FINANCIAL LEGACY BUILDERS

STEP #3
Tax Planning

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UNDERSTANDING YOUR TAXES

THE U.S. TAX BRACKETS

The U.S. tax system is progressive—meaning higher income is taxed at higher rates. You only pay the higher rate on the income within that bracket.

HOW IT WORKS

Income is taxed in brackets. Each portion of your income is taxed at the corresponding rate.

You pay incrementally. Higher rates apply only to the income within that bracket.

Your effective rate is a blend. It's the average rate you pay across all your income.

2026 FEDERAL INCOME TAX BRACKETS (FOR SINGLE FILERS)

TAX RATE	TAXABLE INCOME (OVER)	TAXABLE INCOME (UP TO)	HOW IT WORKS
10%	$0	$11,925	You pay 10% on the first $11,925 of your taxable income.
12%	$11,925	$48,475	You pay 12% on the amount over $11,925 up to $48,475.
22%	$48,475	$103,350	You pay 22% on the amount over $48,475 up to $103,350.
24%	$103,350	$197,300	You pay 24% on the amount over $103,350 up to $197,300.
32%	$197,300	$250,525	You pay 32% on the amount over $197,300 up to $250,525.
35%	$250,525	$626,350	You pay 35% on the amount over $250,525 up to $626,350.
37%	$626,350	or more	You pay 37% on the amount over $626,350.

EXAMPLE

If your taxable income is $75,000:

- 10% on first $11,925 = $1,193
- 12% on next $36,550 = $4,386
- 22% on next $26,525 = $5,835

Total tax: **$11,414**

Effective tax rate: **15.2%**

IMPORTANT TO KNOW

These are federal income tax brackets for single filers in 2026. Other filing statuses (married filing jointly, head of household, etc) have different brackets. This does not include payroll taxes, state taxes, or other deductions and credits that may apply.

Source: IRS.gov (2026)

UNDERSTANDING YOUR TAX RETURN

FILING STATUS MATTERS.

Your filing status affects your tax brackets, standard deduction, and credits.
Choose the one that best fits your situation on the last day of the tax year.

FILING STATUS OVERVIEW

SINGLE

For individuals who are unmarried, divorced, or legally separated.

You may file as Single if:

- You're unmarried, or
- You're legally separated under a divorce decree, or
- Your spouse died during the year

MARRIED FILING JOINTLY

For married couples who want to combine income and deductions.

You may file jointly if:

- You're married, and
- You and your spouse agree to file a joint return

MARRIED FILING SEPARATELY

For married couples who choose not to file jointly.

You may file separately if:

- You're married, but
- You and your spouse choose to file separate returns

HEAD OF HOUSEHOLD

For unmarried individuals who pay more than half the cost of keeping up a home for a qualifying person.

You may qualify if:

- You're unmarried (or considered unmarried), and
- You pay over half the cost of keeping up a home for a qualifying child or dependent

QUALIFYING WIDOW(ER)

For widows and widowers with a dependent child who didn't remarry.

You may qualify if:

- Your spouse died in the last 2 years, and
- You have a dependent child, and
- You haven't remarried

2026 STANDARD DEDUCTION AMOUNTS

FILING STATUS	STANDARD DEDUCTION
Single	$16,100
Married Filing Jointly	$32,200
Married Filing Separately	$16,100
Head of Household	$24,150
Qualifying Widow(er)	$32,200

KEY TAKEAWAY:

Choosing the right filing status can lower your taxes and increase your refund.
Review your situation each year to make sure you're filing correctly.

WHAT TO CONSIDER:

- Income levels
- Deductions & credits
- Dependents
- Long-term tax impact

W-4 EXEMPTIONS: SMALL NUMBER, BIG IMPACT.

YOUR W-4. YOUR TAX OUTCOME.

The number you enter on Line 3 (depending) of your W-4 tells your employer how much tax to withhold.
Adjust it to match your financial goals—more take-home pay now, or a bigger refund later.

WHERE EXEMPTIONS (DEPENDENTS) GO ON THE W-4

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Certificate
Complete Form W-4 so that your employer can withhold the correct federal income tax from your pay.

OMB No. 1545-0074
2024

Step 1: Enter Personal Information
(a) First name and middle initial | Last name | (b) Social security number
Address
City or town, state, and ZIP code

Step 2: Multiple Jobs or Spouse Works
Complete this step if you (1) have more than one job at a time or (2) are married filing jointly and your spouse works. The correct amount of withholding depends on income earned from all of these jobs.

Step 3: Claim Dependents (Exemptions)
If your total income will be $200,000 or less ($400,000 or less if married filing jointly):
Multiply the number of qualifying children under age 17 by $2,000
Multiply the number of other dependents by $500
Add the amounts above and enter the total here . . . . $

HOW THE NUMBER YOU ENTER WORKS

LARGER NUMBER = LESS TAX WITHHELD
You tell your employer you have more dependents. More money stays in your paycheck now.

