

HOW ARE THINGS TAXED?

WHAT YOU NEED TO KNOW!



A key to proper financial planning is having a mix of the proper investments. Both long and short term. Knowing how taxes affect your investments can help you put together a proper portfolio.

You should know that not all investments receive the same tax treatment. Some are taxed at capital gains rate and others as ordinary income. Although I usually don't recommend using taxes to guide your investment choices, having it as a data point can certainly help. It is smart to know the consequences of buying or selling any investment.

HOW ARE THINGS TAXED?

Interest income: In most cases as ordinary income.

Qualified Dividends:

Tax Rate:	Single:	Married:
0%	\$0-\$47,025	\$0-\$94,050
15%	\$47,026-\$518,900	\$94,051-\$583,750
20%	Above \$518,901	Above \$583,751

Capital Gains (held longer than 1 year):

Tax Rate:	Single:	Married:
0%	\$0-\$48,350	\$0-\$96,700
15%	\$48,351-\$533,400	\$96,701-\$600,050
20%	Above \$533,401	Above \$600,051

Tax Deferred Investment Earnings (IRA or 401K)

These are taxed as ordinary income when withdrawn from the accounts.

KEY TAKEAWAYS

The time period for capital gains matters.

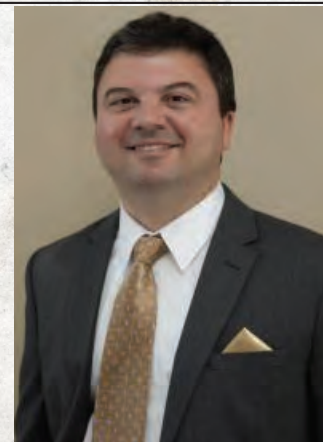
If you hold a stock for less than one year, it is taxed at ordinary income rates. Held longer than 1 year, it is taxed favorably as shown in the column to the left. Long term investments are taxed at a lower rate than short term investments.

Know your cost basis. The initial cost basis is what you paid for the investment plus any commissions or fees that were included in the cost. Your brokerage can assist you with this. If you inherited the investment, the market price at the time is the cost basis.

Capital gains distributions from a mutual fund or exchange-traded fund (ETF) are taxed as long term capital gains, no matter how long the individual has owned shares of the fund. This means a tax rate of 0%, 15%, or 20%, depending on ordinary income tax on taxable income and filing status.

You can offset capital gains by having come capital losses. You can sell an investment for a loss (below the price you bought it for) and it will lower your overall capital gains tax for the year.

Proper financial planning can position your investments for sale when it is most advantageous for you from a tax perspective.



March is upon us and so is March Madness, the clock moving ahead by an hour and Spring Break! March is also the month with a morbid tale. The Ides of March. Here's the origin:

That date, March 15, marked a turning point in ancient Rome in 44 BC when Julius Caesar was assassinated. A group of senators did him in.

A local fortune-teller had told Caesar to "beware the Ides of March", and his wife had also dreamt of his death. Caesar however, dismissed the omens and attended a Senate meeting.

That's where he was betrayed when some Roman senators, believing he had amassed too much power, ambushed him.

It actually backfired because his successor (Octavian/Augustus) ended becoming Emperor, which they wanted to prevent, and much more powerful than Caesar. However, it did pave the way for the Roman Empire which lasted centuries.



PAT SUMMITT'S "DEFINITE DOZEN" RULES FOR SUCCESS

Legendary Tennessee coach Pat Summitt helped her players grow athletically & as people. She had a list of rules for success that she followed which made her the leader she was & pushed the Volunteers to win 1,098 games & eight national championships(!) under her watch. In the spirit of March Madness, here they are:

