



Scenario Analysis - SAMPLE CLIENT #1 | 2024 Peter Professor and Paula Professor

Note - Calculations are not audited and should be reviewed with a tax professional

	SCENARIO 1 Tax Year 2024 Created from Tax Return Draft	SCENARIO 2 Tax Year 2026 with HSA & 401k Contributions	SCENARIO 3 Tax Year 2026 with HSA & 401k & Roth Conversion in 22% Tax Bracket
GENERAL INFORMATION			
Year	2024	2026	2026
Calculation		Current Law	Current Law
Inflation Assumption		2.00%	2.00%
INCOME			
1040 INCOME			
Wages	\$124,000	\$124,000	\$124,000
Other Wage Income	\$0	\$0	\$0
Tax-Exempt Interest	\$0	\$0	\$0
Taxable Interest	\$6,000	\$6,000	\$6,000
Qualified Dividends	\$15,000	\$15,000	\$15,000
Total Dividends (incl. Qualified)	\$20,000	\$20,000	\$20,000
IRA Distributions	\$9,750	\$9,750	\$9,750
Taxable Pensions and Annuities	\$0	\$0	\$0
Roth Conversion		\$0	\$28,000
Gross Social Security	\$0	\$0	\$0
Taxable Social Security	\$0	\$0	\$0
SCHEDULE D INCOME			
Short Term Capital Gains	\$2,500	\$2,500	\$2,500
Long Term Capital Gains	\$19,500 <i>LT loss to carry forward: \$0</i>	\$19,500 <i>LT loss to carry forward: \$0</i>	\$19,500 <i>LT loss to carry forward: \$0</i>
Total Capital Gains	\$22,000	\$22,000	\$22,000
SCHEDULE 1 INCOME			

Taxable Refund	\$0	\$0	\$0
Taxable Alimony Received	\$0	\$0	\$0
Schedule C Income	\$52,900	\$52,900	\$52,900
Other Gains or Losses (Form 4797)	\$0	\$0	\$0
Schedule E Income	\$0	\$0	\$0
Schedule F Income	\$0	\$0	\$0
Unemployment Compensation	\$0	\$0	\$0
Other Income	\$0	\$0	\$0
Total Income	\$234,650	\$234,650	\$262,650

SCHEDULE 1 DEDUCTIONS (ABOVE THE LINE) -----

Educator Expenses	\$0	\$0	\$0
Business Expenses (Form 2106)	\$0	\$0	\$0
HSA Coverage Type	Not Sure	Family	Family
HSA Deduction	\$0	\$8,750	\$8,750
Moving Expenses (Armed Forces)	\$0	\$0	\$0
Deductible Self Employment Tax	\$3,738	\$3,737	\$3,737
Self-Employed Plans	\$0	\$0	\$0
Self Employed Health Insurance	\$0	\$0	\$0
Penalty on early withdrawal of savings	\$0	\$0	\$0
Alimony Paid	\$0	\$0	\$0
IRA Deduction	\$0	\$0	\$0
Student Loan Interest Deduction	\$0	\$0	\$0
Other Deductions	\$0	\$0	\$0
Schedule 1 Deductions	\$3,737	\$12,487	\$12,487
Adjusted Gross Income	\$230,912	\$222,163	\$250,163

SCHEDULE A - ITEMIZED DEDUCTIONS -----

Total Medical Expenses	\$0	\$0	\$0
Deductible Medical Expenses	\$0	\$0	\$0
State and Local Income or Sales Tax	\$0	\$0	\$0
State and Local Real Estate Tax	\$7,500	\$7,500	\$7,500
State and Local Personal Property Tax	\$7,000	\$7,000	\$7,000

Total State and Local Tax	\$14,500	\$14,500	\$14,500
Deductible State and Local Tax	\$10,000	\$14,500	\$14,500
Other Deductible Taxes	\$0	\$0	\$0
Mortgage Interest	\$22,000	\$22,000	\$22,000
Investment Interest Expense (Calculation Override)	\$0	\$0	\$0
Total Interest Expense	\$22,000	\$22,000	\$22,000
Charity	\$10,000	\$8,889	\$8,749
Casualty/Theft Losses	\$0	\$0	\$0
Other Itemized Deductions	\$0	\$0	\$0
Deduction Type to Take	Optimal Deduction	Optimal Deduction	Optimal Deduction
Qualified Disaster Loss	\$0	\$0	\$0
Itemized Deduction Limitation		\$0	\$0
Standard/Itemized Deductions	\$42,000	\$45,389 <i>(itemized)</i>	\$45,249 <i>(itemized)</i>
Total Additional Deductions		\$0	\$0
QBI Deduction	\$9,832	\$9,832	\$9,832
Taxable Income	\$179,080	\$166,942	\$195,082
Total Nonrefundable Credits Applied	\$3,700	\$3,700	\$3,700
AMT	\$0	\$0	\$0
Total Tax	\$30,864	\$27,511	\$33,708
Ordinary Income Marginal Bracket	22.0%	22.0%	22.0%
LT Capital Gains Marginal Bracket	15.0%	15.0%	15.0%
Effective Rate	17.2%	16.5%	17.3%
Total Refundable Credits	\$0	\$0	\$0
Total Tax (Net of Refundable Credits)	\$30,863	\$27,511	\$33,708
FICA			
FICA		Information Required	Information Required
Tax Plus FICA		Information Required	Information Required
Effective Tax on Next \$1,000 Ordinary Income		22.1%	25.9%
Effective Tax on Next \$1,000 Capital Gains		15.1%	18.9%

FEDERAL WITHHOLDING CALCULATOR

Total Tax	\$30,864	\$27,511	\$33,708
Safe Harbor 90% of Total Tax		\$24,760	\$30,337
Refundable Credits		\$0	\$0
Total Withholding	\$30,000	\$30,000	\$30,000
Underpayment Penalties	\$0		
Difference	\$864	-\$2,489	\$3,708