



FINANCIAL WELLNESS SERIES

Tax planning

Planning for your
financial future.



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Agenda

What we'll cover today



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Tax
basics



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allocation



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planning



4

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investing



5

Action
steps

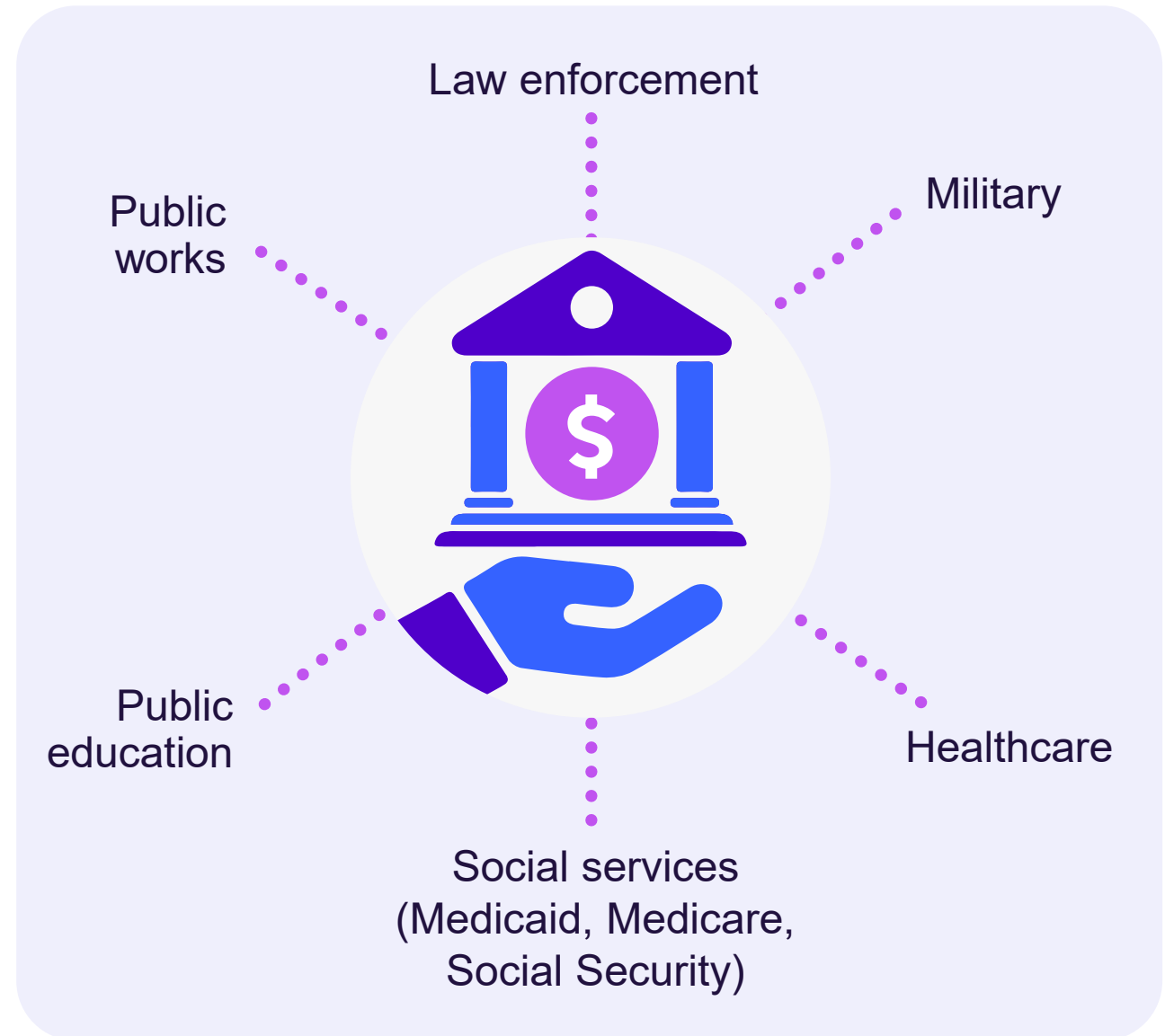
Tax

basics

Tax basics

What are taxes?

Fees paid to the government to finance its operations and programs.



Source: "Understanding Taxes," Student Site, IRS.gov, retrieved July 2021.