1. **RESPECT YOURSELF & OTHERS:** There's no such thing as self-respect without respect for others. People who do not respect those around them won't make good teammates and probably lack self-esteem themselves. 
2. **TAKE FULL RESPONSIBILITY:** There aren't shortcuts. You can't assume larger responsibility without responsibility for small things. Be accountable.
3. **DEVELOP AND DEMONSTRATE LOYALTY:** You have to give loyalty to receive it. Surround yourself with people better than you are. Seek out quality people, acknowledge talent, and let them do their jobs. You win with people.
4. **LEARN TO BE A GREAT COMMUNICATOR:** Communication eliminates mistakes. Listening is crucial. We communicate all the time, even when we don't realize it. Be aware of body language. Silence is a form of communication, too.
5. **DISCIPLINE YOURSELF SO NO ONE ELSE HAS TO:** Self-discipline helps you believe in yourself. Group discipline produces a unified effort toward a common goal. Discipline helps you finish a job. 
6. **MAKE HARD WORK YOUR PASSION:** Do the things that aren't fun first, and do them well. Plan your work, and work your plan. See yourself as self-employed.
7. **DON'T JUST WORK HARD, WORK SMART:** Success is having the right person, in the right place, at the right time. Know strengths, weaknesses & needs. Understanding yourself & those around you, helps minimize weaknesses & maximize strengths.
8. **PUT THE TEAM BEFORE YOURSELF:** Teamwork doesn't come naturally. It must be taught. Teamwork allows common people to obtain uncommon results. Not everyone is born to lead. Role players are critical to group success. In group success there is individual success. 
9. **MAKE WINNING AN ATTITUDE:** Combine practice with belief. Attitude is a choice. Maintain a positive outlook. No one ever got anywhere by being negative. Confidence happens when you've done the work that entitles you to succeed.
10. **BE COMPETITIVE:** You can't always be the most talented person in the room but you can be the most competitive. Being competitive affects your adversary. Nothing is wrong with having competitive instincts. They are survival instincts.
11. **CHANGE IS A MUST:** It's what you learn after you know it all that counts the most. Change equals self-improvement. Push yourself to places you haven't been before. Take risks. You can't steal second base with your foot on first. 
12. **HANDLE SUCCESS LIKE YOU HANDLE FAILURE:** You can't always control what happens, but you can control how you handle it. Sometimes you learn more from losing than winning. Losing forces you to reexamine. It's harder to stay on top than it is to make the climb.



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- Financial Planning
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Investments

- Exchange Traded Funds
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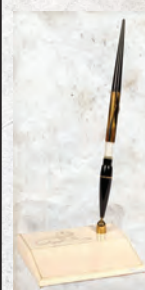
Account Types

- Brokerage Accounts
- 401k Rollovers, Solo 401Ks
- Roth Conversions
- IRAs, Roth IRAs, SEP IRAs, Simple IRA

Fiduciary, Fee-Only Advisor

I receive NO compensation from anyone besides my clients.

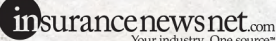
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I have been quoted in the following publications:



Flashback 30 Years Ago This Month

MOVIES: March 1995

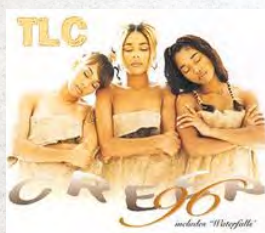
- **Outbreak....**A team of Army doctors struggle to find a cure for the deadly virus that was transported from Africa by a monkey and is now spreading quickly throughout a small California town. Stars Dustin Hoffman
- **Man of the House.....**A young boy (Jonathan Taylor Thomas) refuses to accept his mother's (Farrah Fawcett) new boyfriend (Chevy Chase) despite his attempts to win his respect. Meanwhile, the disgruntled relative of a criminal he prosecuted seeks revenge.
- **The Brady Bunch Movie.....**The original 1970s TV family is now placed in the 1990s. Stars Shelley Long.
- **Just Cause...**A Harvard professor (Sean Connery) is lured back into the courtroom after twenty-five years to take the case of a young black man condemned to death for the horrific murder of a child.



MUSIC

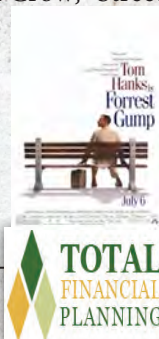
Billboard Hot 100: March 1995!!

- **Take A Bow (Madonna)**
- **Creep (TLC)**
- **Run Away (Real McCoy)**



NEWS/SPORTS/CELEBRITY

- Singer Selena, Mexican-American "Queen of Tejano music" killed by fan at 23
- Baseball awards a franchise to Tampa Bay Devil Rays
- 1st time 13 people in space at one time.
- US approves 1st chicken pox vaccine, Varivax by Merck & Co
- Michael Jordan announces he is ending his 17 month NBA retirement
- Dow Jones Industrial Average hits record 4083.68. Today: 41,561.11. Up 918%!
- World's largest bank - Japan's Mitsubishi Bank and the Bank of Tokyo merge
- Members of the Japanese cult Aum Shinrikyo release sarin gas on three lines of the Tokyo subway, killing 13 people and injuring over 1,000
- Boxer Mike Tyson released from jail after serving 3 years for rape.
- 67th Academy Awards: "Forrest Gump", Jessica Lange & Tom Hanks win
- 37th Grammy Awards: "All I Want to Do" by Sheryl Crow; "Streets of Philadelphia" by Bruce Springsteen win



Questions? Call Alexis' cell 407-729-8516

7 Tax Lowering Strategies

1: Selling stocks at a loss. Yes, at a loss. You can deduct the loss against your W-2 income up to \$3,000 per year.

