



**How to Help Protect Yourself From a Potential
TAX STORM**

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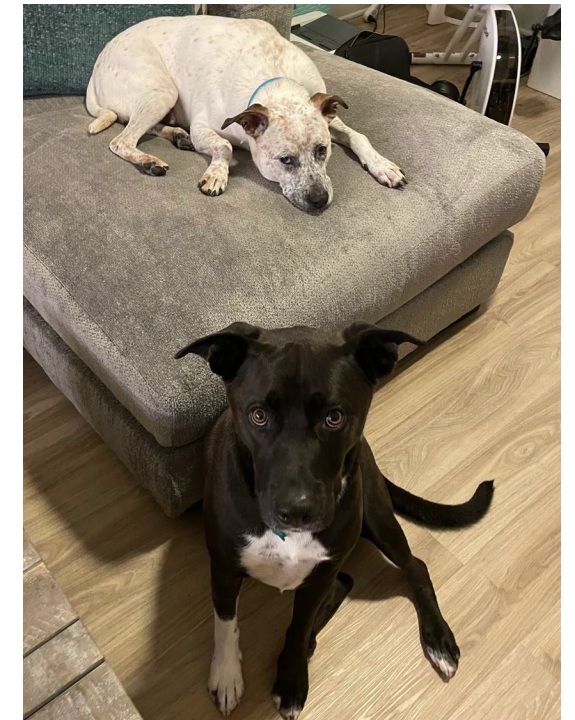
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About Your Presenter: Jocelyn Black



- Philadelphia native, mom of two kids and two rescued mutts
- Former State of New Mexico's 529 college savings & Nationwide 457(b) deferred compensation plan rep
- Financial Advisor with Phoenix-based, independent financial planning firm, Strategy Financial Group, with office in Albuquerque
- Fiduciary duty
- Certified Retirement Counselor®
- 18+ years of experience in financial services
- Passionate about financial education



Your taxes will be lower in retirement.

True or False?

**Answer: It depends
(but possibly False!)**

Your Silent Partner

*Internal Revenue
Service Building*



This firm is not affiliated with the U.S. government or any government agency.



QUESTION #1

Where *are* we right now,
and how did we *get* here?





Federal Stimulus Packages





\$1.2 trillion

Infrastructure Investment and Jobs Act

- **\$65 B – Faster Internet**
- **\$110 B – Roads, Bridges**
- **\$15 B – Electric Vehicles**
- **\$25 B – Airports**
- **\$55 B – Water Safety**
- **\$73 B – Power Grid**
- **\$39 B – Public Transit**

Inflation Reduction Act



\$740 Billion

*A slimmed-down version of the
Build Back Better bill*

- 15% Corp. Minimum Tax
- Prescription Drug Reform
- IRS Tax Enforcement
- Affordable Care Act
Subsidy Extension
- Energy and Climate
Change Investments

Source: <https://smartasset.com/financial-advisor/inflation-reduction-act>. Accessed Oct. 4, 2022.

The image features a circular graphic with a textured, golden-brown background. The background has a repeating pattern of small, circular indentations. A thick, golden-brown ring surrounds the central area, with a border of small, five-pointed stars. The text "\$8 TRILLION" is prominently displayed in the center in a bold, white, sans-serif font. The overall aesthetic is warm and textured, resembling a leather or cork surface.

\$8
TRILLION



US Debt Clock.org

State Debt Clocks

World Debt Clocks

Debt Clock Time Machine

US NATIONAL DEBT

\$30,931,994,216,344

DEBT PER CITIZEN

\$92,835

DEBT PER TAXPAYER

\$245,822

US FEDERAL SPENDING (OFFICIAL)

\$5,987,891,102,935

US FEDERAL BUDGET DEFICIT (OFFICIAL)

\$1,092,621,411,733

US FEDERAL SPENDING (ACTUAL)

\$6,031,595,960,617

US FEDERAL BUDGET DEFICIT (ACTUAL)

