

**WIN MAKE GIVE**



# WEALTH SERIES

**2.0**

**PART FOURTEEN**

Pay Less Taxes

# IMPORTANT

Nothing in this course constitutes investment advice, performance data or any recommendation that any security, portfolio of securities, investment product, transaction or investment strategy is suitable for any specific person.

We cannot assess anything about your personal circumstances, your finances, or your goals and objectives, all of which are unique to you, so any opinions or information contained on this course are just that – an opinion or information.

You should not use my advice to make financial decisions and I highly recommend you seek professional advice from someone who is authorized to provide investment advice.

A handwritten signature in black ink, appearing to read "Ben Kym". The signature is fluid and cursive.

Win Make Give Series

# PAY LESS TAXES

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"You don't pay taxes--  
they take taxes."

- Chris Rock -

# Part Fourteen - Pay Less Taxes (Legally)

Did you know that the average person in the United States spends 25% to 35% of their working life paying taxes?! That means for every two hours of an 8-hour workday (or four months out of the year), your hard-earned money is feeding the government's tax machine. To help you figure out how much you pay in taxes, we've provided tax calculation exercises in the workbook, as well as a downloadable [Tax Calculation Worksheet](#).

Most people believe that they have no choice when it comes to how much they pay in taxes, but you *can* pay fewer taxes legally. It's not by using a loophole or top secret information; it's simply by understanding how the tax code works.

What you may not realize is that most of the 6,000+ page tax code is dedicated to reducing taxes. Only a handful of pages are actually about paying taxes. Why? The government wants to incentivize taxpayers to invest and engage in activities that shape the economy.

I'm not saying it isn't our duty to contribute to the world. I believe strongly in giving back and doing good. However, I want more choice in where my money goes, be it nonprofit or public projects I believe in.

Now, I'm no tax expert. I'm just sharing some things I've learned from experts. Tom Wheelwright is our next guest, and I highly recommend reading his books "Tax-Free Wealth" and "The Win-Win Wealth Strategy." I hope this lesson inspires you to learn more about reducing your taxes and hire the right professional to help you build your wealth with a tax strategy.



**Ben Kinney**

Ben Kinney Companies Founder

[WinMakeGive.com](http://WinMakeGive.com)

# Pay Less Taxes - Hiring your Children

Hiring your child as a legitimate employee of your business can be a great tax-saving strategy, as it allows you to deduct their salaries from your business income as a business expense ([nolo.com](https://www.nolo.com)).

Hire them to model for marketing materials, help out with administrative tasks, take product photos, or fill and ship orders. There are endless ideas; it all depends on the business.

## **TAX ADVANTAGES FOR YOUR CHILD:**

When a business owner (sole proprietorship, an LLC, or a husband-wife partnership) hires their underage child as a legitimate employee, that child's wages up to certain earnings are exempt from Social Security tax, Medicare tax, and federal unemployment (FUTA) tax. The FUTA tax exemption lasts until the child reaches the age of 21 ([marketwatch.com](https://www.marketwatch.com)).

Thanks to the Tax Cuts and Jobs Act (TCJA), your employee-child can use their standard deduction for up to \$12,950 of 2022 (\$13,850 for 2023) wages paid by your business. What this means is that your child can earn up to \$12,950 (that's \$1,079 per month) and owe no taxes on the income ([nolo.com](https://www.nolo.com)). With this income, they can contribute money to a college fund or a Roth IRA and start capitalizing on compound interest.

## **TAX ADVANTAGES FOR YOU:**

Hiring your child gives you a business tax deduction as an employee wage expense. This money you may have provided to your child anyway, but the deduction reduces your federal income tax bill, self-employment tax bill (if applicable), and state income tax bill (if applicable) ([marketwatch.com](https://www.marketwatch.com)).

## **REQUIREMENTS:**

As with any law, there are requirements. Your child must be a real employee, fill out a W-4 and I-9 form, compensation must be reasonable for services performed, and you must adhere to federal child labor laws.