Tax basics

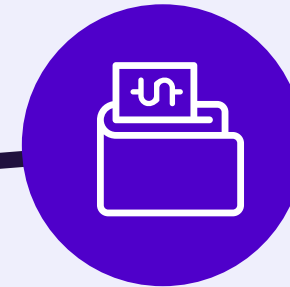
Types of taxes



Direct

- Income taxes
- Corporate taxes
- Estate (inheritance) taxes
- Gift tax

Direct vs. indirect



Indirect

- Food
- Fuel
- Tobacco and alcohol
- Entertainment

Tax

allocation

Tax allocation

Some facts about taxes

- Individual income **taxes** represent the **largest component of Americans' tax bills**¹
- **Taxpayers will spend an average of 11 hours** on their individual tax return²
- New Mexico exempts its centenarians from personal income tax³

¹"Tax Freedom Day Facts," Tax Foundation, retrieved August 2021.

²"Determining the Best Way to Prepare Your Taxes," nerdwallet.com, January 13, 2022.

³"New Mexico State Tax Guide", October 17, 2022, Kiplinger.com



Tax allocation

Find ways to reduce taxes

- Contribute to tax-qualified plans
- Consider strategies in tax deductions, selling assets and equity loans
- Invest using tax-advantaged strategies
- Know tax implications of all financial activities



Tax allocation

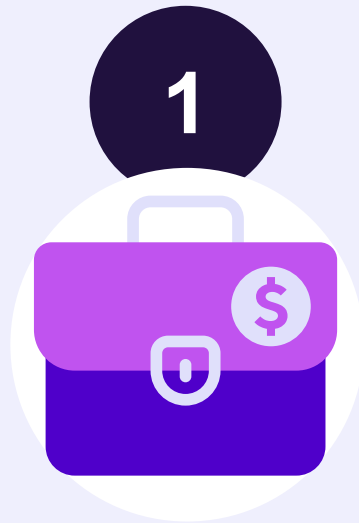
Federal marginal income tax brackets

Single		Tax rate	Married, filing jointly	
2022	2023		2022	2023
\$0 - \$10,275	\$0 - \$11,000	10%	\$0 - \$20,550	\$0 - \$22,000
\$10,276 - \$41,775	\$11,001 - \$44,725	12%	\$20,551 - \$83,550	\$22,001 - \$89,450
\$41,776 - \$89,075	\$44,726 - \$95,375	22%	\$83,551 - \$178,150	\$89,451 - \$190,750
\$89,076 - \$170,050	\$95,376 - \$182,100	24%	\$178,151 - \$340,100	\$190,751 - \$364,200
\$170,051 - \$215,950	\$182,101 - \$231,250	32%	\$340,101 - \$431,900	\$364,201 - \$462,500
\$ 215,951 - \$539,900	\$231,251 - \$578,125	35%	\$431,901 - \$647,850	\$462,501 - \$693,750
\$ 539,901+	\$578,126+	37%	\$647,851+	\$693,751+

Source: "Tax Brackets and Federal Income Tax Rates: 2022—2023", nerdwallet.com, January 30, 2023.

Tax allocation

Withholding



Wages



Social Security
taxes



Medicare
taxes

Individuals should seek independent tax advice regarding their circumstances.

Tax allocation

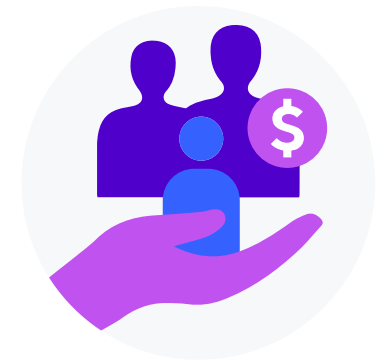
Taxation of Social Security benefits

Status	Not taxable	Up to 50% of benefits taxable (at marginal tax rate)	Up to 85% of benefits taxable (at marginal tax rate)
Filing as individual: Combined income of	\$25,000 or less	Over \$25,000 to \$34,000	More than \$34,000
Filing joint return: Combined income of	\$32,000 or less	Over \$32,000 to \$44,000	More than \$44,000

Combined income = Adjusted Gross Income + Nontaxable interest + $\frac{1}{2}$ Social Security Benefits

Individuals should seek independent tax advice regarding their circumstances.

Source: Benefits Planner: Income Taxes and Your Social Security Benefit, ssa.gov, retrieved January 31, 2023.



DID YOU KNOW?