SMALLER NUMBER = MORE TAX WITHHELD
You tell your employer you have fewer dependents. Less money now, but more of a refund later.

THE GOAL: FIND YOUR BALANCE
Aim for the right amount of withholding so you don't owe at tax time—and you aren't giving the government an interest-free loan.

EXAMPLE: SAME PERSON, DIFFERENT W-4

Single filer, $75,000 salary, biweekly pay

W-4 LINE 3 (DEPENDENTS)	FEDERAL TAX WITHHELD (EST.)*	EST. REFUND OR BALANCE DUE*
Enter 0 (No dependents)	$130 per paycheck	+$2,300 Refund
Enter 2 (Typical)	$95 per paycheck	+$150 Refund
Enter 6 (More dependents)	$55 per paycheck	–$900 Balance Due

*Estimates only. Actual results vary based on deductions, credits, withholding, and other income.

TIPS FOR USING YOUR W-4

Review your W-4 anytime life changes—marriage, kids, raise, second job, or buying a home.
Use the IRS Tax Withholding Estimator (irs.gov/w4app) for personalized guidance.

TOO LITTLE WITHHELD

- Could owe taxes
- May face penalties
- Less financial flexibility

TOO MUCH WITHHELD

- Smaller paychecks
- You give the government an interest-free loan

CHECK ANNUALLY

Tax laws change. Revisit your W-4 each year to make sure it still matches your goals.

EA vs CPA:
UNDERSTAND THE DIFFERENCE.

Both Enrolled Agents (EAs) and Certified Public Accountants (CPAs) are trusted tax professionals.
The right choice depends on your specific needs.

ENROLLED AGENT (EA) Tax Specialist		CERTIFIED PUBLIC ACCOUNTANT (CPA) Accounting Professional
Focuses on taxes. Experts in tax preparation, planning, and problem resolution.	FOCUS	**Provides a wide range of services.** Includes taxes, auditing, accounting, financial reporting, and business advisory.
No degree required. Must pass a comprehensive IRS exam covering tax law and maintain continuing education.	EDUCATION & EXAM	**Requires a college degree.** Must complete specific accounting coursework, pass the CPA exam, and meet state experience requirements.
Federally authorized by the IRS. Unlimited rights to represent taxpayers before the IRS.	LICENSING / OVERSIGHT	**Licensed by the state.** Meets state board of accountancy requirements and ongoing continuing education.
Tax services only. Tax return preparation, tax planning, IRS audits, collections, and appeals.	SERVICES OFFERED	**Broad range of services.** Tax, audit, accounting, bookkeeping, payroll, consulting, and more.
Best for tax matters. Ideal if you need help with taxes, IRS issues, or tax planning.	BEST FOR	**Best for big-picture needs.** Ideal if you need accounting, audits, business advice, or financial statements.

WHO SHOULD YOU CHOOSE?

CHOOSE AN EA IF YOU:

- Need help with taxes or IRS issues
- Want a tax expert by your side
- Prefer a specialist in tax law

CHOOSE A CPA IF YOU:

- Need accounting or auditing services
- Run a business and need financial advice
- Want financial statements or bookkeeping

CAN'T DECIDE?

Many EAs and CPAs work together. Choose the professional whose expertise best matches your needs.

THE BOTTOM LINE.

Both EAs and CPAs are highly qualified. The best choice is the one who best understands your goals and can help you achieve them.

BOTH ARE TRUSTED

EAs and CPAs are credentialed professionals held to high ethical and professional standards.

BOTH STAY CURRENT

Both must complete continuing education to keep their knowledge up to date.

BOTH CAN HELP YOU SAVE

The right professional can help you minimize taxes, maximize deductions, and reach your financial goals.

TOP LINE DEDUCTIONS vs. BOTTOM LINE DEDUCTIONS

KNOW THE DIFFERENCE. SAVE MORE.

Deductions reduce the amount of income that is taxed. Top line deductions reduce your Adjusted Gross Income (AGI). Bottom line deductions reduce your taxable income. The lower your taxable income, the less tax you pay.

TOP LINE DEDUCTIONS

Reduce your Adjusted Gross Income (AGI)

WHAT THEY DO

Lower your total income before most other deductions are calculated.

POPULAR EXAMPLES

- Traditional IRA contributions
- Student loan interest
- Health Savings Account (HSA) contributions
- Alimony paid (for divorces finalized before 2019)
- Self-employed retirement plan contributions (e.g., SEP, SIMPLE)

EXAMPLE You earn $100,000 and contribute $6,500 to a Traditional IRA.