**Please consult with your tax advisor for more details and conditions.**

# Pay Less Taxes - Hiring your Children Continued

**TAKE ACTION:** Write down a list of things you may be able to hire your child to do for your business. As they mature, it may be helpful to consider how working for your business can help them explore their interests or gain skills and experience to put on their resume.

**Please consult with your tax advisor for more details and conditions.**

# Pay Less Taxes - Real Estate

## **PRIMARY RESIDENCE:**

For up to \$250,000 for single individuals/\$500,000 for married couples, gains from the sale of a taxpayer's primary personal residence (defined as having lived in the residence for two of the last five years) are excluded from capital gains taxation ([investopedia.com](https://www.investopedia.com)).

## **MORTGAGE INTEREST DEDUCTION:**

The mortgage interest deduction allows homeowners to deduct part of the cost of their mortgage on their taxes, allowing for a deduction on interest paid on the first \$750,000 of mortgage debt. Homeowners who bought their homes before December 16, 2017, can deduct interest on the first one million of their mortgage ([nerdwallet.com](https://www.nerdwallet.com)).

## **PROPERTY TAX DEDUCTION:**

Homeowners can deduct up to a total of \$10,000 (\$5,000 if married filing separately) for property taxes and either state and local income taxes or sales taxes ([investopedia.com](https://www.investopedia.com)).

## **DEPRECIATION:**

Residential rental property (buildings or structures) and structural components can be depreciated by 27.5 years using the general depreciation system, or 40 years using the alternative depreciation system.

## **1031 EXCHANGES:**

Section 1031 exchanges defer tax on properties sold and swapped for like-kind real estate done within a specified time frame ([investopedia.com](https://www.investopedia.com)).

**Please consult with your tax advisor for more details and conditions.**

# Pay Less Taxes - Real Estate Continued

**TAKE ACTION:** Write down a list of things you may be able to deduct and review this with your tax and real estate holdings advisor. If you rent, take the time to calculate what it costs you to be renter and how much you would save on taxes each year if you owned real estate.

**Please consult with your tax advisor for more details and conditions.**



# Pay Less Taxes – Business Ownership

Primary tax incentives are aimed at business owners and investors, so if you want to do something right away to reduce your taxes, start a business. As long as you have a clear goal to make a profit, your business could be as simple as buying rental properties or an Etsy shop.

For example, if you start an online or in-home business, you can get deductions for things like:

- **Home Office Deduction:** This deduction is based on the percentage of square footage the home office occupies. Related expenses include mortgage interest, property taxes, utilities, repairs, etc.
- **General Business Expenses:** Office supplies, equipment, software, etc., are qualifying deductible business expenses.
- **Meals and Entertainment Expenses:** Entertaining clients or holding a business meeting over a meal with food and drinks qualifies as a business deduction within reason.
- **Personal Assets Converted to Business Use:** If you have contributed personal assets, such as a computer, the fair market value of these assets qualifies as a business deduction, subject to depreciation limitations, beginning with the date the business became official.
- **Self-Employed Health Insurance:** One hundred percent of health insurance premiums for you, your spouse, and your children can be deducted.
- **Communications Expenses:** Landlines, cell phones, and internet connections may be deducted.
- **Automobile Expenses:** Mileage and other related automobile expenses. While any business vehicle qualifies for a deduction, when you purchase a 6000-pound vehicle you can deduct the full cost in a year as opposed to spreading it out over several years.

**Please consult with your tax advisor for more details and conditions.**

# Pay Less Taxes - Business Ownership

**TAKE ACTION:** Write down business expenses you may be able to deduct and review these items with your tax advisor.

**Please consult with your tax advisor for more details and conditions.**

# Pay Less Taxes - Retirement Accounts

Contributions to some retirement plans offer tax incentives. Be sure to understand what your plan offers to maximize the deductions.