Depending on how much you earn, you could pay tax on up to 85% of your Social Security benefits!

Tax allocation

Alternative minimum tax (AMT)

The alternative minimum tax (AMT) was created in the 1960s to prevent high-income taxpayers from avoiding the individual income tax.

Tax filing status	2023	2023 Phaseout threshold
Single or head of household	\$81,300	\$578,150
Married, filing jointly	\$126,500	\$1,156,300
Married, filing separately	\$63,250	\$578,150

Source: "Alternative Minimum Tax (AMT) Definition, How it Works, Who Pays in 2022-2023," Nerdwallet.com, October 21, 2022.

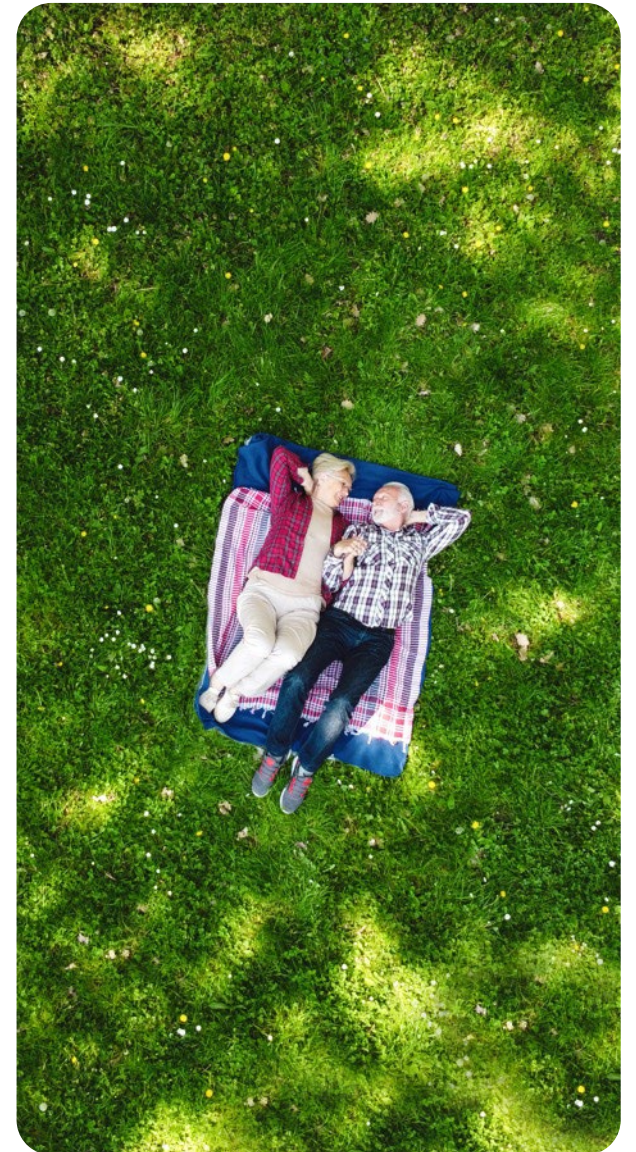
Tax allocation

Alternative minimum tax (AMT)

Ensures that taxpayers pay at least a minimum amount of tax.

Tax filing status	26% AMT tax rate	28% AMT tax rate
Married, filing separately	Up to \$99,950	Above \$99,950
All other filers	Up to \$199,900	Above \$199,900

Source: 2021 Instructions for Form 6251, IRS.gov, August 17, 2021.



Tax allocation

Capital gains taxes

Capital gains	Holding period
Short-term	12 months or less
Long-term	Longer than 12 months

2023 long-term capital gains tax brackets

Tax rate	Single	Married, filing jointly	Head of household
0%	\$0 - \$44,625	\$0 - \$89,250	\$0 - \$59,750
15%	\$44,625 - \$492,300	\$89,250 - \$553,850	\$59,750 - \$523,050
20%	\$492,300 and up	\$553,850 and up	\$523,050 and up

Source: 2023 Tax Brackets, The Tax Foundation, October 18, 2022.

Tax allocation

Net investment income tax (NIIT)

Tax on the profit received from the sale of a non-inventory asset.

Taxable at 3.8% on the lower of net investment income or modified adjusted gross income

Status	Income thresholds
Married, filing jointly or qualifying widow(er)	\$250,000
Single or head of household	\$200,000
Married, filing separately	\$125,000

Distributions from certain qualified contracts (such as Traditional and Roth IRAs) are generally not subject to NIIT. Clients should consult their tax advisors regarding their specific situation.