\$1,136,326,268,746

US FEDERAL DEBT TO GDP RATIO

1960 • **52.37%**

1980 • **34.67%**

2000 • **56.14%**

NOW • **124.67%**

US FEDERAL TAX REVENUE

\$4,895,269,691,202

REVENUE PER CITIZEN

\$14,693

INCOME TAX REVENUE

\$2,622,575,727,053

PAYROLL TAX REVENUE

\$1,466,031,755,372

TOTAL STATE REVENUE

\$2,181,079,968,248

TOTAL LOCAL REVENUE

\$1,314,180,381,406

CORPORATE TAX REVENUE

\$395,588,197,761

TARIFF TAX REVENUE

\$74,955,644,166

STATE DEBT

\$1,229,395,345,495

DEBT PER CITIZEN

\$3,690

LOCAL DEBT

\$2,275,664,540,031

DEBT PER CITIZEN

\$6,830

US GROSS DOMESTIC PRODUCT

\$24,810,163,936,226

TOTAL FEDERAL/STATE/LOCAL SPENDING

\$9,459,114,550,162

TOTAL DEBT TO GDP RATIO

138.80%

SPENDING TO GDP RATIO

38.13%

Largest Budget Items

MEDICARE/MEDICAID

\$1,473,427,101,014

SOCIAL SECURITY

\$1,143,716,377,055

DEFENSE/WAR

\$760,337,490,134

INTEREST ON DEBT (NET)

\$446,443,558,350

Unfunded Debt/Interest

US TOTAL INTEREST PAID

\$3,453,768,031,546

INTEREST PER ADULT

\$13,393

US TOTAL DEBT

\$92,395,776,162,091

SAVINGS PER FAMILY

\$9,977

BANK INTEREST RECEIVED

\$533,066,291,579

BANK INTEREST PAID

\$29,227,465,481

TOTAL PERSONAL DEBT

\$23,847,837,807,801

PERSONAL DEBT PER CIT.

\$71,563

STUDENT LOAN DEBT

\$1,755,968,674,502

PER STUDENT

\$40,179

CREDIT CARD DEBT

\$1,160,015,179,408

PER HOLDER

\$7,115

Money Creation

US TREASURY DOLLARS NOW

\$836,476,044

US M2 MONEY SUPPLY NOW

\$21,705,432,618,707

CURRENCY AND CREDIT DERIVATIVES NOW

\$610,855,718,299,596

US TREASURY DOLLARS 2000

\$3,539,466,181

US M2 MONEY SUPPLY 2000

\$4,877,073,502,490

CURRENCY AND CREDIT DERIVATIVES 2000

\$92,638,271,315,348

Trade Balance

US DEBT HELD BY FOREIGN COUNTRIES

\$7,489,334,680,807

US TRADE DEFICIT

\$1,223,242,494,378

US TRADE DEFICIT • CHINA

\$411,087,650,073

US IMPORTED OIL

\$364,764,306,952

US POPULATION 333,187,931	US WORKFORCE NOW 158,782,314	OFFICIAL UNEMPLOYED 6,015,324	DOLLAR TO OIL RATIO NOW \$25.62 PER BARREL
US INCOME TAXPAYERS 125,812,347	US WORKFORCE 2000 159,629,796	ACTUAL UNEMPLOYED 11,505,457	DOLLAR TO OIL RATIO 1913 \$2.02 PER BARREL
PRIVATE SECTOR JOBS 125,395,843	NOT IN LABOR FORCE NOW 99,451,052	FULL-TIME WORKERS 132,312,302	DOLLAR TO SILVER RATIO NOW \$989 PER OUNCE
US SELF-EMPLOYED 8,954,071	NOT IN LABOR FORCE 2000 81,439,442	PART-TIME WORKERS 26,269,874	DOLLAR TO SILVER RATIO 1913 \$2.64 PER OUNCE
US UNION WORKERS 15,523,205	MEDIAN INCOME NOW \$36,045	MEDIAN NEW HOME NOW \$437,421	DOLLAR TO GOLD RATIO NOW \$7,288 PER OUNCE
GOVERNMENT EMPLOYEES 23,305,664	MEDIAN INCOME 2000 \$32,027	MEDIAN NEW HOME 2000 \$167,082	DOLLAR TO GOLD RATIO 1913 \$29.10 PER OUNCE
MANUFACTURING JOBS NOW 12,875,833	US BANKRUPTCIES 460,057	LIVING IN POVERTY 40,720,655	PAPER TO SILVER RATIO NOW 368.73 to 1
MANUFACTURING JOBS 2000 17,147,141	US FORECLOSURES 102,844	WITHOUT INSURANCE 27,047,934	PAPER TO GOLD RATIO NOW 114.04 to 1
US RETIREES 56,948,422	MEDICARE ENROLLEES 63,874,297	US MILLIONAIRES 22,451,699	DOLLAR TO CRYPTO RATIO NOW 21.47 to 1
US DISABLED 8,970,941	MEDICAID RECIPIENTS 85,957,015	FOOD STAMP RECIPIENTS 38,862,676	DOLLAR TO CRYPTO RATIO 2013 9,609 to 1

