

A close-up photograph of a person's hands holding a pen, poised to write on a document. The desk is cluttered with various papers, including what appears to be a tax form, and a calculator. The background is slightly blurred, focusing attention on the hands and the work being done.

PROACTIVE TAX PLANNING

**Helpful Information for Filing 2021 Income Taxes
and Proactive Tax Planning for 2022**

Presented By:

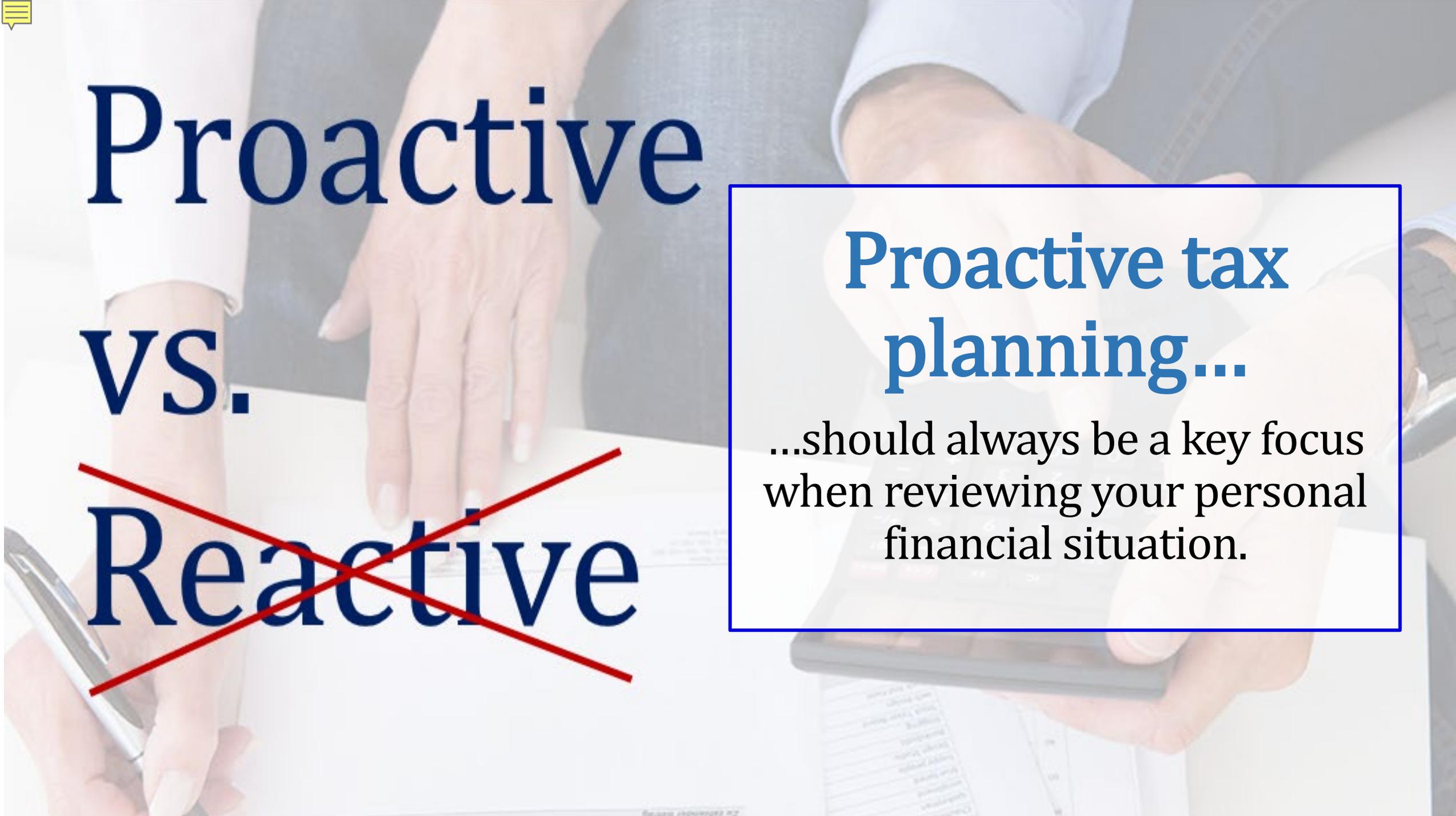
BMS Financial Advisors LLC

Hugh Boyle, Doug Maher, Jarrett Apa and Nate Starkey

Five Key Areas of Financial Planning

1. Preservation Planning
2. Retirement Planning
3. Tax Planning
4. Estate Planning
5. Investment Planning





Proactive

vs.