Source: Tax topics, Topic No. 559 Net Investment Income Tax, IRS.gov, updated January 27, 2023.

Tax

planning

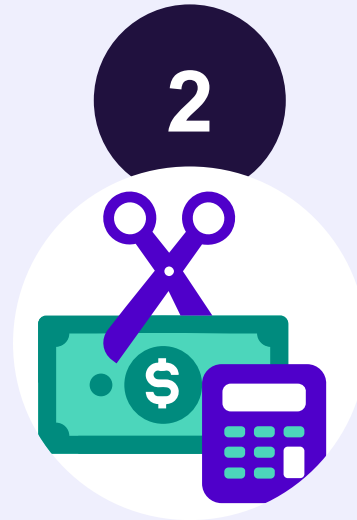
Tax planning

What is the goal of tax planning?

To implement a strategy to minimize tax burden.



Reduce your
taxable income



Increase your
deductions



Capitalize on
tax credits

Tax planning

1. Reduce your taxable income



Gross income

- Wages
- Interest
- Capital gains
- Retirement accounts

—



Qualifying adjustments

- Contributions to IRAs and employer-sponsored retirement plans
- Certain qualified higher education costs
- Health savings account (HSA)
- Student loan interest
- Moving expenses

=

Adjusted
Gross Income
(AGI)

These are examples and not a comprehensive list.

Tax planning

2. Increase your deductions

For a complete list of itemized deductions, see the current year Schedule A for Form 1040.

Standard deductions		
Filing status	2022	2023
Single filer	\$12,950	\$13,850
Head of household	\$19,400	\$20,800
Married, filing jointly	\$25,900	\$27,700
Married, filing separately	\$12,950	\$13,850

Examples of itemized deductions

- Charitable contributions
- Medical expenses
- State taxes
- Home mortgage interest
- Business expenses

Source: "IRS provides tax inflation adjustments for tax year 2023", IRS.gov, Updated December 8, 2022.

Tax planning

3. Take advantage of tax credits

Reduces actual amount of taxes owed.

- Earned income
- Adoption
- Child and dependent care
- Higher education

Go to
[IRS.gov](https://www.irs.gov)
for more tax
information

Source: Credits & Deductions for Individuals, IRS.gov, <http://www.irs.gov/Credits-&-Deductions/Individuals>, updated June 24, 2021.



Tax planning

Calculating your taxes

1 **Gross income**
Salary, part-time wages, investment income, rental income and alimony received, etc.

2 **– Adjustments**
Retirement contributions, tuition and education expenses, student loan interest and Social Security benefits

= Adjusted Gross Income

3 **– Deductions (greater of standard or itemized)**
Itemized: Charitable contributions, medical expenses, state taxes and home mortgage interest
Standard: For 2022, \$12,950 single/\$25,900 married filing jointly/\$19,400 head of household

4 **= Taxable income**
x Tax on income from tax table

5 **= Tax liability**
– Tax credit (dependent exceptions)
Child tax credit, dependent care tax credit, earned income tax credit

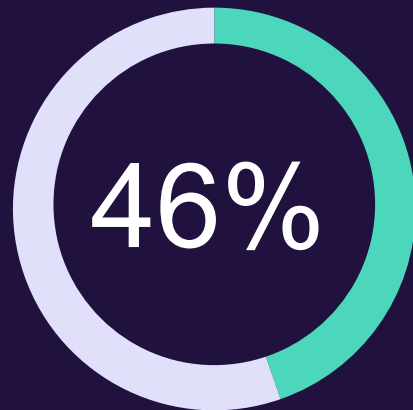
Total tax due

Source: "2022 Estimated Income Tax Rates and Standard Deductions," cpapracticeadvisor.com, September 25, 2021.

