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Tax Planner

United States

Tax Planner – Unites States

Introduction

The Tax Planner helps estimate total annual taxable income by combining income from brokerage accounts with various other incomes. Using configurable values within the tax profile, the Tax Planner will estimate annual year-end taxes. Along with the tax estimate, the Tax Planner provides the ability to view realized gains and losses, unrealized gains and losses, dividends, and interest for each included account individually.

Tax Profile

The Tax Profile contains the configurable values that will be used by the Tax Planner when calculating the tax estimate. The Tax Profile must be completed when visiting the Tax Planner for the first time and can also be edited at any time once completed.

Estimated Other Income

Field	Definition
Wages and Bonus	The estimated annual amount of wages and bonuses received.
Dividend Income	The estimated annual amount of dividend income received outside of the included brokerage accounts.
Interest Income	The estimated annual amount of interest income received outside of the included brokerage accounts.
Net Business Income	The estimated annual amount of net business income received.
Other Income	The estimated annual amount of additional other income (e.g. Social Security, Pension and Annuity Income, Taxable distributions from IRAs, etc.).

Deduction

Field	Definition
Deduction	The amount used to reduce the total taxable income amount.

Withholdings

Field	Definition
Federal Withholding	The estimated total annual federal tax withholding amount which is used to offset federal tax obligations from taxable incomes.
State Withholding	The estimated total annual state tax withholding for the primary residence state only (wages, bonus, etc.) which is used to offset state tax obligations from taxable incomes. The Tax Planner does not account for state tax withholding outside of the primary state – users should consult with a tax advisor for multi-state tax obligations.

Tax Rates

Field	Definition
Federal Income Tax Rate	The effective federal tax rate that is used to estimate federal taxes on all ordinary income, short-term gains, non-qualified dividends, and non-federal tax-exempt interest income.
Long Term Capital Gains Rate	The federal tax rate for long-term investments that is used to estimate federal taxes on long-term capital gains and qualified dividends.
Other Tax Rate	An additional other federal tax rate (e.g. Net Investment Income Tax) that is used to estimate federal taxes on all income types.
State Income Tax Rate	The effective state tax rate that is used to estimate state taxes on all ordinary income, investment income and non-state tax exempt interest income.
Local Tax Rate	An additional tax that may apply depending on location that is used to estimate state taxes for all income types.

Carryover Losses

Field	Definition
Short-term Carryover Loss	The amount of short-term carryover losses from the previous calendar year that is used to offset taxable income when applicable.
Long-term Carryover Loss	The amount of long-term carryover losses from the previous calendar year that is used to offset taxable income when applicable.

Income and Tax Estimate

Using values from the Tax Profile and activity across all included brokerage accounts, the Tax Planner will display a total of all taxable incomes and a corresponding total tax estimate. The total taxable income will be shown as a stacked bar graph broken into the various taxable income sources. The total tax estimate will also be shown as a stacked bar graph broken into both the federal tax estimate and state tax estimate.

Account Activity

Clicking on an account within the Accounts panel or within the Income and Tax Estimate data table will launch the Account Activity view for the account. The Accounts Activity view will display a summary of the taxable incomes from the account for the selected time period and individual tabs for each income type with additional details.

Investment Income Summary

The Investment Income Summary tab within the Account Activity view shows the total investment income for the account selected. This total is comprised of net realized short-term gains and losses, net realized long-term gains and losses, dividends, and interest.

Realized & Unrealized Summary

The Realized & Unrealized Summary tab within the Account Activity view shows the securities with both realized and unrealized gains and losses for selected time period. Realized gains and losses are separated into both short-term and long-term and the same is true for unrealized gains and losses. Clicking on a row within this view will launch a transactions modal that will display the trades for the security which resulted in realized gains or losses.

Dividends

The Dividends tab within the Account Activity view shows the dividends received during the selected time period. Each dividend payment is broken into two classifications, Qualified and Non-Qualified. Any tax withholding applicable to the dividend payments received will also be shown within this view.

Interest

The Interest tab within the Account Activity view shows the interest received during the selected time period. Each interest payment is assigned a Tax Treatment which may be edited at any time. The tax treatment assigned to each interest payment will determine the estimated amount of federal and state taxes.

Account Match Method

The Account Match Method tab within the Account Activity view shows the accounts Account Match Method history. Clicking on the Tax Optimizer button will direct users to the Tax Optimizer page.