~~Reactive~~

**Proactive tax
planning...**

...should always be a key focus
when reviewing your personal
financial situation.



Helpful Information for Filing Your 2021 Taxes

2021 Tax Brackets

RATE	SINGLE FILERS	HEAD OF HOUSEHOLD	MARRIED FILING JOINTLY
10%	\$0-\$9,950	\$0 to \$14,200	\$0 to \$19,900
12%	\$9,951 to \$40,525	\$14,201 to \$54,200	\$19,901 to \$81,050
22%	\$40,526 to \$86,375	\$54,201 to \$86,350	\$81,051 to \$172,750
24%	\$86,376 to \$164,925	\$86,351 to \$164,900	\$172,751 to \$329,850
32%	\$164,926 to \$209,425	\$164,901 to \$209,400	\$329,851 to \$418,850
35%	\$209,426 to \$523,600	\$209,401 to \$523,600	\$418,851 to \$628,300
37%	\$523,601 or more	\$523,601 or more	\$628,301 or more
	Standard Deduction \$12,550	Standard Deduction \$18,800	Standard Deduction \$25,500

State and Local Taxes (SALT)

Form 1040 Department of the Treasury—Internal Revenue Service (99) **2021** U.S. Individual Income Tax Return OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

Filing Status Single Married filing jointly Married filing separately (MFS) Head of household (HOH) Qualifying widow(er) (QW)
 Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QW box, enter the child's name if the qualifying person is a child but not your dependent ▶

Your first name and middle initial Last name Your social security number
 If joint return, spouse's first name and middle initial Last name Spouse's social security number

Home address (number and street). If you have a P.O. box, see instructions. Apt. no. Presidential Election Campaign
 Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.
 You Spouse

City, town, or post office. If you have a foreign address, also complete spaces below. State ZIP code
 Foreign country name Foreign province/state/county Foreign postal code

At any time during 2021, did you receive, sell, exchange, or otherwise dispose of any financial interest in any virtual currency? Yes No

Standard Deduction Someone can claim: You as a dependent Your spouse as a dependent
 Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: Were born before January 2, 1957 Are blind Spouse: Was born before January 2, 1957 Is blind

Dependents (see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) <input checked="" type="checkbox"/> if qualifies for (see instructions): Child tax credit	Credit for other dependents
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here ▶

1 Wages, salaries, tips, etc. Attach Form(s) W-2	1
2a Tax-exempt interest	2a
3a Qualified dividends	3a
4a IRA distributions	4a
5a Pensions and annuities	5a
6a Social security benefits	6a
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here	7
8 Other income from Schedule 1, line 10	8
9 Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9
10 Adjustments to income from Schedule 1, line 26	10
11 Subtract line 10 from line 9. This is your adjusted gross income	11
12a Standard deduction or itemized deductions (from Schedule A)	12a
b Charitable contributions if you take the standard deduction (see instructions)	12b
c Add lines 12a and 12b	12c
13 Qualified business income deduction from Form 8995 or Form 8995-A	13
14 Add lines 12c and 13	14
15 Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15

Standard Deduction for—
 • Single or Married filing separately, \$12,550
 • Married filing jointly or Qualifying widow(er), \$25,100
 • Head of household, \$18,800
 • If you checked any box under Standard Deduction, see instructions.

Attach Sch. B if required.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form 1040 (2021)

State and Local Taxes still capped at \$10,000 for taxpayers that itemize.

2021 Long-term Capital Gains Tax Rates

TAX RATE	SINGLE FILERS	HEAD OF HOUSEHOLD	MARRIED FILERS
0%	\$40,400 or less	\$54,100 or less	\$80,800 or less
15%	\$40,401 - \$445,850	\$54,101 - \$473,750	\$80,801 - \$501,600
20%	\$445,851 +	\$473,751 +	\$501,601 +

Source: Tax Foundation. Note: The income figures represent total taxable income, or income after all deductions are taken.



