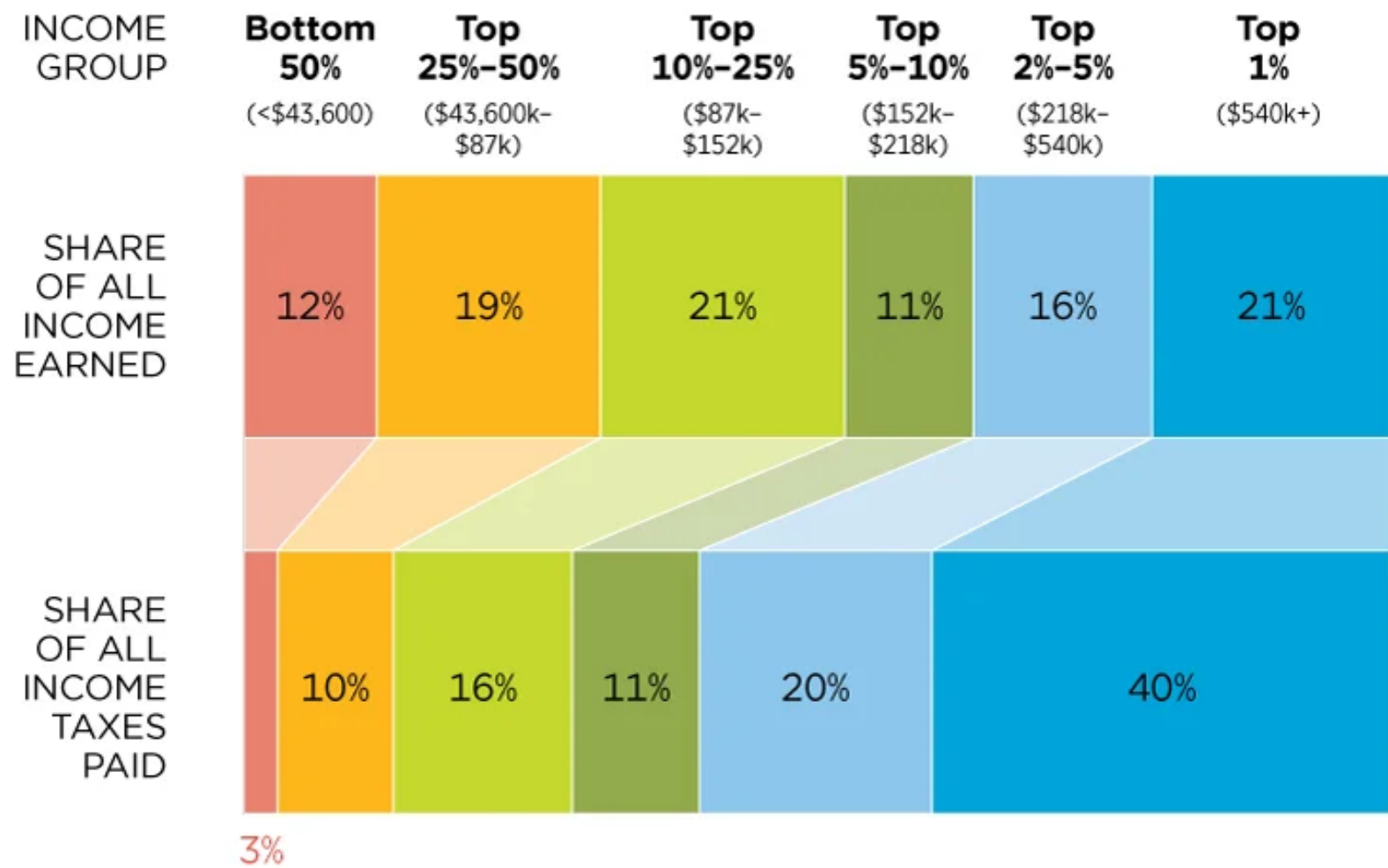
Take Notes
Ask Questions
Discuss/Share
Take Action

Where Do We Start?

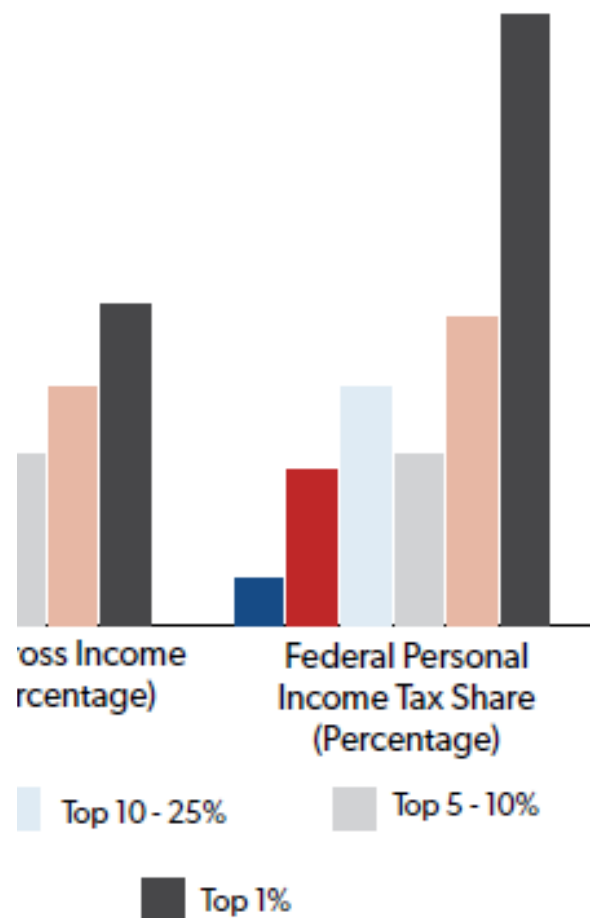


DO THE RICH PAY THEIR FAIR SHARE?