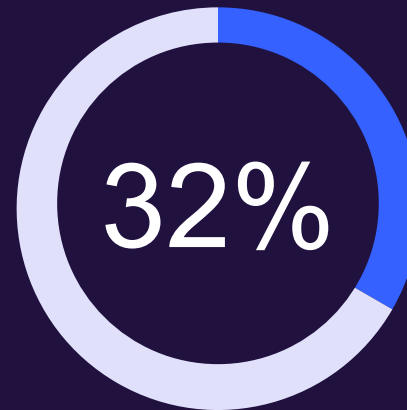
Tax-favored investing

Tax-favored investing

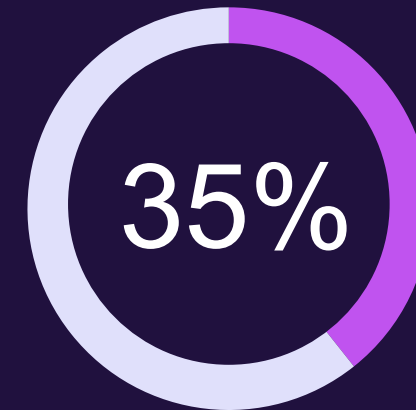
How will you spend your tax refund?



Save or invest



Pay off debt





Cover everyday expenses

Source: "The Top 3 Money Moves Americans Plan to Make With Their Tax Refunds," The Ascent, fool.com, April 12, 2021.

Tax-favored investing

Types of tax-favored investments

 TAX-DEFERRED	 TAX-EXEMPT
Qualified retirement plans <ul style="list-style-type: none">• Employer plans• IRAs	Government bonds
Annuities	Certain money market funds
Life insurance	Higher education savings vehicles

Tax-favored investing

Qualified employer-sponsored retirement plans

Tax-deferred¹

403(b)	Public schools and nonprofit
457(b)	Government and tax-exempt
401(k)	Non-government employers

Taxable²

Roth 403(b)	Public schools and nonprofit
Roth 457(b)	Government and tax-exempt
Roth 401(k)	Non-government employers

¹ Income taxes are payable upon withdrawal; federal restrictions and a 10% federal early withdrawal tax penalty might apply to withdrawals prior to age 59½.

² Roth contributions are after-tax contributions.

Tax-favored investing

Paycheck comparison		
Paycheck items	Taxable account	Tax-qualified savings plan
Monthly salary	\$3,000.00	\$3,000.00
Pretax contribution	\$ 0.00	\$ 200.00
Taxable income	\$3,000.00	\$2,800.00
Federal marginal income taxes*	\$ 750.00	\$ 700.00
Total take-home pay	\$2,250.00	\$2,100.00
After-tax savings	\$ 200.00	\$ 0.00
Net take-home pay	\$2,050.00	\$2,100.00

This table is hypothetical and only an example. It does not reflect any specific investment and is not a guarantee of future income.

*25% marginal tax rate and single filer.

Keep in mind that for tax-qualified plans, taxes are payable upon withdrawal and a 10% federal early withdrawal tax penalty can apply to early withdrawals.

Tax-favored investing

Contribution limits

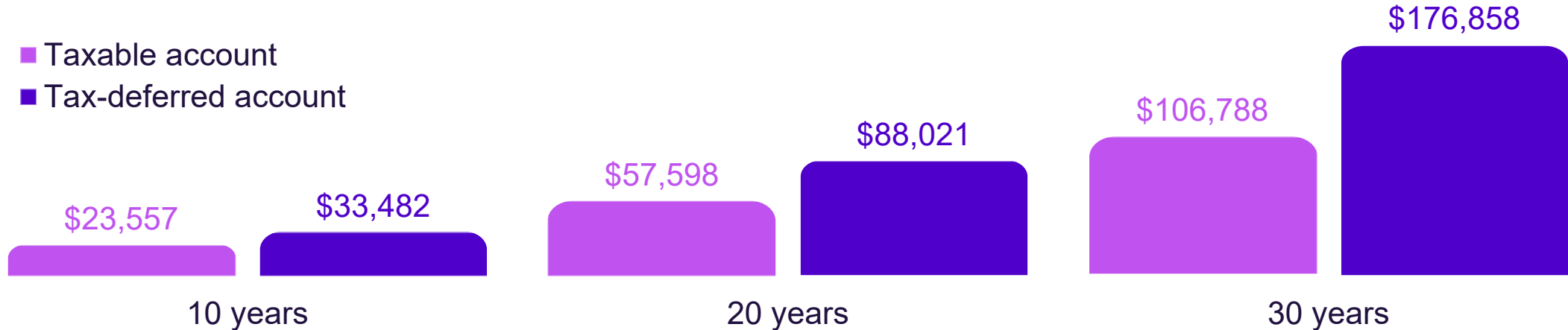
2023	Traditional and Roth		
	403(b)	457(b)	401(k)
Annual limit	\$22,500	\$22,500	\$22,500
Contribution method	Deferral via salary-reduction agreement		
Age-based catch-up (50+)	\$7,500	\$7,500*	\$7,500

*Not applicable to 457(b) tax-exempt organizations.

