

# Welcome Hindu Senior Citizens of South Jersey

2/11/2025

# JMB & Associates, Inc

- Tax Planning
- Financial Planning

# Standard Deductions

• 2024		Over 65
• Single	\$14,600	\$1,950
• MFJ	\$29,200	\$1,550 PP
• Head of Household	\$21,900	\$1,950

# Standard Deduction

• 2025		Over 65
• Single	\$15,000	+\$2,000
• MFJ	\$30,000	+\$1,600 PP
• Head of Household	\$22,500	+\$2,000

# 2025 IRA contribution limits

Under 50	\$7,000
----------	---------

Over 50	\$8,000
---------	---------

# Social Security Income Limits

	2024	2025
Single	\$25,000	\$25,000
Head of Household	\$25,000	\$25,000
MFJ	\$32,000	\$32,000

# Tax on Social Security Income

Married filing jointly	
Your combined annual income	How much of your Social Security benefit is taxable
\$32,000 or less	None
Between \$32,000 and \$44,000	Up to 50%
More than \$44,000	Up to 85%

  

Individual	
Your combined annual income	How much of your Social Security benefit is taxable
\$25,000 or less	None
Between \$25,000 and \$34,000	Up to 50%
More than \$34,000	Up to 85%

# BOI (Beneficial Ownership Interest) reporting

- This is not part of the tax return
- Responsibility of the Company to file
- You are reporting to FinCen (Financial Crimes Enforcement Network)
- Failure to report can result in significant fines



# Keystone Financial Group Introduction

- Based in Exton PA
- 80 years of collective experience
- \$500M+ of assets under management across 1,000+ households
- Certified Financial Planner, Accredited Investment Fiduciary, Accredited Estate Planner, Chartered Financial Consultant

# What We Will Cover

- Understanding Tax Landscape in Retirement
- Leveraging Roth IRAs and Roth Conversions
- Utilizing life insurance for tax efficiency and legacy planning.

# The Retirement Tax Time Bomb

- Many retirees hold substantial assets in tax-deferred accounts like traditional IRAs and 401(k)s.
- Withdrawals from these accounts are taxed as ordinary income, potentially pushing retirees into higher tax brackets.
- Required Minimum Distributions (RMDs) can further increase taxable income, affecting Social Security taxation and Medicare premiums.

# Impact on Medicare Premiums

<b>Beneficiaries who file individual tax returns with modified adjusted gross income:</b>	<b>Beneficiaries who file joint tax returns with modified adjusted gross income:</b>	<b>Income-Related Monthly Adjustment Amount</b>	<b>Total Monthly Premium Amount</b>
Less than or equal to \$103,000	Less than or equal to \$206,000	\$0.00	\$174.70
Greater than \$103,000 and less than or equal to \$129,000	Greater than \$206,000 and less than or equal to \$258,000	\$69.90	\$244.60
Greater than \$129,000 and less than or equal to \$161,000	Greater than \$258,000 and less than or equal to \$322,000	\$174.70	\$349.40
Greater than \$161,000 and less than or equal to \$193,000	Greater than \$322,000 and less than or equal to \$386,000	\$279.50	\$454.20
Greater than \$193,000 and less than \$500,000	Greater than \$386,000 and less than \$750,000	\$384.30	\$559.00
Greater than or equal to \$500,000	Greater than or equal to \$750,000	\$419.30	\$594.00

# Roth IRAs: A Tax-Free Growth Opportunity

- Benefits of Roth IRAs
  - Contributions are made with after-tax dollars; qualified withdrawals are tax-free.
  - No RMDs during the original owner's lifetime, allowing assets to grow tax-free.
  - Provides tax-free income in retirement, which can help manage tax brackets and Medicare premiums.

# Roth IRAs: A Tax-Free Growth Opportunity (cont.)

- Eligibility and Contribution Limits
  - current income limits and contribution caps.
    - MFJ \$236k-\$246k phase out
    - Does not apply to Roth 401(k) contributions
    - \$7,000 annual contribution + \$1,000 catch up if 50+
  - "backdoor" Roth IRA strategy for high-income individuals.
    - Involves using non-deductible IRA contributions and completing a Roth conversion'
    - Be cautious of pro-rata rule prior to completing strategy

# Roth Conversions: Taking Control of Your Tax Future

- What is a Roth Conversion?

- Transferring assets from a traditional IRA or 401(k) into a Roth IRA, paying taxes on the converted amount now.

- Strategic Considerations

- Ideal during years with lower taxable income to minimize the tax impact.
  - Potential to reduce future RMDs and associated taxes.
  - Anticipation of higher future tax rates makes paying taxes now more appealing.

# Life Insurance: Beyond Protection to Tax Efficiency

- **Permanent Life Insurance Policies**

- Types include Whole Life, Indexed Universal Life (IUL), Variable Universal life, and Universal Life policies.
- Accumulate cash value that grows tax-deferred.

- **Tax Advantages**

- Policy loans and withdrawals can provide tax-free income in retirement.
- Death benefits are income tax-free to beneficiaries.



# Life Insurance: Beyond Protection to Tax Efficiency (cont.)

- **Strategic Uses**

- Supplement retirement income without increasing taxable income.
- Provide liquidity for estate taxes or as a legacy for heirs.

# Integrating Strategies for Optimal Tax Mitigation

- **Holistic Approach**

- Combine Roth accounts and life insurance to create a tax-diversified retirement income plan.
- Regularly review and adjust strategies in response to tax law changes and personal circumstances.

# In conclusion, what does Financial Planning include?

- Income Tax Planning
- Retirement Planning
- Insurance Planning
- Estate Planning
- Succession and Wealth Transfer Planning
- Investment Planning