FEDERAL INCOME TAXES AND ADJUSTED GROSS INCOME EARNED IN 2018



Income and Income Taxes by Income Bracket Range



Source: IRS.

heritage.org

What is Reportable?

Taxpayers **must** report all income from any source and any country unless it is explicitly exempt under the U.S. tax code.

There may be taxable income from certain transactions even if no money changes hands.

Noted: [Taxable Income vs. Nontaxable Income: What You Should Know](#)



What's Compensation?

Generally, income can be received in three ways: money, services and property. **The IRS requires that you declare all income on your return.** This can include:

- Wages, Salaries, and Bonuses
- Commissions
- Strike pay
- Rental income
- Alimony (for divorce decrees finalized before 2019)
- Royalty payments
- Stock options, dividends and interest
- Self-employment income



What's Not Taxable?

Nontaxable income won't be taxed, whether or not you enter it on your tax return. The following items are deemed nontaxable by the IRS:

- Inheritances, gifts and bequests
- Cash rebates on items you purchase from a retailer, manufacturer or dealer
- Alimony payments (for divorce decrees finalized after 2018)
- Child support payments
- Most healthcare benefits
- Money that is reimbursed from qualifying adoptions
- Welfare payments



All About Paystubs and FICA



Federal Tax Withholding

Basically, federal tax withholding is where your employer takes a certain amount of money out of your paycheck for taxes and sends it to the federal government on your behalf.

When tax season comes around and you finish filing, you'll either get a refund or owe additional taxes.

[IRS W4 Withholding Estimator](#)



Social Security Example

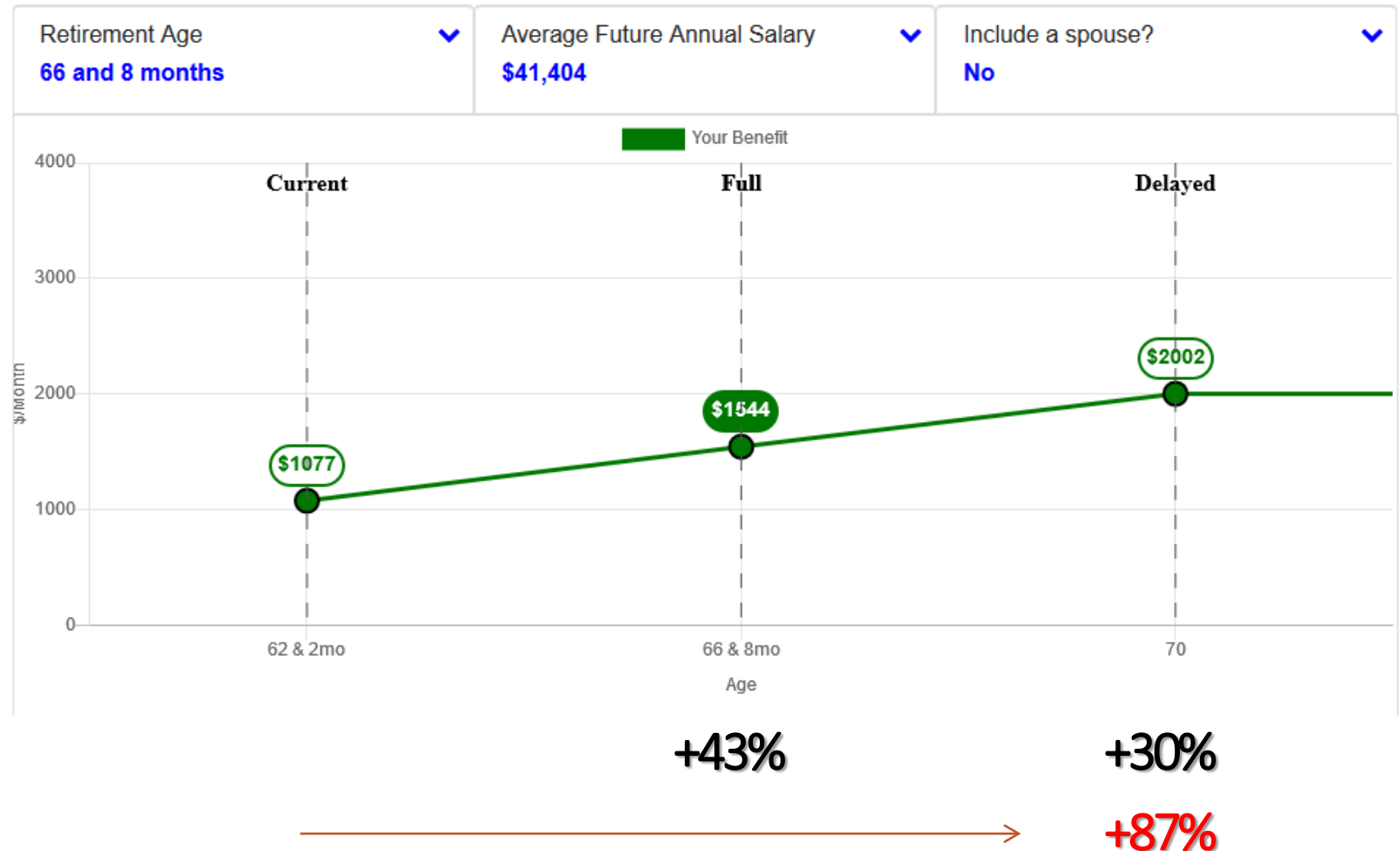
Four basic types of Social Security benefits are paid based on the record of your earnings:

1. retirement,
2. disability,
3. dependents, and
4. survivors benefits.

Plan For Retirement

Your monthly benefit at Full Retirement Age (66 and 8 months) is **\$1,544**.

Use our estimator below to discover the best time for you to file for benefits.



It's all About Perspective.

SSA Benefits Redacted Statement 2021

Example, Critical Distinction on when to retire.

If Social Security covers \$24,000 on average, how will you be affected?



+3% Inflation Example

Inflation is the rate of increase in prices over a given period of time.

From Inflation to Recession, [Click Here to Master Modern Economic Vocabulary.](#)

CURRENT EXPENSES (EST 2022)	EXPENSES BY 2025	EXPENSES BY 2040	EXPENSES BY 2050
\$40,000	\$43,709	\$68,097	\$91,517
\$50,000	\$54,636	\$85,122	\$114,396
\$60,000	\$65,564	\$102,146	\$137,276
\$70,000	\$76,491	\$119,170	\$160,155
\$80,000	\$87,418	\$136,195	\$183,034
\$90,000	\$98,345	\$153,219	\$205,913
\$100,000	\$109,273	\$170,243	\$228,793
\$125,000	\$136,591	\$212,804	\$285,991
\$150,000	\$163,909	\$255,365	\$343,189

Deductions

- **Deductions** are cash amounts taken out of the employee's gross wages. They include taxes, contributions, and even allowances like meals.
- Typically, on pay stubs, deductions are shown in two places: deductions current and deductions year to date. Current deductions are deductions being taken out of the current pay period. Year-to-date deductions are totals for each type of deduction.

DEDUCTIONS	Current	YTD
Taxable Medical Ins	10.00	10.00
Pre tax Medical	62.50	62.50
ROTH 401(k) Contribution	12.84	12.84
Life Insurance	15.00	15.00
Uniforms	20.00	20.00



How to Get to
Wealth Faster?



#TrustTheProcess

1. **Review Your Finances.** Take Inventory on what you have and what's missing.
2. Account for **Emergencies**. Emergency Plans > Emergency Savings
 1. At least \$2,500 for adults in the home and \$5,000 per kid
 2. No more than 3 Months in a Stable Job, 3-6 Months in a Competitive Setting.
3. Review your Employee Benefits
4. **Get Covered.** Insurances suck but they help
 1. Work and term life insurance (when you have a family)
 2. Health Care or Health Savings Accounts
5. Invest In Yourself or **Get Taxed**



Tax Avoidance, Benefits and Gains

Biggest Ways to Save By Order:

- I. 401k, 403b, 457b
 - I. Contribute up to \$20,500 in 2022
 - II. Plus \$6,500 catch up for over 50
 - III. Some people get the 457b+
- II. Individual Retirement Accounts
 - I. Contribute up to \$6,000 in 2022
 - II. Plus \$1,000 catch up for over 50
- III. Health Savings Accounts
- IV. Capital Gains (Up to \$500k Tax Free)



Wall Street Memes
@wallstmemes

USD in 2022 after people have been yelling “cash is trash” for the last 5 years



IRA Phase Outs to Be Aware Of

INDIVIDUAL PLANS		
Traditional and Roth IRA Contribution Limits	2021	2022
Up to age 50	\$6,000	\$6,000
Catch-Up Contributions Age 50+	\$1,000	\$1,000
Total Contribution if Over the Age 50+	\$7,000	\$7,000

Roth IRA Contribution Limits MAGI Phase-Out Ranges	2021	2022
Single Individuals	\$125,000 - \$140,000	\$129,000 - \$144,000
Married, Filing a Joint Tax Return	\$198,000 - \$208,000	\$204,000 - \$214,000
Married, Filing Separate Tax Returns	\$0 - \$10,000	\$0 - \$10,000