$100,000 Gross Income – **$6,500** Top Line Deduction (IRA Contribution) = **$93,500** Adjusted Gross Income (AGI)

BOTTOM LINE DEDUCTIONS

Reduce your Taxable Income

WHAT THEY DO

Lower your taxable income after AGI is calculated.

POPULAR EXAMPLES

- Mortgage interest
- Charitable contributions
- Medical and dental expenses (over 7.5% of AGI)
- State and local taxes (up to $10,000 limit)
- Other itemized deductions

EXAMPLE AGI is $93,500. You have $12,000 in itemized deductions.

$93,500 Adjusted Gross Income (AGI) – **$12,000** Itemized Deductions = **$81,500** Taxable Income

KEY POINT Top line deductions reduce AGI for you and can also impact other benefits like student loan limits and eligibility for certain credits. Bottom line deductions lower the income that is taxed.

THE BOTTOM LINE Use both types of deductions to keep more of what you earn and reduce your tax bill.

THE POWER OF TAX PLANNING

PLAN TODAY. SAVE TOMORROW.

Smart tax planning can lower your tax bill, increase your savings, and help you avoid costly issues.
See the real impact of planning ahead.

SCENARIO 1: NO TAX PLANNING

Missed Deductions. Higher Taxes. Potential Issues.

- Single filer
- $100,000 salary
- No pre-tax retirement contributions
- Takes no advantage of deductions
- No estimated tax payments
- Files at tax time

TAX OUTCOME	AMOUNT
Gross Income	$100,000
Adjustments / Deductions (Standard Deduction)	-$16,100
Taxable Income	$83,900
Total Tax (Federal)	$12,084
Effective Tax Rate	12.1%

POTENTIAL ISSUES

- May owe penalties and interest for underpayment
- Higher tax bill reduces take-home pay
- Missed opportunities to build retirement savings
- Less wealth building over time

TOTAL TAX OWED: $12,084

SCENARIO 2: WITH TAX PLANNING

Smart Strategies. Lower Taxes. Greater Results.

- Single filer
- $100,000 salary
- $10,000 to Traditional 401(k)
- Maximizes deductions
- Tracks expenses
- Makes estimated tax payments

TAX OUTCOME	AMOUNT
Gross Income	$100,000
Less: 401(k) Contribution	-$16,000
Adjusted Gross Income	$90,000
Less: Itemized Deductions (e.g., mortgage interest, charitable gifts)	-$8,000
Taxable Income	**$72,000**
Total Tax (Federal)	**$8,436**
Effective Tax Rate	**8.4%**

TOTAL TAX OWED: $8,436

THE IMPACT

TAX SAVINGS
$3,648
Lower tax bill by planning ahead.

KEEP MORE OF YOUR MONEY
More cash flow for what matters most.

AVOID COSTLY ISSUES
Proper planning helps you avoid penalties and IRS notices.

BUILD WEALTH
Save on taxes today to grow your wealth tomorrow.

**PLAN SMART.
PAY LESS.
KEEP MORE.**

KEY TAKEAWAY

Tax planning isn't just for the wealthy—it's for anyone who wants to keep more of what they earn and avoid unnecessary problems.

SMART TAX PLANNING STRATEGIES

- Contribute to tax-advantaged accounts
- Take advantage of deductions and credits
- Track expenses year-round
- Make estimated tax payments
- Work with a tax professional

This example is for illustration purposes only. Actual results will vary based on your individual situation.

WHEN DO YOU HAVE TO FILE YOUR TAXES?

KNOW THE DEADLINES. KNOW THE RULES.

Filing on time helps you avoid penalties, interest, and unnecessary stress.

KEY TAX DEADLINES

APRIL 15, 2026

Individual Tax Filing Deadline

Due date to file your 2025 federal tax return and pay any tax owed.

JUNE 15, 2026

Military Extension

Automatic 2-month extension for U.S. military members serving outside the U.S.

DISASTER EXTENSIONS

If you live in a federally declared disaster area, you may qualify for extra time to file. Check IRS.gov for updates.

NEED MORE TIME?

File for an extension by April 15, 2026 October 15, 2026 to file.

- Extensions are for filing, not for paying.
- Pay any tax owed by April 15 to avoid interest and penalties.
- File electronically at IRS.gov for a quick extension.

DO YOU NEED TO FILE?

You may need to file a tax return if your income is above the IRS filing threshold for your filing status and age.

2025 FEDERAL FILING REQUIREMENTS (GROSS INCOME THRESHOLDS)

FILING STATUS	UNDER 65	65 OR OLDER	65 OR OLDER & BLIND
Single	$15,000	$16,700	$18,700
Married Filing Jointly	$30,000	$31,700	$33,700
Married Filing Separately	$5,000	$5,350	$6,700
Head of Household	$22,500	$24,150	$26,200
Qualifying Widow(er)	$30,000	$31,700	$33,700

These are the basic filing thresholds. You should still file if you had tax withheld, are owed a refund, have self-employment income ($400+), or need to report certain credits.