Tax-favored investing

The advantages of a tax-qualified plan

Total savings when contributing the same amount



This chart compares the hypothetical results of contributing \$100 every two weeks to (1) a taxable account and (2) a tax-qualified retirement account. Bear in mind that a \$100 pretax contribution to a tax-qualified account has a current cost of \$75 (assuming a 25% income tax bracket) and reduces current taxable income. Lower maximum capital gains rates may apply to certain investments in a taxable account (subject to IRS limitations, capital losses may also be deducted against capital gains) which would reduce the differences between performance in the accounts shown in the chart.

The chart assumes a 5% annual rate of return. Investing involves risk, including possible loss of principal. Fees and charges, if applicable, are not reflected in this example and would reduce the amount shown. Income taxes on tax-deferred accounts are payable upon withdrawal. Federal restrictions and a 10% federal early withdrawal tax penalty may apply to withdrawals prior to age 59½. This information is hypothetical and only an example. It does not reflect the return of any investment and is not a guarantee of future income.

Tax-favored investing

Individual Retirement Accounts (IRAs)

Features	Traditional IRA	Roth IRA
Deductibility	Yes, subject to a deduction phase-out based on coverage by a retirement plan at work and adjusted gross income.	No
Tax advantages	Earnings grow tax deferred.	Qualified distributions are tax free if certain conditions are met.*
Age limit	None.	None.
Distributions	May be taken at any time. May be subject to penalty for early withdrawal while taxpayer is under the age of 59½.	May be taken at any time. If qualified, distributions are tax free and penalty free. May be subject to penalties on taxable withdrawals while taxpayer is under the age of 59½.
Required minimum distribution (RMD)	Yes. Starts at age 73 beginning January 1, 2023.*	Owners not subject to RMD rules. However, beneficiaries are.

*Changed by the SECURE 2.0 Act of 2022 (SECURE 2.0).

Tax-favored investing

Rollovers

Qualified plan		
Direct rollover	Indirect rollover ¹	
IRA or new qualified plan	Rollover <i>within</i> 60 days	Rollover <i>after</i> 60 days
<ul style="list-style-type: none">• No current income taxes• No penalties• No withholding	<ul style="list-style-type: none">• No current income taxes• No penalties• Replace 20% withholding	<ul style="list-style-type: none">• Taxes are due on entire distribution• 10% federal early withdrawal tax penalty may apply if under age 59½²

Important considerations before deciding to move funds either into or out of a Corebridge retirement services account

There are many things to consider. For starters, you will want to carefully review and compare your existing account and the new account, including: fees and charges; guarantees and benefits; and any limitations under either of the accounts. Also, you will want to know whether a surrender of your current account could result in charges. Your financial professional can help you review these and other important considerations.

¹ All distributions are subject to a mandatory 20% withholding.

² The 10% federal early withdrawal tax penalty does not apply to 457(b) plans.

Tax-favored investing

Annuities

Tax-deferred
growth



After-tax
contributions



No contribution
limits



Taxes payable
at withdrawal



Fixed and
variable



Tax-favored investing

Permanent life insurance

Income and tax benefits.



Tax-favored investing

Real estate



Principal residence

- Tax-deductible interest
- Exclusion on capital gains



Investment property

- Expenses are deductible
- No exclusion for gains
- Tax-deferred in-kind exchange may be available

Tax-favored investing

Government bonds

U.S. Treasury bonds

- Generally exempt from state and local taxes
- Interest is subject to federal taxes
- May not keep pace with inflation

Municipal bonds

- Generally exempt from federal taxes
- Tied to interest rate fluctuations
- Varying levels of safety

$\text{Tax-free yield} \div (100\% - \text{tax rate}) =$
Tax-equivalent yield

Tax-favored investing

Education accounts

Coverdell savings accounts/Section 529 plans.