Traditional IRA MAGI Deductibility Phase-Out Ranges	2021	2022
Single Active Participant	\$66,000 – \$76,000	\$68,000 – \$78,000
Married Active Participant, Filing Joint Tax Return	\$105,000 - \$125,000	\$109,000 - \$129,000
Married Active Participant, Filing Separate Tax Return	\$0 - \$10,000	\$0 - \$10,000
Spouse of an Active Participant	\$198,000 - \$208,000	\$204,000 - \$214,000

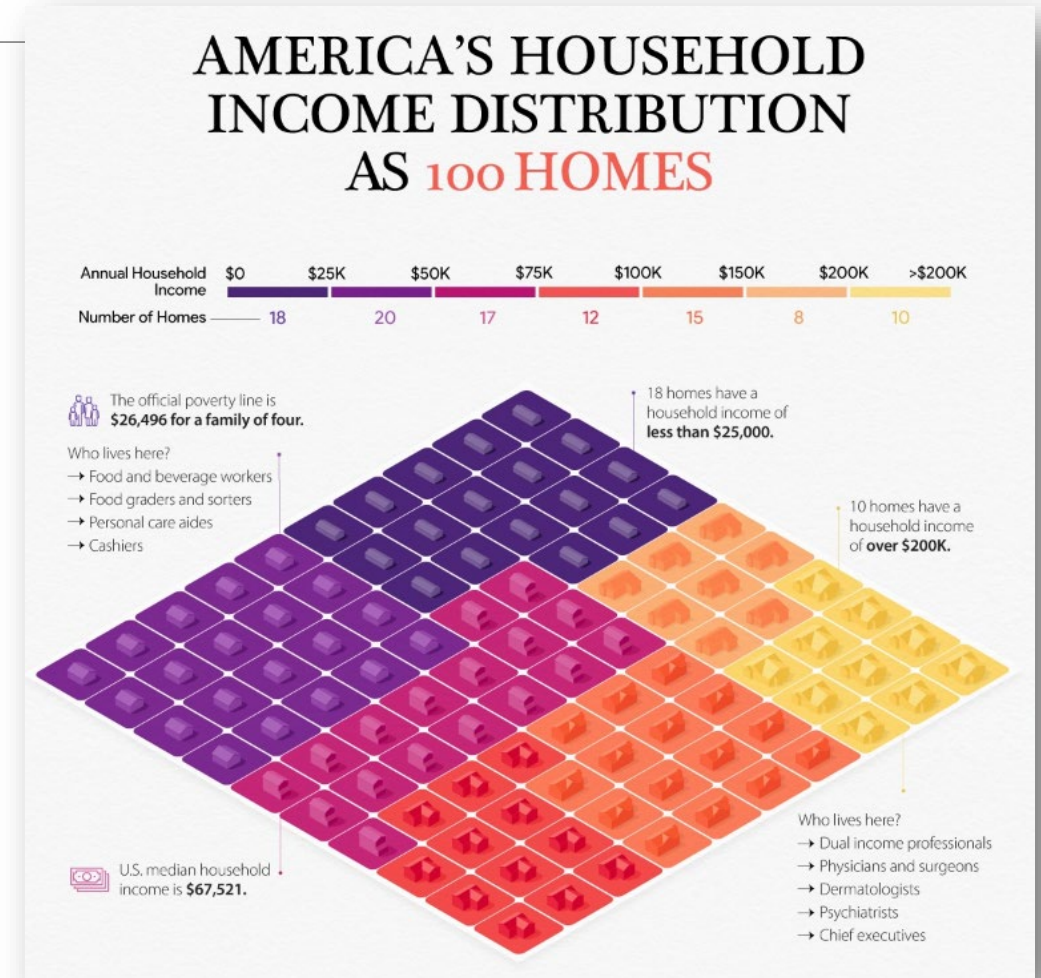
Saver's Credits and How it Works?

Saver's credit AGI thresholds (IRC § 25B)	Projected 2023	2022
50% saver's credit if AGI is no more than specified amount		
Married filing jointly	\$43,500	\$41,000
Head of household	32,625	30,750
Other filing status	21,750	20,500
20% saver's credit if AGI exceeds threshold for 50% credit but is no more than specified amount		
Married filing jointly	47,500	44,000
Head of household	35,625	33,000
Other filing status	23,750	22,000
10% saver's credit if AGI exceeds threshold for 20% credit but is no more than specified amount		
Married filing jointly*	72,500/73,000	68,000
Head of household*	54,375/54,750	51,000
Other filing status*	36,250/36,500	34,000

*Limit will be the lower number if inflation in August is nearly flat or negative.