EVEN IF YOU DON'T HAVE TO FILE, YOU SHOULD CONSIDER IT IF:

- Taxes were withheld from your paycheck.
- You're eligible for a refundable tax credit (e.g., Earned Income Tax Credit).
- You made estimated tax payments.
- You want a refund.

REMEMBER

- Filing on time = avoids penalties and interest.
- Pay what you owe by April 15, 2026.
- When in doubt, file or consult a tax professional.

WHY WE LOVE

HOLISTIPLAN

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Smarter Tax Planning. Better Decisions. Greater Outcomes.

Holistiplan is the #1 tax planning software used by financial professionals to help clients save more, keep more, and plan with confidence.

#1 TAX PLANNING SOFTWARE

The industry leader trusted by thousands of advisors nationwide.

BUILT FOR ACCURACY

Stay up to date with the latest tax laws to deliver accurate, compliant plans.

SAVE TIME & INCREASE CAPACITY

Automate complex calculations and scenario modeling in minutes.

BETTER ADVICE. HAPPIER CLIENTS.

Clearly show clients the impact of decisions and build lasting relationships.

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DASHBOARD | HOUSEHOLDS | SETTINGS | HELP

Scenario Analysis | John & Jane Doe | Base Plan

Back to Household | Help Video

<< FIRST < PREVIOUS REORDER SCENARIOS NEXT > LAST >>

	SCENARIO 1 Base Plan Last Edited 4/15/2024	SCENARIO 2 Roth Conversion Last Edited 4/15/2024	SCENARIO 3 Early Retirement Last Edited 4/15/2024
OTHER TAXES			
Total Tax	$ 33,000	$ 28,450	$ 41,250
Marginal Bracket	22.0%	22.0%	24.0%
Effective Rate	18.6%	16.2%	19.8%
REFUNDABLE TAX CREDITS			
Total Tax (Net of Refundable Credits)	$ 24,174	$ 20,150	$ 32,380
Effective Tax on Next $1,000 Ordinary Income	27.0%	18.5%	28.1%
Effective Tax on Next $1,000 Capital Gains	18.8%	13.2%	20.3%
STATE TAX			
Total State Tax	$ 5,240	$ $4,810	$ 6,120

+ ADD A SCENARIO

TOP

POWERFUL FEATURES THAT DRIVE BETTER TAX OUTCOMES

WHAT-IF SCENARIO MODELING

Model multiple strategies and see the tax impact before decisions are made.

ROTH CONVERSION ANALYSIS

Find the optimal amount to convert and minimize future taxes.

INCOME SHIFTING STRATEGIES

Compare the impact of shifting income between years and tax brackets.

DEDUCTION & CREDIT OPTIMIZATION

Identify opportunities to maximize deductions and credits you may be missing.

CAPITAL GAINS PLANNING

Manage gains and losses strategically to reduce taxable income.

ALL-IN-ONE INTEGRATION

Tax planning, financial planning, cash flow, investments, retirement, and estate planning—seamlessly connected in one platform.

HOW A FINANCIAL PLANNER TIES THINGS TOGETHER

We look at your entire financial life to help you make smarter decisions today that **reduce taxes** over time and support the life you want to live.

1. YOUR GOALS
We start with what matters most to you and your family.

2. YOUR MONEY
We evaluate your income, savings, investments, and cash flow.

3. YOUR PLAN
We build a personalized strategy across all areas of your financial life.

4. SMART DECISIONS
We model scenarios to help you see the impact of today's decisions on your future.

5. ONGOING GUIDANCE
We review, adjust, and coordinate your plan to keep you on track.

=

A PLAN THAT SUPPORTS YOUR LIFE
Today, tomorrow, and for years to come.

VS.

NOT DETAILED TAX ADVICE OR ANALYSIS

- We do not prepare tax returns.
- We do not provide specific tax advice.
- We do not recommend specific tax strategies or transactions.

We partner with your tax professional to ensure your plan aligns with your overall financial goals.

HOLISTIC TAX PLANNING PERSPECTIVE

- Understand how taxes impact your entire financial picture.
- Identify potential opportunities and trade-offs.
- Coordinate tax-aware strategies across investments, retirement, estate, and more.
- Help you keep more of what you earn—now and in the future.

We focus on the **big picture** so you can make confident decisions that align your money with your goals—not just taxes.

Your success is about more than taxes. It's about **your life**.

Plan holistically. Live intentionally.

FINANCIAL LEGACY BUILDERS

Thank You