Charitable Deductions

For those who itemize:

**Up to 100% of your 2021 AGI
for cash contributions to qualified charities.**



CHARITY

\$300 Charitable Contribution Deduction



The CARES Act allows a \$300 deduction for charitable contributions even if you don't itemize your deductions for 2021.

A screenshot of a tax form, likely Form 1040, showing the 'Standard Deduction' section. The 'Standard Deduction' box is highlighted in red. The form includes various sections for reporting income and deductions. The 'Standard Deduction' section is located at the bottom of the page, and the amount is shown as \$12,400. The 'Standard Deduction' box is highlighted in red, and the text 'Standard Deduction' is circled in red. The form also includes sections for 'Wages, salaries, tips, etc.', 'Tax-exempt interest', 'Qualified dividends', 'IRA distributions', 'Pensions and annuities', 'Social security benefits', 'Capital gain or loss', 'Other income from Schedule 1, line 9', 'Add lines 1, 2b, 3b, 4b, 4d, 5b, 6, and 7a. This is your total income', 'Adjustments to income from Schedule 1, line 22', 'Subtract line 8a from line 7b. This is your adjusted gross income', 'Standard Deduction', 'Itemized deductions (from Schedule A)', 'Qualified business income deduction, Attach Form 8895 or Form 995-A', and 'Add lines 9 and 10'.

Retirement Plans

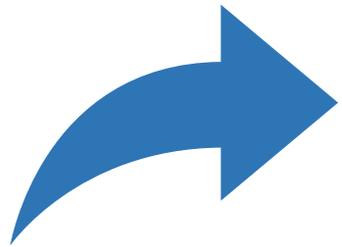
QUALIFIED RETIREMENT PLANS	ANNUAL CONTRIBUTION 2021 LIMITS	
	< AGE 50	> AGE 50
Traditional/Roth IRA	\$6,000	\$7,000
Traditional 401(k)	\$19,500	\$26,000
SEP IRA	\$58,000	\$58,000
Individual/Solo 401(k)	\$58,000	\$64,500

Source: [irs.gov](https://www.irs.gov)

Overlooked Tax Items and Deductions



Reinvested Dividends



Carried-over Items from Prior Years



Qualified Charitable Distributions (QCDs)



Proactive Tax Planning for 2022

2022 Tax Brackets

RATE	SINGLE FILERS	HEAD OF HOUSEHOLD	MARRIED FILERS
10%	\$0-\$10,275	\$0-\$14,650	\$0-\$20,550
12%	\$10,276 – \$41,775	\$14,651 – \$55,900	\$20,551 – \$83,550
22%	\$41,776 – \$89,075	\$55,901 – \$89,050	\$83,551 – \$178,150
24%	\$89,076 – \$170,050	\$89,051 – \$170,050	\$178,151 – \$340,100
32%	\$170,051 – \$215,950	\$170,051 – \$215,950	\$340,101 – \$431,900
35%	\$215,951 – \$539,900	\$215,951 – \$539,900	\$431,901 – \$647,850
37%	\$539,901 +	\$539,901 +	\$647,851 +
	Standard Deduction \$12,550	Standard Deduction \$18,800	Standard Deduction \$25,100

Source: [irs.gov](https://www.irs.gov)

2022 Long-term Capital Gains Tax Rates

TAX RATE	SINGLE FILERS	HEAD OF HOUSEHOLD	MARRIED FILERS
0%	\$41,675 or less	\$55,800 or less	\$83,350 or less
15%	\$41,676 – \$459,750	\$55,800 - \$488,500	\$83,351 - \$517,200
20%	\$459,751 +	\$488,501 +	\$517,201 +

Source: Tax Foundation. Note: The income figures represent total taxable income, or income after all deductions are taken.