Getting +\$250k or \$500k Tax FREE

- If you have a capital gain from the sale of your main home, **you may qualify to exclude up to \$250,000 of that gain from your income, or up to \$500,000 of that gain if you file a joint return with your spouse.**
- Ownership and Use Test aka *The Two Year Rule*

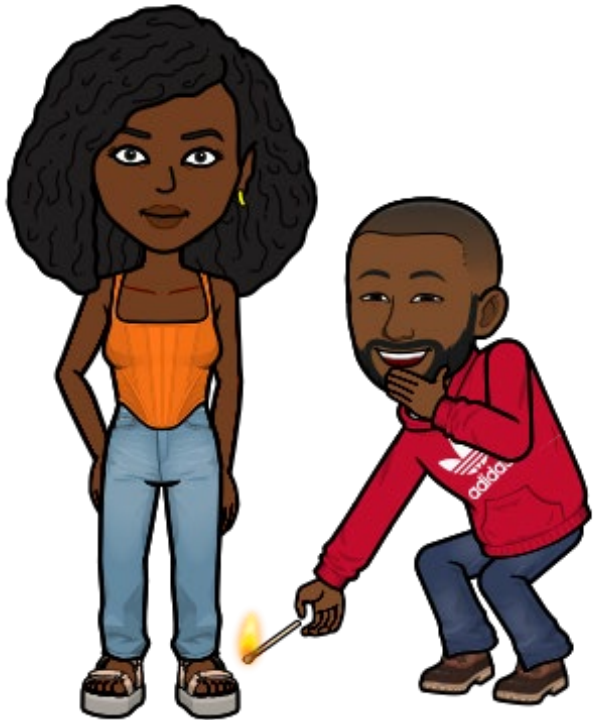


Carrying \$3K of Capital Losses?

A capital loss is the loss incurred when a [capital asset](#), such as an investment or real estate, decreases in value.

This loss is not realized until the asset is sold for a price that is lower than the original purchase price.

Any loss can be netted against any capital gain realized in the same tax year, but **only \$3,000 of capital loss can be deducted** against earned or other types of income **in the year**.