Action steps

Action steps

Now it's your turn

- Check your withholding
- Review retirement account contributions
- Do a paycheck comparison
- Keep accurate records for tax filing purposes



Action steps

Benefits of financial planning



Provides a big picture view of your current financial situation



Helps identify your financial goals and objectives



Allows you to understand the impact of your decisions



Helps your goals stay on track, if reviewed regularly



Offers you a course of action needed to achieve your financial goals

Action steps

Get answers to your questions with Retirement Pathfinder®

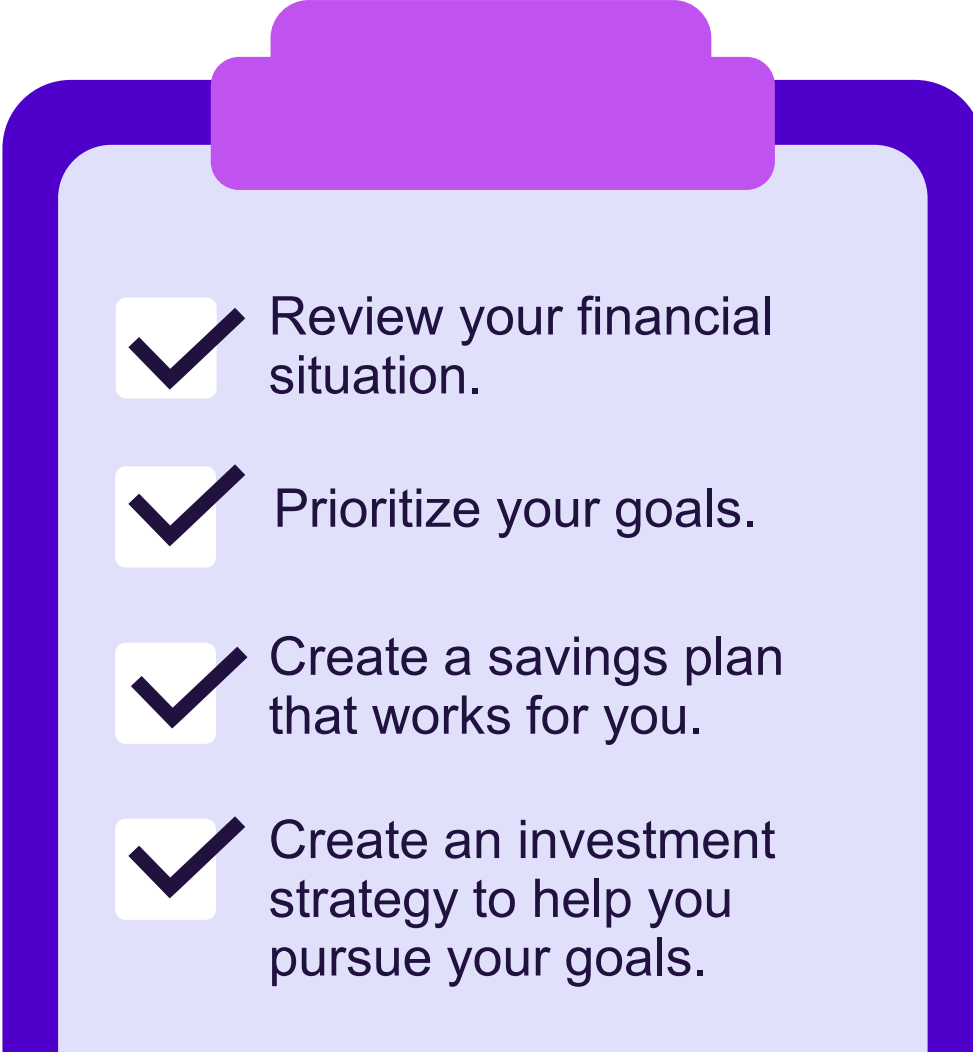
- Can I retire when I planned?
- How much monthly income will I need?
- Am I currently saving enough?
- Is it possible to guarantee my retirement income?
- Will I outlive my retirement savings?
- What happens if I die prematurely?



Work with a Corebridge financial professional

Get one-on-one help at
no additional cost.

We're here to help you take action

- 
- Review your financial situation.
 - Prioritize your goals.
 - Create a savings plan that works for you.
 - Create an investment strategy to help you pursue your goals.

Questions?