2: Invest in tax-advantaged accounts: Think 401(k) and IRAs. These retirement accounts, pending certain income restrictions and maximums, allow you to save money tax-deferred and won't count against this year's income. Health Savings Accounts (HSAs) can also give you a tax deduction, tax-free growth and tax-free withdrawals for medical costs. They are triple tax-advantaged.

3: Tax-efficient investments: Check boxes 3a and 3b on your 1040. If there's a large gap between these numbers, it means you have a lot of unqualified dividends. These aren't tax efficient.

4: Donating to charity: There's a tax efficient way and an inefficient way of donating to charity. Donating shares of stock instead of their cash equivalent is efficient. You do need to itemize your deductions for this to help your tax situation.

5: Location of Investments: Consider placing your bond investments in your retirement accounts. Most bond income is taxed as ordinary income so it doesn't help you as much as if it is in a brokerage account as it would in a retirement account.

6: Commuter benefits. If you commute to work, check with HR to see if your company offers any commuter benefits. These can save you money on parking or commuting by using pre-tax dollars.

7: Backdoor Roth: If your income is too high (more than \$150k single/\$236k married filing jointly) to contribute to a Roth IRA, consider a Backdoor Roth. It's a process to convert non-deductible traditional IRA to a Roth IRA.

Tax Reduction Strategies

Idiom Of The Month

"COLD FEET"



No, I'm not talking about the temperature of your spouse's feet under the covers on a chilly night.

I'm talking about the phrase describing someone having second thoughts about following through with a planned action. One of the most common uses is the fear people have with the commitment of marriage and getting "cold feet" before a wedding ceremony. A 2021 survey by

Zola, a wedding planning company, found that about 20% of engaged couples experience significant anxiety or "cold feet" before their wedding.

However, it can apply to any situation where someone hesitates, like deciding not to take a new job, give a speech, or make a big purchase.

One of the earliest known uses of "cold feet" comes from Stephen Crane's novel *Maggie: A Girl of the Streets* (1893), where a character says, "I knew this was the way it would be. They got cold feet." Here, it implies cowardice or reluctance to fight. Some sources suggest the phrase might have

originated in military contexts, where soldiers with literal cold feet (frostbite or trench foot) were unable to march into battle, and this physical condition became a metaphor for fear or unwillingness to proceed.

Some linguists trace the phrase back to earlier European expressions. In 17th-century Italian, there's a phrase *avere i piedi freddi* ("to have cold feet"), which meant to be financially strapped or unable to proceed with something due to a lack of means. This could have evolved into the modern sense of hesitation.

Related idioms with feet are "dragging your feet" and "getting your feet wet". Hmmm, I think I have next month's idiom already in mind.

FINANCIAL TRIVIA

1. Fair Isaac Corporation came up with a way to calculate your creditworthiness, but you probably know the company as what four-letter acronym that's associated with your credit score?
2. According to Benjamin Franklin, only this financial charge and death are certainties in life.
3. Accountants use different methods of depreciation for tax purposes. What do the letters in the Acronym LIFO stand for?
4. What Switzerland-based bank was taken over by UBS in March 2023 in an all-stock deal brokered by the Swiss government?
5. What credit card company adopted a gladiator or centurion into their logo in 1958? Although the image has taken less prominence in the brand over time, it still appears on the company's credit cards.
6. "The Oracle of Omaha" is a nickname often used to describe what legendary American investor and CEO of Berkshire Hathaway?
7. The most commonly known stock index in its country, the KOSPI is a stock index of the exchange in which Asian country?
8. In 2001, Goldman Sachs coined the phrase BRIC as an acronym for the four biggest developing economies: Brazil, Russia, India, China. Located on Cape Agulhas, what fifth country added an S to the acronym in 2010?
9. In the insurance business, what is the name for a person whose job it is to analyze statistics to calculate risks and price premiums accordingly?

Answers:

1. FICO
2. Taxes
3. Last In First Out
4. Credit Suisse
5. American Express
6. Warren Buffet
7. South Korea
8. South Africa
9. Actuary