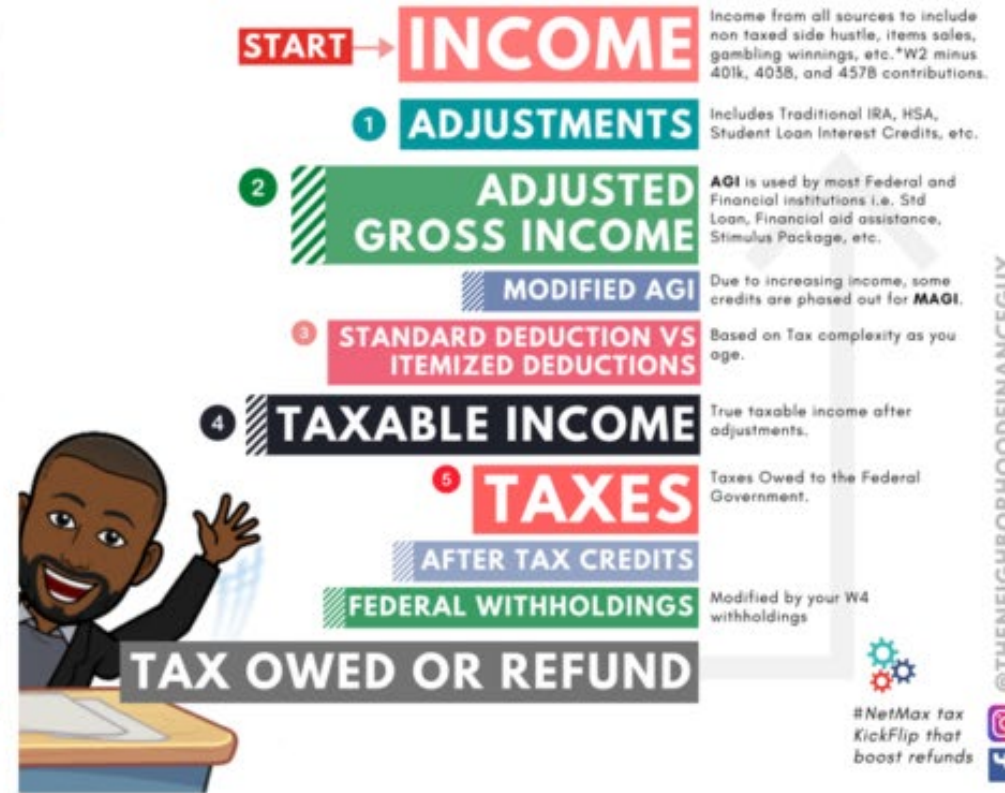


Free Excel Resources

Household Income/Deductions Data Points			
	Gross Income Per Month	Yearly	Gross Income Total
Primary Gross Income	\$6,500.00	\$78,000	\$78,000
Secondary Gross Income (If Any)	\$0.00	\$0	
Rental Income (If Any)	\$0.00	\$0	
Business Income (If Any)	\$0.00	\$0	
Child Support/Alimony (If Any)	\$0.00	\$0	
Total Gross Income	\$6,500	\$78,000	Additional Notes: (If Any)
Other Assets (Deductions)			
401k (TSP), 403b, 457b Contribution Primary Income Provider	\$1,428.00	\$19,500.00	For 2020 and 2021, the 401k limit for employee salary deferrals is \$19,500, up \$500 from 2019. The 403(b) contribution limit is imposed by the Internal Revenue Service, which generally makes cost-of-living adjustments in the fall of each year. *Check your contribution limits if you're 50 or older in 2020-2021 or up to \$1,500 for catch-up plans.
401k (TSP), 403b, 457b Contribution Secondary Income Provider	\$0.00	\$0.00	IRS Contribution Limit \$19,500 for FTDR (similar to above). After receiving more than 5,000 employer- or currently contributing to an employer-sponsored 401(k) plan, the amount paid that is only a quarter of respondent's own catch-up plan on the opportunity. * 50 percent of respondent's own catch-up amount for 401(k) match by employer, but 25 percent of the full advantage of it. Of that 25 percent, 10 percent does not count toward the match, and the percent does 15 percent of the job.
Individual Retirement Account (IRA) Traditional or ROTH for Primary	\$500.00	\$6,000.00	The annual contribution limit for 2019, 2020, and 2021 is \$6,000, or \$7,000 if you're age 50 or older. The annual contribution limit for 2018, 2016, 2017, and 2015 was \$5,500, or \$6,500 if you're age 50 or older. Your Roth IRA contributions may also be limited based on your filing status and income. (For: Google "IRA Contribution Limit")
Individual Retirement Account (IRA) Traditional or ROTH for Secondary	\$0.00	\$0.00	IRS Contribution Limit \$6,000 for 2020 and 2021 (see Provider)
Health Savings Account for the Primary	\$300.00	\$3,600.00	The HSA contribution limits are set annually by the IRS; for 2021, they're \$3,600 for self-only coverage and \$7,200 for a family. In addition to these limits, HSA participants who are 55 or older can contribute an additional \$1,000 or a catch-up contribution. In this example, HSA contributions are divided in two amounts for the primary and secondary income provider (if any).
Health Savings Account for the Secondary	\$0.00	\$0.00	IRS Contribution Limit of \$3,600 for 2020 and 2021 (see Provider). Contributions to the HSA are 100% deductible (up to the limit) — just like an IRA. With draws to pay qualified medical expenses, including dental and vision, are never taxed. Interest earnings accumulate tax-deferred, and if used to pay qualified medical expenses, are tax-free.
Total Deductions (Savings and Retirement Accts)	\$2,428.00	\$29,100.00	Net Take-Home Total
Estimated in-Fax-Period Total Tax Rate		21%	\$38,631
Estimated Net After Dedec	\$4,075.00	\$49,100.00	
Estimated After Tax	\$3,176.25	\$38,631.00	

MONEY CONCEPTS

THE BASICS OF TAXATION



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#NetMax tax
KickFlip that
boost refunds

8% Compounding Example

Saving on Taxes while
Building Wealth.

Click Here for the
[Net/Max Financial
Plans.](#)

BEGINNING JAN 2023	FUTURE VALUE BY 2025	FUTURE VALUE BY 2040	FUTURE VALUE BY 2050
Avg. American Household			
\$9,000	\$19,397	\$314,735	\$814,582
Single w/NetMax			
\$30,000	\$64,656	\$1,049,116	\$2,715,274
Married w/NetMax			
\$60,000	\$129,312	\$2,098,233	\$5,430,548

More Taxes?! Yep...

Oh no

You must pay taxes on your benefits if you file a federal tax return as an “individual” and your “combined income” exceeds \$25,000.

If you file a joint return, you must pay taxes if you and your spouse have “combined income” of more than \$32,000.

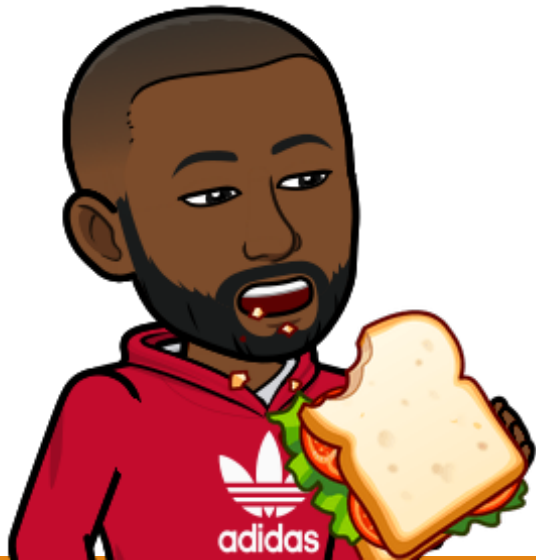
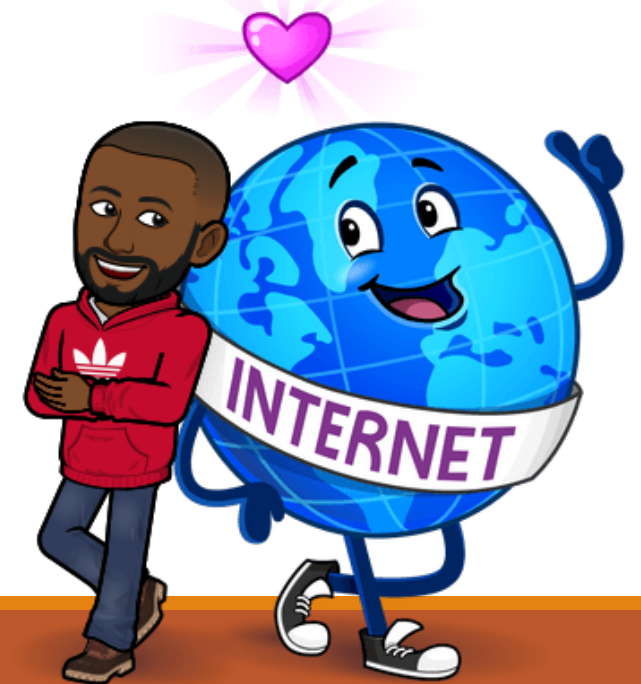