HOUSEHOLD ASSETS

\$139,459,372,414,965

US TOTAL NATIONAL ASSETS

\$174,707,962,046,846

ASSETS PER CITIZEN

\$524,414

SOCIAL SECURITY LIABILITY

\$22,206,940,019,777

MEDICARE LIABILITY

\$34,579,081,640,006

US UNFUNDED LIABILITIES

\$171,747,662,515,844

LIABILITY PER CITIZEN

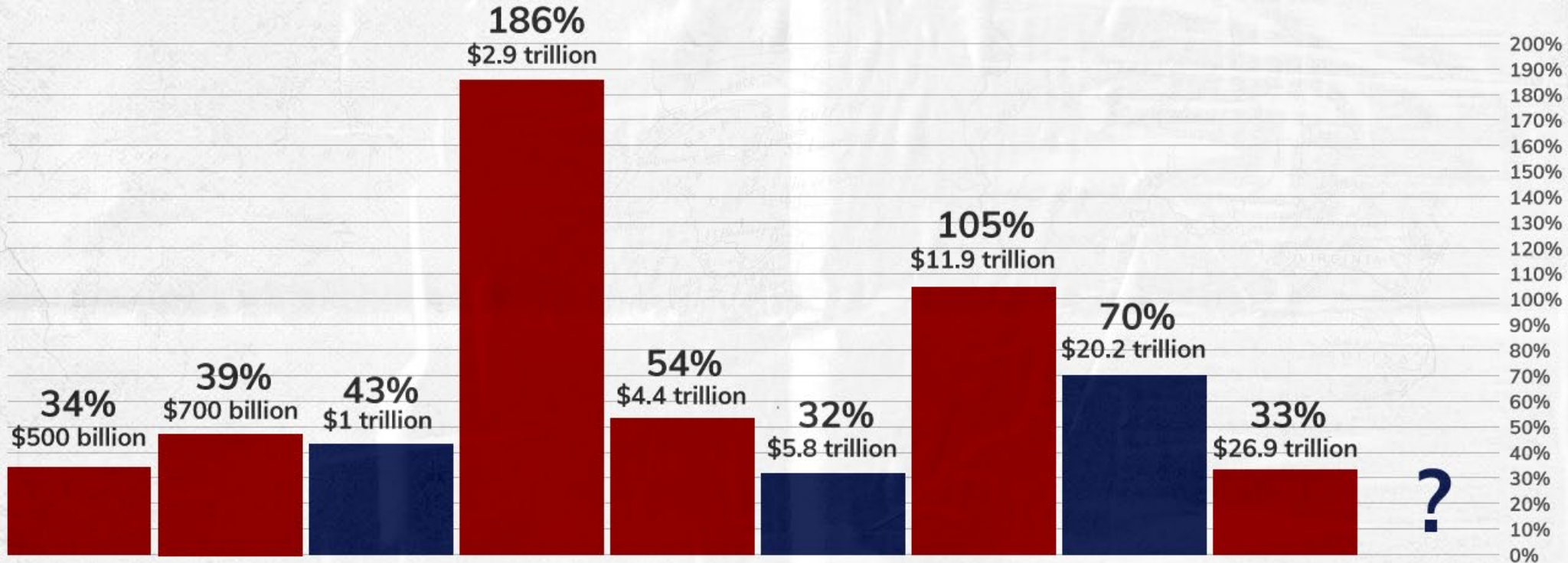
\$515,451

Percent Growth in National Debt by President

Source: U.S. Department of Treasury

Please Note:

- Growth rate based on reported debt figure.
The true national debt is currently over **\$139 trillion**
- The national debt is the responsibility of both Congress and the President
- Not adjusted for inflation



Richard Nixon 1969-1974	Gerald Ford 1974-1977	Jimmy Carter 1977-1981	Ronald Reagan 1981-1989	George H.W. Bush 1989-1993	Bill Clinton 1993-2001	George W. Bush 2001-2009	Barack Obama 2009-2017	Donald Trump 2017-2021	Joseph Biden 2021-incumbent
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QUESTION #2

Where *could* we go from here? Could your *taxes* be *on the way up*?