Contribute to Your Retirement Plans

2022 Retirement Contribution Plan Limits

Elective deferrals to 401(k), 403(b), 457(b)(2), 457(c)(1) plans	\$20,500
Contributions to defined contribution plans	\$61,000
Contributions to SIMPLEs	\$14,000
Contributions to traditional IRAs	\$6,000
Catch-up Contributions to 401(k), 403(b), 457(b)(2), 457(c)(1) plans	\$6,500
Catch-up Contributions to SIMPLEs	\$3,000
Catch-up Contributions to IRAs	\$1,000



Annual Exclusion Gifts

\$16,000

2022 maximum amount of gift tax exemption per person.

Ideas for gifting can include:

- **contributing to a working child (or grandchild's) IRA**
- **gifting to a 529 plan**



2022 Tax Projection

A qualified tax preparer should be able to help you with a tax projection for 2022.



OTHER PROACTIVE TAX PLANNING STRATEGIES

A “Proactive” approach to your tax planning instead of a “Reactive” approach could produce better results!

Roth IRA Conversion Benefits

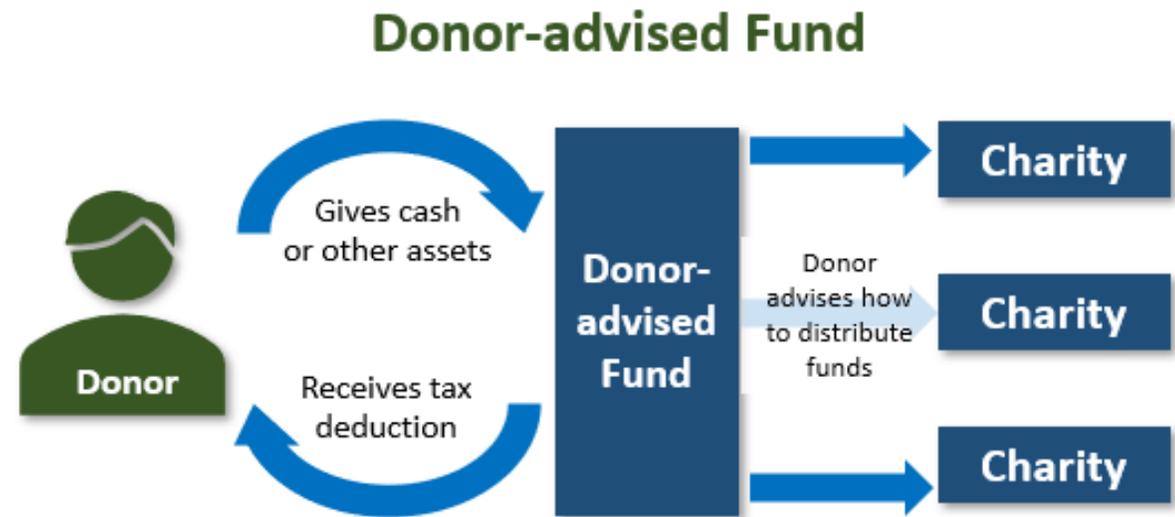
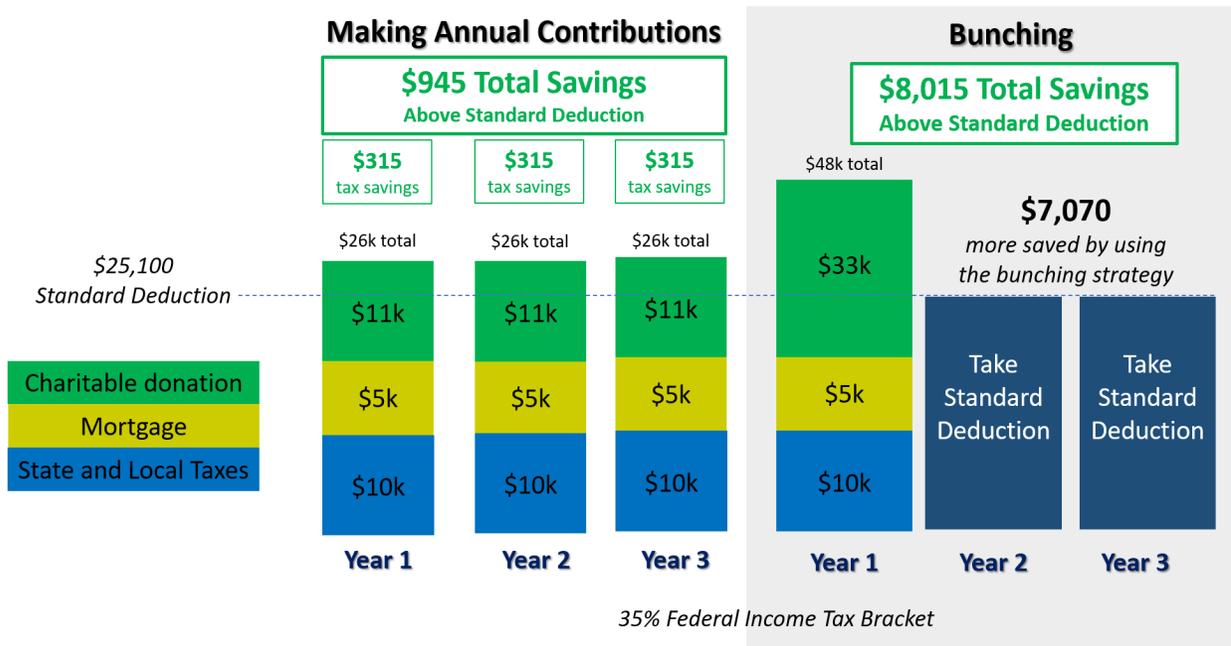
Explore Roth IRA Conversion Benefits