Table 2. Retirement Taxes as a Percentage of Retirement Income, Households Follow RMD and Consume Only Interest and Dividends from Financial Assets, by AIME Quintile and Marital Status

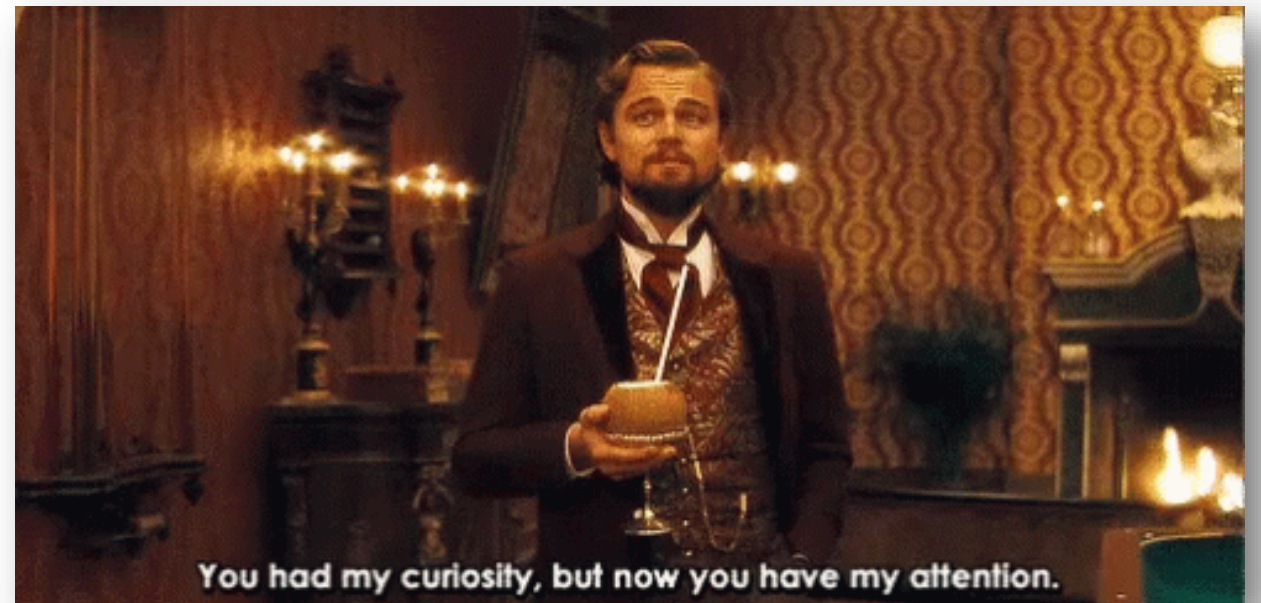
AIME quintile	All	Single	Married
Lowest	0.0%	0.0%	0.0%
Second	0.0	0.1	0.0
Middle	0.3	1.1	0.1
Fourth	1.5	5.0	0.8
Highest	10.5	13.6	9.8
Top 5%	15.4	18.8	15.0
Top 1%	20.9	20.7	21.0
All	5.7%	6.5%	5.4%

Avg. tax rate for retirees is 6%; however, it differs greatly by income level.

Those in the bottom three quintiles pay nearly 0% in taxes while those at the top quintile are paying an average of 10.5%. The top 1% are paying federal taxes at an average rate of 21%.



Becoming a
Better closer!