**\$10-12
TRILLION**



“The current fiscal path is unsustainable.”

Bureau of the Fiscal Service

“A growing debt burden could increase the risk of a fiscal crisis and higher inflation as well as undermine confidence in the U.S. dollar.”

Congressional Budget Office

Interest costs on the national debt are projected to total around **\$66 trillion** over the next 30 years!



<https://www.pgpf.org/blog/2022/05/interest-costs-on-the-national-debt-set-to-reach-historic-highs-in-the-next-decade>. Accessed Oct. 4, 2022.

UNKNOWN

How will we pay for all of this?

- Reduce future spending?
- Increase borrowing?
- Increase revenue with economic growth?
- Increase revenue with higher taxes?



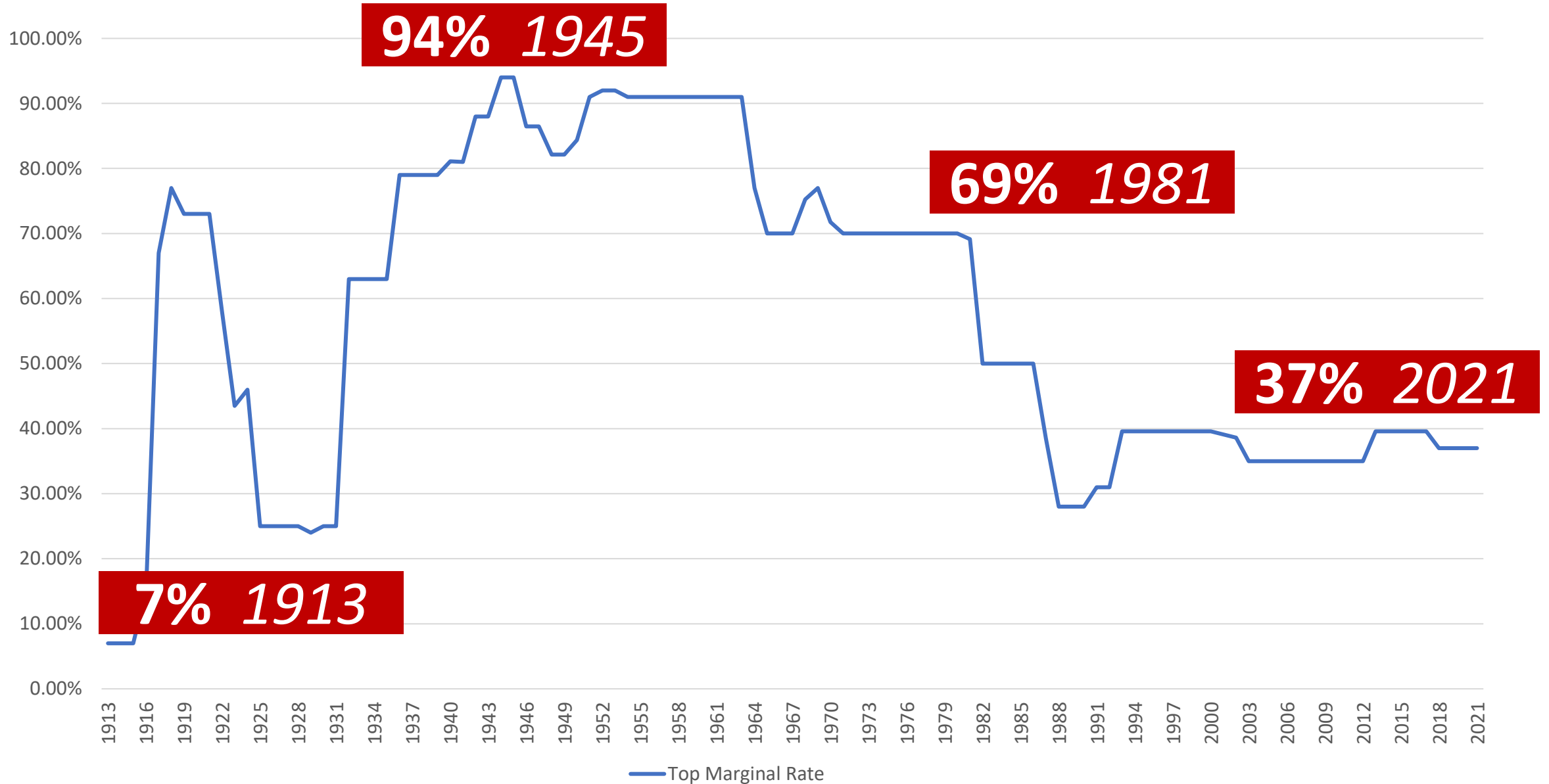
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Tax Cuts and Jobs Act Expires in 2025

