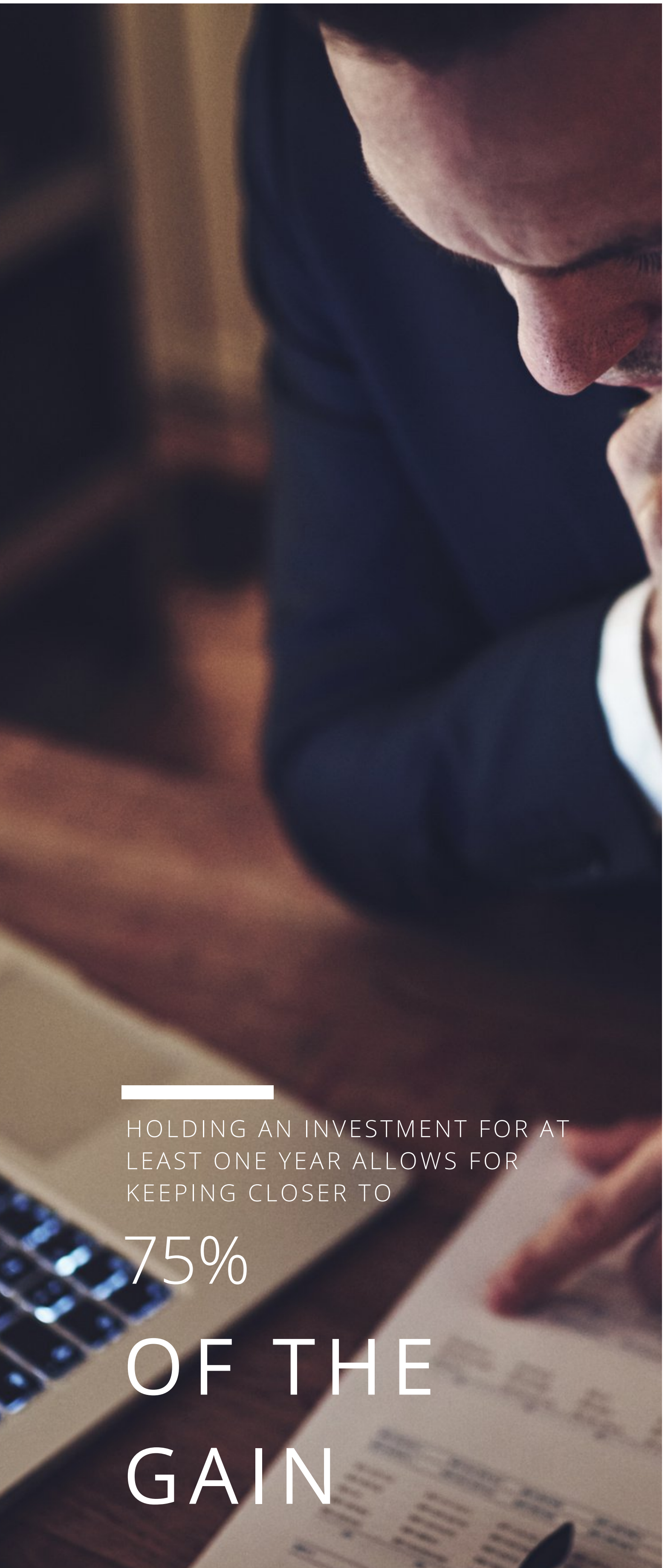
THE MACKINS AT BLEAKLEY FINANCIAL GROUP

BASICS OF TAX MITIGATION

ACTIONABLE INSIGHTS

AUGUST 2021



The Challenges

TIMING AND INVESTMENT STRATEGIES

How great is the feeling of selling something for more than what you bought it for?

How terrible is the feeling of writing a check to the IRS during tax season?

Not all **capital gains** are created equal. For top taxpayer brackets, the after-tax return will likely be cut in half if you sell your investment within a year, even more so if you live in a state with state taxes. Holding an investment for at least one year allows for keeping closer to 75% of the gain, less so for those states with state taxes.

Tax-efficient wealth management involves choosing the most suitable investments and most appropriate accounts to hold these investments for your unique situation. In addition, not all investments are treated equally.

Municipal bonds, tax-exempt exchange-traded funds (ETFs), and Roth 401(k)s are just a few examples of **tax-advantaged investment options**. Income levels and other factors may impact the amount and usability of these examples. Choosing the most suitable investment opportunity depends on your financial needs and goals. Municipal bonds, Roth IRA, and Roth 401(k) are a few methods to grow your investment tax-advantaged.

2022

PROPOSED TAX LAWS

In May, the Treasury Department disseminated the General Explanations of the Administration's Fiscal Year 2022 Revenue Proposals (also known as the Green Book). The following are a few of the changes that have been proposed:

CORPORATE INCOME TAX RATE

Proposed icrease to

28%

Currently 21%

CAPITAL GAINS TAX RATE

Proposed increase of long-term capital gains tax to

40.8%

for households whose income exceeds $1million

Currently 23.8%

If you're considering exiting your business, selling your home or another significant financial event in the next two to three years, now is the time to speak to a financial advisor who can assist you in exploring strategies to limit your tax burden.

OUR PLANNING PROCESS

Discovery Meeting
Understanding your current situation, where you want to go and where any gaps may exist

Plan Review Meeting
Discussing the roadmap the Mackin team has created for you to work towards achieving your goals

Post Implementation Meeting
Reviewing the short-term progress and familiarizing yourself with the client portal

Ongoing Progress Review
Analyzing and updating your plan to ensure it continues to meet your needs

ADDITIONAL STRATEGIES

When considering a holistic approach to personal finances, it may be worthwhile to also consider these tax mitigation options:

Life insurance
Permanent life insurance can allow for the transfer of assets to beneficiaries tax-free - both income and estate. It can also serve as a means to grow your assets. For example, whole life pays a minimum interest rate on the cash within the policy while variable universal life offers varied investment options.

Estate planning
With a possible federal estate tax increase looming, putting together a plan or reviewing a past one may avoid significant tax burdens for loved ones in the future. Proper planning can involve the creation of a will, utilizing exceptions and exclusions, effective gifting, the implementation of trusts and life insurance.

Tax mitigation requires long and short-term financial planning, The Mackin's create the path and assist you to pursue your goals.

Update your financial plan and find out if there are tax mitigation strategies you can employ:
973.701.6178

Sources:
https://www.kiplinger.com/taxes/tax-planning/603060/proactive-moves-for-the-wealthy-to-consider-ahead-of-possible-tax-law