

# Tax Update

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# About me...

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- I'm a creative CPA/PFS, CFP®!
- Over 20 years experience in tax, estate, and financial planning.
- Prior to co-founding marrick wealth in 2012, Marty worked at two fee-only RIA firms and Northern Trust.
- I have serviced wealthy families throughout my career; my current practice serves families with investment portfolios of \$2 million - \$10 million.
- I'm married with 3 kids and a golden retriever. I enjoying surfing, swimming and yoga.



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# Taxes

- Federal Gift & Estate Tax
- Property taxes in California
- Income taxes
- Potential Changes
- Planning Considerations



# Federal Gift & Estate Taxes

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**2022**

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Annual Gift Tax  
Exclusion \$16,000

Estate Exemption \$12,060,000

Estate Tax Rate  
(highest) 40%



# Property Taxes in California

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- Persons 55+ can transfer tax base of primary residence 3x (anywhere in CA)
- Victims of natural disasters can transfer rate 1x
- Can no longer transfer \$1M of other real property without reassessment
- Primary residence transfers between parent and child must meet two conditions:
  - Must be used as primary residence of child
  - FMV cannot exceed the transferor's assessed value by > \$1M

# Income Taxes

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- Income
- Deductions
- Other Taxes
- SECURE Act (2019)



# Ordinary Income vs. Capital Gains

## Ordinary Income

- *Wages*
- *Interest and Non-qualified Dividends\**
- *Social Security*
- *Pension*
- *IRA Distributions*
- *Rental and Royalty Income\**
- *Gain on sale of asset owned < 1 year\**
- *Gain on sale of annuities*

## Capital Gains

- *Qualified Dividends\**
- *Gain on sale of asset owned > 1 year\**

## **Rate**

- 10%
- 12%
- 22%
- 24%
- 32%
- 35%
- 37%

## **Rate**

- 0%
- 15%
- 20%

## **Taxable Income**

## **Ordinary Income**

### **Single**

\$0 - \$10,275

\$10,276 - \$41,775

\$41,776 - \$89,075

\$89,076 - \$170,050

\$170,051 - \$215,950

\$215,951 - \$539,900

\$539,901 +

### **MFJ**

\$0 - \$20,550

\$20,551 - \$83,550

\$83,551 - \$178,150

\$178,151 - \$340,100

\$340,101 - \$431,900

\$431,901 - \$647,850

\$647,851 +

## **Capital Gains**

### **Single**

\$0 - \$41,675

\$41,675 - \$459,750

\$459,751 +

### **MFJ**

\$0 - \$83,850

\$83,851 - \$517,200

\$517,201 +

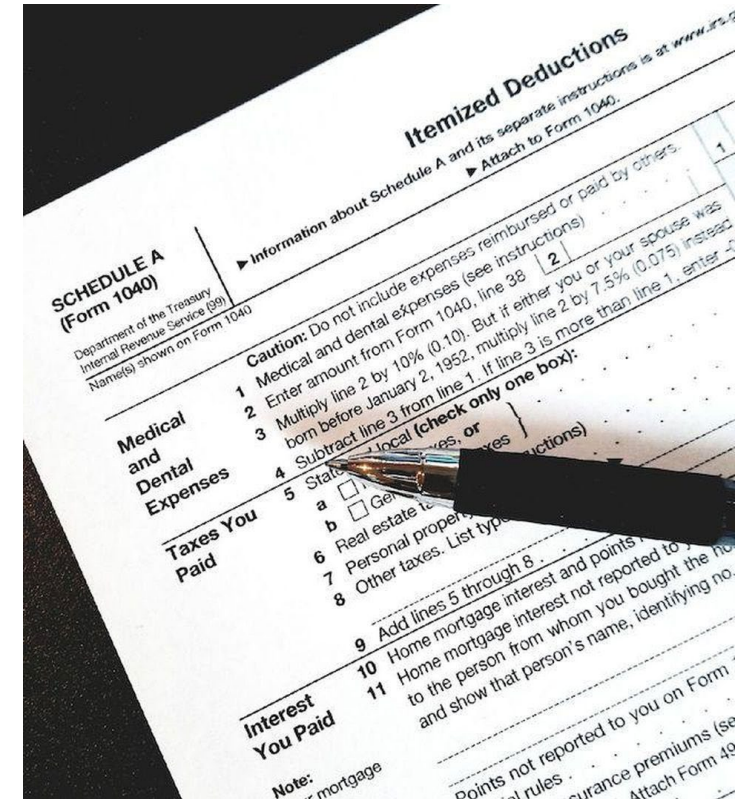
# Standard or Itemized Deductions?

## Standard Deduction

- Single \$12,950 + \$1,750 over age 65 or blind
- MFJ \$25,900 + \$1,400/spouse over age 65 or blind

## Itemized Deductions

- Medical & Dental Expenses (over 7.5% of AGI)
- Long-Term Care Premiums (over 10% of AGI)
- Taxes You Paid (\$10,000 limit)
- Interest You Paid
- Gifts to Charity







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# Other Income Taxes

- 3.8% Net Investment Income Tax
- 1% - 13.3% California State Income Tax



# Medicare - IRMAA

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Medicare Part B – 2022 IRMAA MAGI Thresholds			Medicare Part D – 2022 IRMAA MAGI Thresholds		
Individual	Joint	Monthly Premium	Individual	Joint	Monthly Premium
\$91,000 or less	\$182,000 or less	\$170.10	\$91,000 or less	\$182,000 or less	Plan Premium
\$91,000 – \$114,000	\$182,000 – \$228,000	\$238.10	\$91,000 – \$114,000	\$182,000 – \$228,000	\$12.40 + Plan Premium
\$114,000 – \$142,000	\$228,000 - \$284,000	\$340.20	\$114,000 – \$142,000	\$228,000 - \$284,000	\$32.10 + Plan Premium
\$142,000 – \$170,000	\$284,000 – \$340,000	\$442.30	\$142,000 – \$170,000	\$284,000 – \$340,000	\$51.70 + Plan Premium
\$170,000 – \$500,000	\$340,000 – \$750,000	\$544.30	\$170,000 – \$500,000	\$340,000 – \$750,000	\$71.30 + Plan Premium
Greater than \$500,000	Greater than \$750,000	\$578.30	Greater than \$500,000	Greater than \$750,000	\$77.90 + Plan Premium

# Thank you!

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