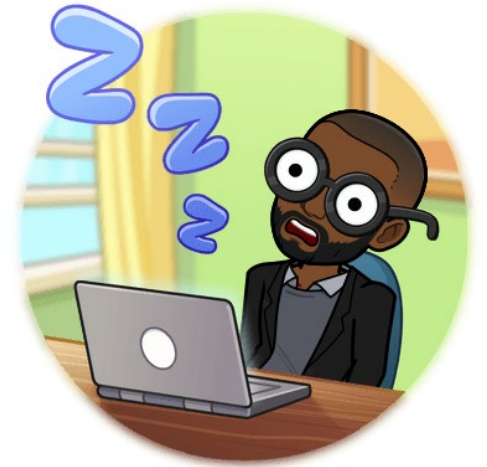


Set Your Own Retirement



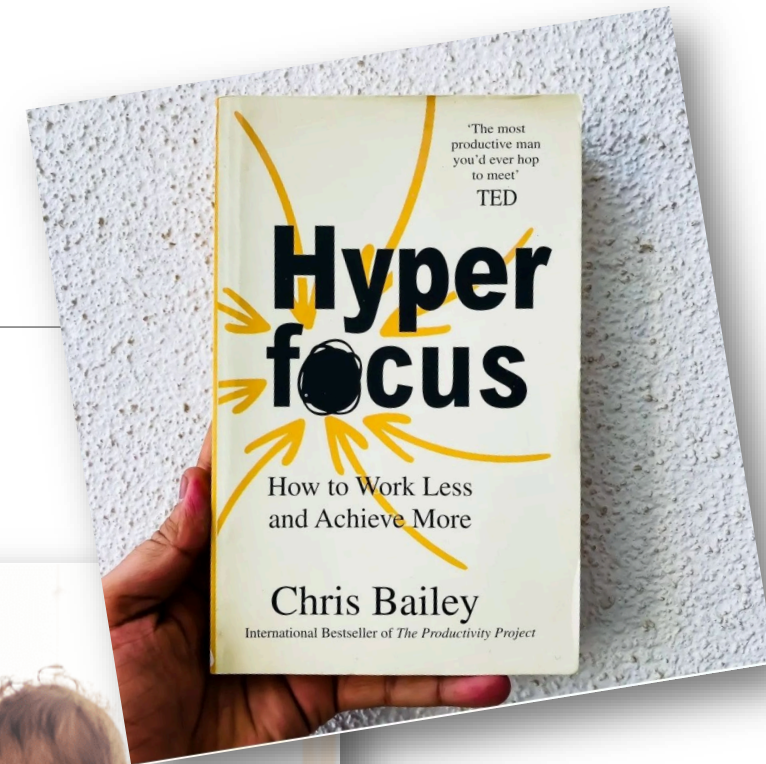
Website Recommendations

1. Essentials: [Mint.com](https://www.mint.com), [Personal Capital](https://www.personalcapital.com) and [SSA.gov](https://www.ssa.gov)
2. Savings, Mortgage rates and credit card rates - [www.Bankrate.com](https://www.bankrate.com)
3. [Debt Snowball Calculator](#)
4. Google Finance and Yahoo Finance
5. Investment Back testing (advanced) - www.portfoliovisualizer.com
6. Exchange Traded Funds ([ETF](#)) – www.etf.com
7. [Brokerages](#) include Fidelity, Vanguard, M1 Finance, Robinhood, Schwab, etc...
8. [Net/Max Financial Plans](#) to build wealth in less than 15 years
 - a. [Other resources](#): Budgeting, Personal Taxes, etc.



Book Recommendations

1. Atomic Habits
2. The Automatic Millionaire
3. Your Money or Your Life
4. The Psychology of Money
5. 12 Week Year
6. Can't Hurt Me
7. Grit



Recap and Questions

When you're giving advice but you have to finish with 'idk though' in case you accidentally ruin someone's life



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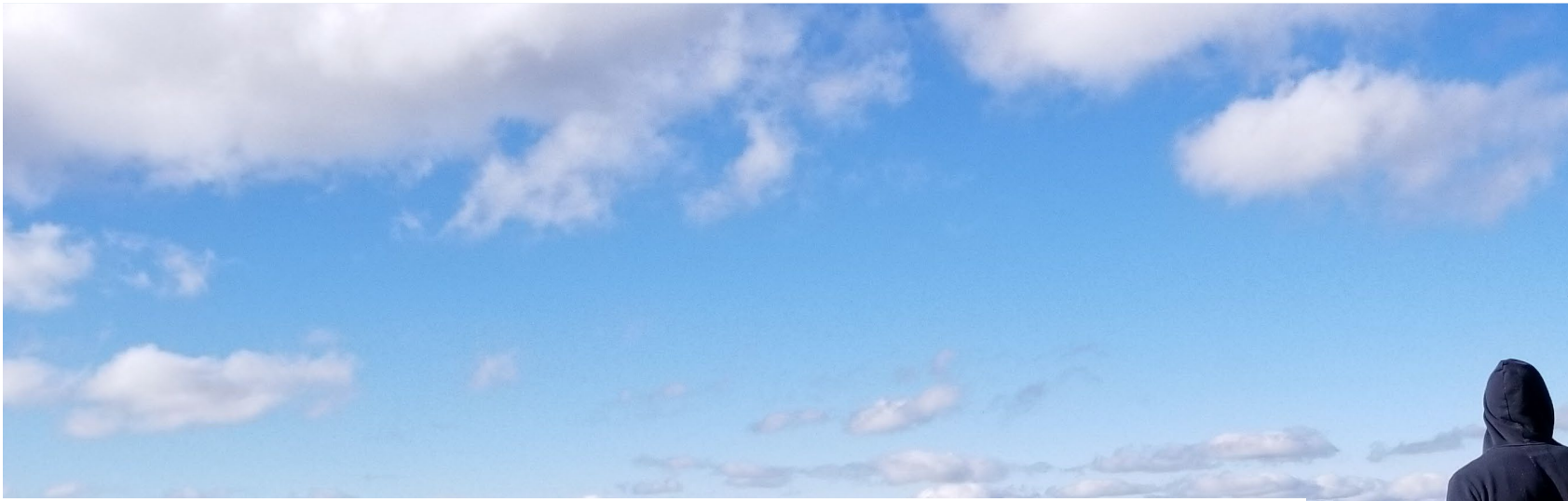
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