2024 Tax Analysis & Planning

Comprehensive tax breakdown for Michael & Sarah Henderson • Married Filing Jointly • California

Key Figures

Total Income $371,390	Filing Status Married Filing Jointly	Qualified / Ordinary Dividends $3,100 / $4,350
Adjusted Gross Income $353,537	Marginal Bracket 24%	ST / LT Capital Gains $3,500 / $28,340
Deductions $58,200	Carryforward Loss $0	Taxable Income $295,337
Effective Rate 20.9%	Credits Claimed $4,420	Total Tax $77,717
Safe Harbor $85,489	Above The Line Deductions $17,853	

Federal Ordinary Income Tax Brackets

Marginal rate is 24% with $116,903 remaining before 32% bracket

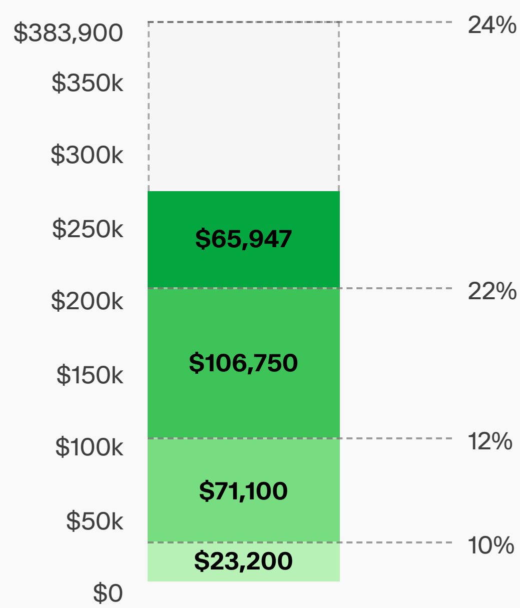
The marginal tax rate for your ordinary income is as follows:

Marginal Rate	Threshold	Income	Tax
10%	$0– $23,200	$23,200	$2,320
12%	$23,201 – $94,300	$71,100	$8,532
22%	$94,301 – $201,050	$106,750	$23,485
24%	$201,051 – $383,900	$65,947	$15,827
32%	$383,901 – $487,450	$0	$0
35%	$487,451 – $731,200	$0	$0
37%	Over $731,200	$0	$0

Total	**$50,164**

Amount of ordinary income left in current tax bracket: $116,903

Ordinary Income



Amount of ordinary income left in current tax bracket: $116,903

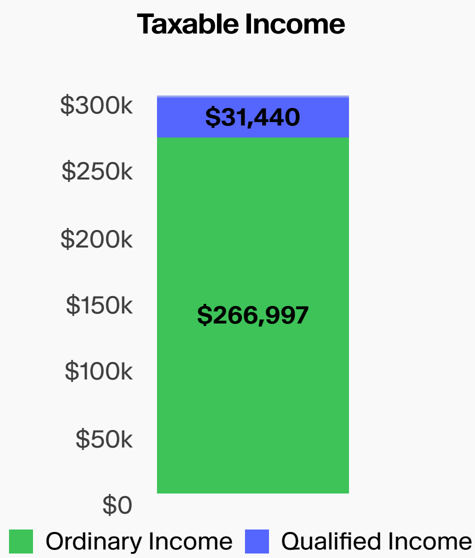
Capital Gains & Qualified Dividends

Long-term gains and qualified dividends taxed at preferential 15% rate

With taxable income of $295,337, the Hendersons are well within the 15% LTCG bracket (threshold: $583,050 for MFJ)

Rate	Threshold	Taxable Income	Qualified Income	Tax
0%	$0 – $94,050	$94,050	$0	$0
15%	$94,051 – $583,050	$201,287	$31,440	$4,716
20%	Over $583,050	$0	$0	$0

Total	**$4,716**



Income Sources & Schedules

Schedule B: Interest & Dividend Income

Investment income by source

Interest income exceeds $1,500 threshold requiring Schedule B

INTEREST

Description	Amount
First National Bank	$5,840
Marcus & Millichap Savings	$2,360

Total Interest **$8,200**

DIVIDENDS

Description	Amount
Qualified Dividends	
Ordinary Dividends (nor	

Total Dividends **$4,350**

Schedule D: Capital Gains & Losses

2024 capital transactions

Net capital gain of $31,840 ($3,500 ST + $28,340 LT)

SHORT TERM

Description	Amount
200 sh NVDA (sold 09/15/24)	$4,400
100 sh PLTR (sold 11/08/24)	-$900