- **Lowers overall taxable income long-term**
- **Tax-free compounding**
- **No RMDs (at age 72)**
- **Tax-free withdrawals for beneficiaries**



**Withdrawals from Roth IRA may be tax free if they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change. Traditional IRA account owners have considerations to make before performing a Roth IRA conversion. These primarily include income tax consequences on the converted amount in the year of conversion, withdrawal limitations from a Roth IRA, and income limitations for future contributions to a Roth IRA. In addition, if you are required to take a required minimum distribution (RMD) in the year you convert, you must do so before converting to a Roth IRA.*

Consider Bunching Charitable Contributions Using a Donor Advised Fund (DAF)



Example is for informational purposes only.

Family Tax Bracket Management

Should I leave my beneficiary a Traditional or ROTH IRA?

Marginal Tax Rate
High
Low

Marginal Tax Rate
of IRA Holder

Marginal Tax Rate
of Beneficiary

Don't Convert to a ROTH IRA

Your Marginal Tax
Rate is:

Marginal Tax Rate
High
Low

Marginal Tax Rate
of IRA Holder

Marginal Tax Rate
of Beneficiary

Consider a Partial or Full ROTH Conversion

Your Beneficiaries
Marginal Tax
Rate(s) is/are:

Qualified Charitable Distributions (QCD)

Qualified Charitable Distributions (QCD) are a strategy for retirement savers.



- ✓ Allowed at 70½.
- ✓ Many retirement savers like to use their RMDs or part of them for QCDs.

What Can You Expect From Us?

- Regular communication
- More frequent discussions
- Review of economic, tax, estate and investment issues for our clients





Thank You!

You are our highest priority!

**We appreciate the opportunity to assist with
YOUR financial needs!**

***This information is not intended to be a substitute for specific individualized tax, legal or investment planning advice.
We suggest that you discuss your specific tax issues with a qualified tax advisor.***

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Contributions to a traditional IRA may be tax deductible in the contribution year, with current income tax due at withdrawal. Withdrawals prior to age 59 ½ may result in a 10% IRS penalty tax in addition to current income tax.

The Roth IRA offers tax deferral on any earnings in the account. Withdrawals from the account may be tax free, as long as they are considered qualified. Limitations and restrictions may apply. Withdrawals prior to age 59 ½ or prior to the account being opened for 5 years, whichever is later, may result in a 10% IRS penalty tax. Future tax laws can change at any time and may impact the benefits of Roth IRAs. Their tax treatment may change. Additionally, each converted amount is subject to its own five-year holding period. Investors should consult a tax advisor before deciding to do a conversion.

Sources: *www.IRS.gov, turbotax.com. Contents Provided by The Academy of Preferred Financial Advisors, Inc 2022© All rights reserved. Reviewed by Keebler & Associates.*

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