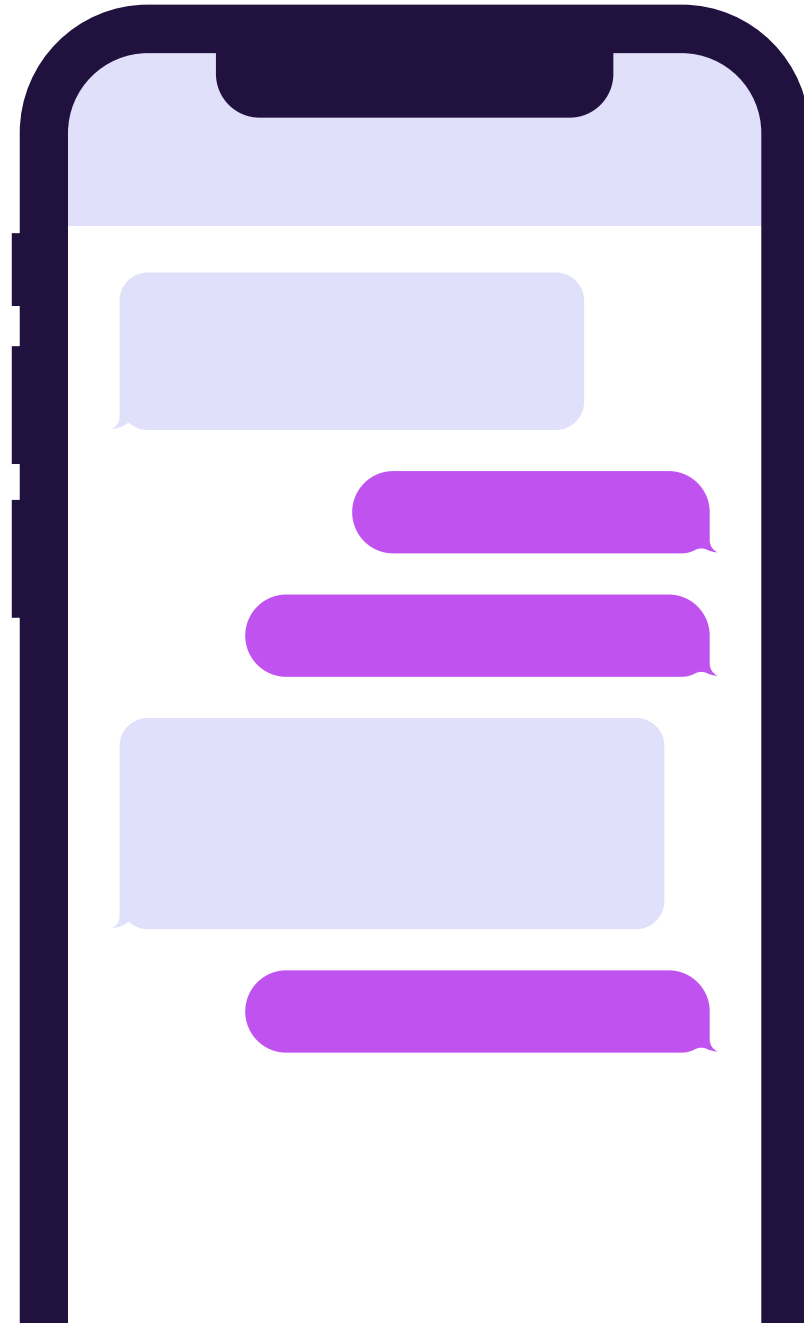
Text 407-403-8747

Your Name

Worksite Name

Topic:

- Enroll
- Review
- Retire



Questions?

Schedule an appointment today!

Sign up to benefit from personal attention and get answers to help you plan for a more secure financial future.

Go to Corebridgefinancial.com/rs/register

Enter this registration code: **4465PWA11AE**



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Investors should carefully consider the investment objectives, risks, fees, charges and expenses before investing. Read the fund prospectuses carefully before investing. The fund prospectuses contain important information, which can be obtained from your financial professional at [CorebridgeFinancial.com/retirementservices](https://www.CorebridgeFinancial.com/retirementservices) or by calling [1.800.428.2542](tel:18004282542) and following the prompts.

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There are many things to consider. For starters, you will want to carefully review and compare your existing account and the new account, including; fees and charges; guarantees and benefits; and any limitations under either of the accounts. Also, you will want to know whether a surrender of your current account could result in charges. Your financial professional can help you review these and other important considerations.

Bear in mind investment involves risk, including possible loss of principal.

Withdrawals may be subject to withdrawal charges and federal and/or state income taxes. A 10% federal early withdrawal tax penalty may apply if taken before age 59½.

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Thank you



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