Total Short Term **$3,500**

LONG TERM

Description	Amount
400 sh AAPL (sold 06/2	
250 sh COST (sold 08/0	
800 sh VTI (sold 10/12/	

Total Long Term **$28,340**

TOTAL

Total Gains/Losses: $31,840

CARRY FORWARD LOSSES

Short Term Loss	$0
Long Term Loss	$0

Tax Analysis

Schedule C: Business Income

Henderson Strategic Advisors — Management & Technology Consulting

Gross Receipts	Expenses	Net Profit
$248,0	$103,0	$145,0

Top Expenses	Amount
Contract Labor	$32,000
Rent/Lease	$14,400
Travel	$9,800
Legal & Professional	$8,200
Depreciation	$6,500

Self-Employment Tax

Schedule SE breakdown

Total SE Tax	Effective Rate
$20,508	14.1%

Component	Amount
Net SE Income	$145,000
SE Taxable (92.35%)	$133,908
Social Security Tax	$4,166
Medicare Tax	$3,883
Deductible Portion (50%)	$10,253

Net Investment Income Tax (NIIT)

3.8% surtax on investment income

NIIT Liability	Excess Over Threshold
$1,687	$103,537

NIIT Calculation	Amount
AGI	$353,537
MFJ Threshold	$250,000
Net Investment Income	$44,390
Lesser Amount × 3.8%	$1,687

California State Tax

High-tax state considerations

CA Marginal Rate	Combined Marginal
9.3%	33.3%

State Withholding	SALT Cap Lost
$15,600	$5,600

⚠ **SALT Cap Impact**

California residents lose significant federal deductions due to the $10,000 SALT cap. The Hendersons lost $5,600 in potential deductions.

Tax Planning

Deductions & Credits Summary

Tax-saving items claimed on the return

Deductions Claimed

Standard Deduction	$29,200
QBI Deduction (Section 199 A)	$29,000
SE Tax Deduction (50%)	$10,253
HSA Contribution	$4,150
Self-Employed Health Insurance	$3,450

Total Deductions **$76,053**

Credits Claimed

Child Tax Credit (2 children)	$4,000
Other Credits (Schedule 3)	$420

Total Credits **$4,420**

QBI Deduction Protected

The $29,000 QBI deduction saves $6,960 in federal taxes. Income is below the $383,900 phase-out threshold.

Planning Opportunities

Prioritized tax-saving strategies

Maximize 401(k) Contributions High

Michael contributed $12,000 but 2024 limit is $23,000. Additional $11,000 reduces taxable income and NIIT exposure.

Potential savings: $3,000–$4,000

Establish Solo 401(k) for Consulting High

Could shelter up to $69,000 of the $145K business income through a Solo 401(k).

Potential savings: $10,000–$15,000+

Evaluate S-Corp Election High

S-Corp with $80K salary could save ~$9,000+ in SE taxes on remaining distributions.

Potential savings: $7,000–$10,000

Maximize HSA Contributions Medium

HSA was $4,150 but family limit is $8,300. Additional $4,150 reduces AGI.

Potential savings: $1,000–$1,400

Roth Conversion Strategy Medium

$116,903 headroom in 24% bracket. Consider Roth conversions at current rates.

Potential savings: Long-term arbitrage

Continue Tax-Loss Harvesting

Medium

Monitor portfolio to offset $31,840 in gains with strategic loss harvesting.

Potential savings: Variable

MAGI Proximity Analysis

Key thresholds affecting tax planning

AGI of $353,537 triggers NIIT but preserves other benefits

MAGI Definition	Planning Considerations
Net Investment Income Tax (NIIT)	Threshold: $250,000 MFJ. AGI exceeds by $103,537.3.8% tax app
Roth IRA Contribution	Phase-out: $230,000-$240,000 MFJ. AGI exceeds limit—direct c
QBI Deduction	Phase-out starts at $383,900 MFJ. Current AGI preserves full 20%
Child Tax Credit	Phase-out starts at $400,000 MFJ. Full $4,000 credit preserved.

Key Risks & Considerations

Items requiring attention

Self-Employment Tax Burden

$20,508 SE tax represents 14.1% of business profit—a significant cost that could be mitigated with entity restructuring to S-Corp.

California High-Tax State

9.3% marginal rate with no preferential capital gains treatment. Combined federal+state marginal rate is 33.3%.

NIIT Exposure Ongoing

AGI exceeds $250K threshold. Any additional investment income will be subject to 3.8% NIIT surtax on top of regular rates.