- Higher income tax rates
- Higher capital gains and dividend tax rates
- Lower estate tax exemption



Top Marginal Tax Rates





QUESTION #3

What can you do to help
*preserve your
retirement savings?*



TAX STRATEGIES TO CONSIDER



Avoid Tax Volatility

**Tax Diversification
Review**



**INCOME
TAXABLE**



**TAX-
DEFERRED**



**INCOME
TAX FREE**



The Three Tax Buckets



ACTION #1

**Get a completely free
Tax Diversification
Review**

Take Advantage of Lower Tax Brackets

Asset Conversion Review



Taxes today are at historically low rates

2022 TAX RATE	MARRIED FILING JOINTLY
10%	\$0 - \$20,550
12%	\$20,551 - \$83,550
22%	\$83,551 - \$178,150
24%	\$178,151 - \$340,100
32%	\$340,101 - \$431,900
35%	\$431,901 - \$647,850
37%	\$647,851 or more

POTENTIAL 2026 TAX RATE	MARRIED FILING JOINTLY
10%	\$0 - \$18,650
15%	\$18,651 - \$75,900
25%	\$75,901 - \$153,100
28%	\$153,101 - \$233,350
33%	\$233,351 - \$416,700
35%	\$416,701 - \$470,700
39.6%	\$470,701 or more



Standard Deduction: \$25,900
Personal Exemption: Eliminated

NOW

Standard Deduction: \$12,700
Personal Exemption: \$8,100

2026?

*These figures reflect 2017 tax rates and haven't been adjusted for inflation.
 This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario.*

Dave and Sara have \$170,000 in income

2017 = **28%** tax bracket

↓ 2022 = **22%** tax bracket

↑ 2026 = **28%** tax bracket

These figures reflect 2017 tax rates and haven't been adjusted for inflation.

This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario and should not be construed as advice designed to meet the particular needs of an individual's situation.

Dave and Sara's example: Convert \$100,000 of IRA to Roth IRA *(Obviously, everyone is different!)*