Tax Estimate by Income Type

Income Type	Tax Estimate Calculation
Estimate Other Income	<p>Federal Tax Estimate = (Total Estimated Other Income x Federal Income Tax Rate) + (Total Estimated Other Income x Federal Other Tax Rate)</p> <p>State Tax Estimate = (Total Estimated Other Income x State Income Tax Rate) + (Total Estimated Other Income x Local Tax Rate)</p>
ST Gains/Losses	<p>Federal Tax Estimate = (Net Short Term Gains x Federal Income Tax Rate) + (Net Short Term Gains x Federal Other Tax Rate)</p> <p>State Tax Estimate = (Net Short Term Gains x State Income Tax Rate) + (Net Short Term Gains x Local Tax Rate)</p>
LT Gains/Losses	<p>Federal Tax Estimate = (Net Long Term Gains x Long Term Capital Gains Rate) + (Net Long Term Gains x Federal Other Tax Rate)</p> <p>State Tax Estimate = (Net Long Term Gains x State Income Tax Rate) + (Net Long Term Gains x Local Tax Rate)</p>
Dividends	<p>Dividends received are classified as either Qualified or Non-Qualified dividend income. The federal tax estimate for Qualified dividend amounts is calculated using the Long-Term Capital Gains Rate and the federal tax estimate for Non-Qualified dividend amounts is calculated using the Federal Income Tax Rate. In the below formulas, Applicable Federal Rate will be used to represent the corresponding tax rate being applied depending on the dividend classification.</p> <p>Federal Tax Estimate = (Total Dividend Amount x Applicable Federal Rate) + (Total Dividend Amount x Federal Other Tax Rate)</p> <p>State Tax Estimate = (Total Dividend Amount x State Income Tax Rate) + (Total Dividend Amount x Local Tax Rate)</p>

Interest

Interest received is classified as either Non-Tax Exempt, Federal Tax Exempt, State Tax Exempt, or Federal & State Tax Exempt. The federal tax estimate for interest received will always be calculated using the Federal Income Tax Rate unless the interest received is classified as Federal Tax Exempt or Federal & State Tax Exempt. The state tax estimate for interest received will always be calculated using the State Income Tax Rate unless the interest received is classified as State Tax Exempt or Federal & State Tax Exempt. When interest received is tax exempt, the Tax Planner will use 0% as the tax rate when calculating a tax estimate. In the below formulas, Applicable Rate will be used to represent the corresponding tax rate being applied depending on the interest classification.

Federal Tax Estimate = (Total Interest Amount x Applicable Rate) + (Total Interest Amount x Federal Other Tax Rate)

State Tax Estimate = (Total Dividend Amount x Applicable Rate) + (Total Dividend Amount x Local Tax Rate)

Other Tax Estimate Calculations

Input	Tax Estimate Calculation
Deduction	The deduction amount is used to offset the total taxable income amount. If the deduction is larger than the total taxable income amount, the total taxable income amount will be used as the deduction amount. If the total taxable income amount is negative, 0 will be used for the deduction amount.
Withholding	The Federal Withholding amount is subtracted from the calculated total federal tax estimate. The State Withholding amount is subtracted from the calculated total state tax estimate.
Current Period Losses	Tax Planner will use current period losses to offset current year gains (long term and short term) and ordinary income.
Carryover Losses	Tax Planner will use carryover losses to offset current year gains (long term and short term) and ordinary income.
Losses Offset Ordering	<ol style="list-style-type: none"> 1. Current period short term losses offset short term gains 2. Current period short term losses offset long term gains 3. Current period long term losses offset long term gains 4. Current period long term losses offset short term gains 5. Short term carryover losses offset short term gains 6. Short term carryover losses offset long term gains 7. Long term carryover losses offset long term gains 8. Long term carryover losses offset short term gains <p>If losses (current period or carryover) remain after all current period capital gains have been offset, losses will be used to offset up \$3,000 of ordinary income for the current period and will follow the below order.</p> <ol style="list-style-type: none"> 1. Current period short term losses offset current period ordinary income 2. Short term carryover losses offset current period ordinary income 3. Current period long term losses offset current period ordinary income 4. Long term carryover losses offset current period ordinary income

Conclusion

The Tax Planner utilizes user provided annual income estimates combined within brokerage account activities to estimate a total taxable income for the time period selected. Using the total taxable income and configured tax profile, the Tax Planner calculates a tax estimate. Accounts included in the Tax Planner may be changed at any time along with any of the amounts or rates entered within the Tax Profile.

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