2017 Rules:

- Cost of conversion approximately 33%
- Equals \$33,000 of tax

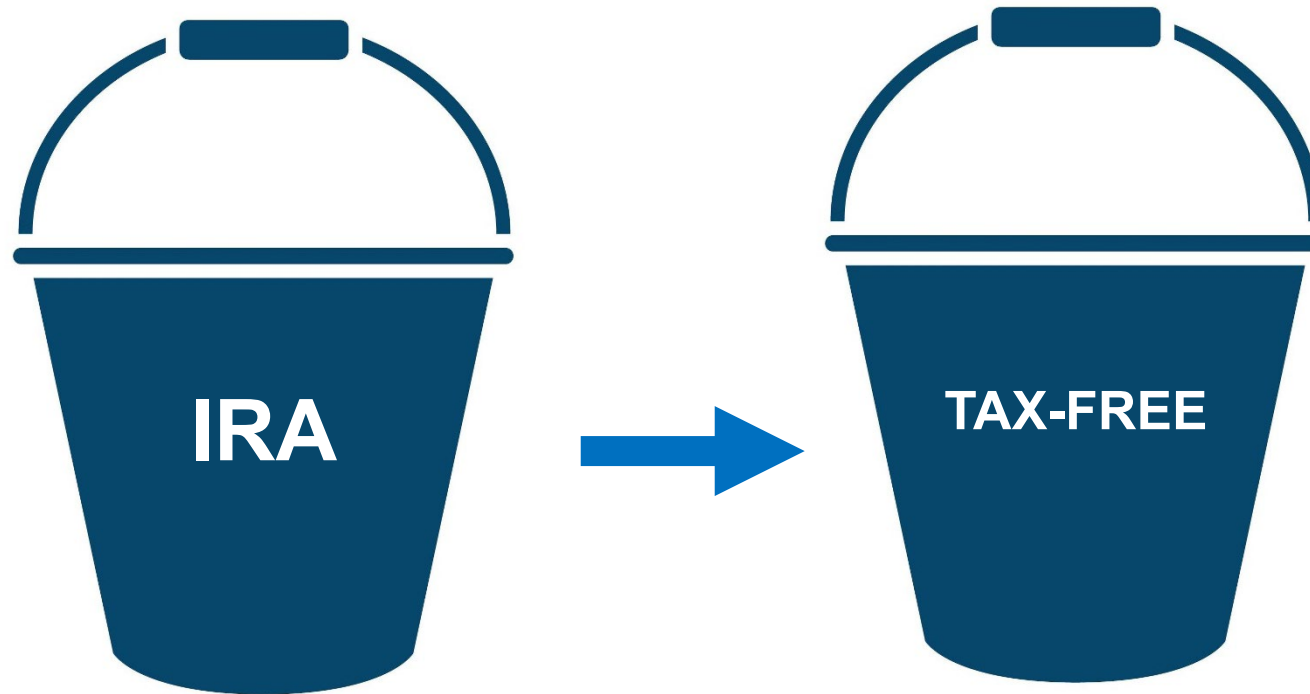
2022 Rules:

- Cost of conversion approximately 24%
- Equals \$24,000 of tax

More than 25% of tax saved!

This is a hypothetical example provided for illustrative purposes only; it does not represent a real-life scenario and should not be construed as advice designed to meet the particular needs of an individual's situation.

Convert Assets to Tax-Free Accounts



Converting a traditional IRA or qualified plan assets to a Roth IRA is a taxable event and could result in additional impacts on your personal tax situation, including a need for additional tax withholding or estimated tax payments, the loss of certain tax deductions and credits, and higher taxes on Social Security benefits and Medicare premiums. Please consult with a qualified tax advisor before making any decisions regarding your IRA. It is generally preferable that you have funds to pay the taxes due upon conversion from funds outside of your IRA or qualified plan. If you elect to take a distribution from your IRA or qualified plan to pay the conversion taxes, please keep in mind the potential consequences, such as an assessment of product surrender charges or additional IRS penalties for premature distributions.



Bill & Brenda

- Both age 61
- Taking Social Security at 62:
- \$1,750 early benefit for Bill
- \$1,500 early benefit for Brenda
- \$2,000/month pension
- \$1 million in 401(k)
- GOAL: \$7,000/month income

Tax Outlook

“Conventional wisdom” vs. Roth conversion

Age	Conventional Wisdom	Roth Conversion	Difference
62	\$7,000	\$19,400	\$12,400

ACTION #2

**Get a completely free
Asset Conversion
Review**





QUESTION #4

Should you be considering *Roth contributions*?



PAY YOUR TAXES WHEN YOUR RATES ARE LOWEST



2023 Contribution Limit Increases

Contribution	2022 Limit	2023 Limit	Change
401(k)/403(b) Employee Contribution	\$20,500	\$22,500	\$2,000
401(k)/403(b) Catch-Up Contribution	\$6,500	\$7,500	\$1,000
401(k)/403(b) Total Contribution <50	\$61,000	\$66,000	\$5,000
401(k)/403(b) Total Contribution 50+	\$67,500	\$73,500	\$6,000
457(b) Contribution	\$20,500	\$22,500	\$2,000
Traditional IRA Contribution	\$6,000	\$6,500	\$500
Traditional IRA Catch-Up Contribution	\$1,000	\$1,000	\$0
Roth IRA Contribution	\$6,000	\$6,500	\$500
Roth IRA Catch-Up Contribution	\$1,000	\$1,000	\$0
SEP-IRA Contribution	\$61,000	\$66,000	\$5,000
SIMPLE IRA/SIMPLE 401(k) Contribution	\$14,000	\$15,500	\$1,500
HSA Contribution (single)	\$3,650	\$3,850	\$200
HSA Contribution (family)	\$7,300	\$7,750	\$450
Healthcare FSA Contribution	\$2,850	\$3,050	\$200

Enjoy Financial Independence Written Retirement Income Plan



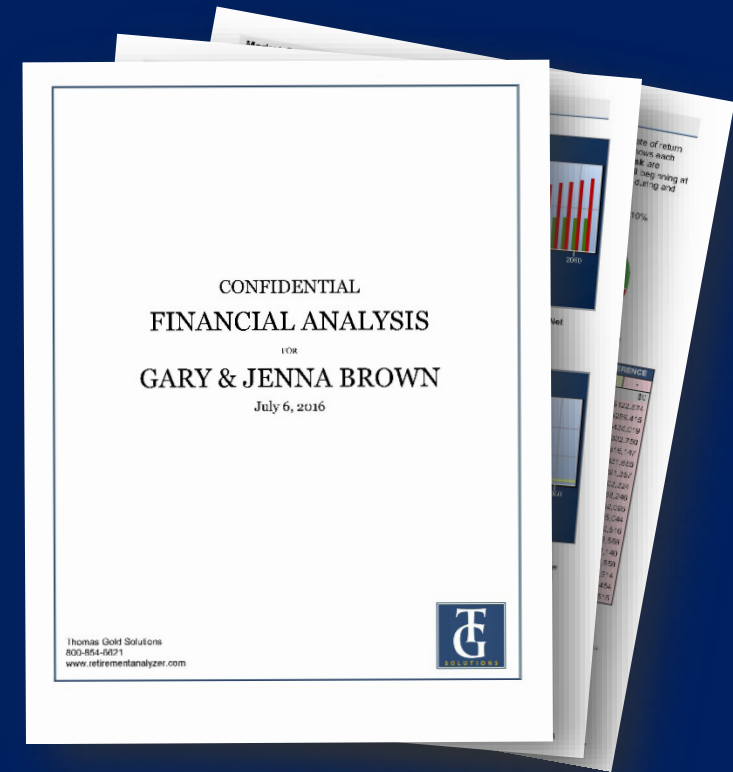
Comprehensive Planning





Written Retirement Income Plan

- When paychecks will start
- Where they will come from
- How will they be taxed
- How long they will last
- How they will grow over time
- How will they pass to your heirs





ACTION #3

**Get a
Personalized
Retirement
Income Plan**



CITY OF ALBUQUERQUE DEFERRED COMPENSATION PROGRAMS

PERA Smartsave/Voya

Local Contact: Paul Lium
Cell Phone: 505-699-8548

Email: Paul.lium@voya.com

MissionSquare (formally ICMA-RC)

Local Contact: Dennis Dexel
Cell Phone: (866) 265-5129 or (202)
306-3654

Email: ddexel@icmarc.org

AIG

Local Contact: Larisa Holiday
Cell Phone (505) 331-9334
Email: Larisa.Holiday@aig.com

Local Contact: Angelo Burns
Cell Phone (505) 250-8601
Email: angelo.burns@aig.com

Yes – Financial Engines Guidance Online tool to help set and keep goals and provides you investment advice on portfolio diversification; also a professionally managed account option through Voya for an additional fee.

Yes - Comprehensive Retirement, Education, and Estate planning services can be provided by a regional CFP as well as 2 Albuquerque based Retirement Plans Specialist

Yes - Local agent is Certified Financial Planner and AIG offers many free financial plans to meet your needs, from comprehensive to retirement, education, insurance and estate planning.

WILL ROGERS



Performing Arts USA 15c

“The difference between death and taxes is death doesn’t get worse every time Congress meets.”

- *Will Rogers*

NEXT STEPS FOR PERSONALIZED GUIDANCE:

1. [Click here to schedule](#) a 1-1 consultation via phone or virtual meeting to discuss your personal situation.
 - *Please type “CABQ” and any specific questions you have in the notes field.
2. Once you schedule an appointment, you will be emailed a fact finder form to complete ahead of time.

THANK YOU! – QUESTIONS?