- **Traditional IRA:** The tax advantage of this plan is that individuals can direct pre-tax income, which lowers your taxable income for the year, and investments grow tax-deferred. Upon retirement, withdrawals are taxed at the current income tax rate. ([investopedia.com](https://www.investopedia.com)). In 2023, contribution limits are \$6,500, with individuals over age 50 being able to contribute \$7,500.
- **401(k):** The tax advantage of a this plan is that your contributions are pre-tax, which lowers your taxable income for the year, and your earnings accrue tax-deferred. ([investopedia.com](https://www.investopedia.com)). In 2023, contributions limits are \$22,500, with anyone 50 and older eligible for additional catch-up contributions of up to \$7,500.
- **Health Savings Account (HSA):** The tax advantage of this plan is that no tax is levied on contributions, HSA earnings, or distributions used to pay for qualified medical expenses ([investopedia.com](https://www.investopedia.com)). For 2023, individuals can contribute up to \$3,850 and families up to \$7,750.

Review the tax benefits of your retirement accounts. Write down how you can use them to reduce your annual taxes.

**Please consult with your tax advisor for more details and conditions.**

# Pay Less Taxes - Through Your IRA

If you have an IRA (individual retirement account), you can defer paying income tax on contributions up to **\$6,500 or \$7,500 if you are 50 or older**. Income tax won't apply until the money is withdrawn from the account.

To figure out the total tax savings, take the total contribution amount and multiply that by the tax rate. For example, if a worker in the 35% tax bracket contributes \$6,500 to their IRA, they'll reduce their income tax by \$2,275.

Annual Contribution to IRA		Tax Rate		Total Tax Savings
\$6,500	x	.35	=	\$2,275

Contributions can still be made to an IRA for the previous year until the April tax filing due date. For example, in 2022, you contributed \$6,000 to your IRA. From January 2023 to April 18, 2023, you can still contribute \$500 and allocate that to the year 2022. This means you can plug and play with the numbers to see how much you may save if you shift some of your cash into an IRA.

**Calculate your tax savings based on your IRA contribution amount.**

Annual Contribution to IRA		Tax Rate		Total Tax Savings
	x		=	

Couples can't open a joint IRA, but each spouse can open an IRA. Then, when they file a joint income tax return, they can take double the tax deduction. Couples can defer paying income tax on up to \$13,000 if they max out two traditional IRAs, and up to \$15,000 if both are age 50 or older. As long as eligible compensation requirements are met, contributions can be made to each IRA account, even if one spouse didn't work ([investopedia.com](https://www.investopedia.com)).

**Please consult with your tax advisor for more details and conditions.**

# Pay Less Taxes - Through Your 401(k)

Contributions to many 401(k) plans are made with pre-tax dollars, which qualifies you for a tax break. This type of workplace retirement account allows employees to defer paying income tax on contributions of up to \$22,500 for 2023, with an additional \$7,500 allowed for individuals 50 and older.

To figure out the total tax savings, take the total contribution amount and multiply that by the tax rate. For example, if a worker (under 50) in the 24% tax bracket contributes the maximum amount to a 401(k), they would save \$5,400 in taxes.

Annual Contribution to 401(k)		Tax Rate		Total Tax Savings
<b>\$22,500</b>	<b>x</b>	<b>.25</b>	<b>=</b>	<b>\$5,400</b>

Those in higher tax brackets may have the most to gain by contributing to a 401(k) plan. An employee in the 37% tax bracket who maxes out a 401(k) plan could reduce his income tax bill by \$8,325. Married couples who are both eligible for a 401(k) plan at work can contribute to a 401(k) in each of their names for double the tax savings.

**Calculate your tax savings based on your 401(k) contribution amount.**

Annual Contribution to 401(k)		Tax Rate		Total Tax Savings
<input type="text"/>	<b>x</b>	<input type="text"/>	<b>=</b>	<input type="text"/>

**Get the Income Tax Calculator at [WinMakeGive.com/wealth-part-14](https://winmakegive.com/wealth-part-14)**

**Please consult with your tax advisor for more details and conditions.**

# Pay Less Taxes - 2022 Tax Brackets

## 2022 Single Filer Tax Brackets

If taxable income is:	The tax due is:
Not over \$10,275	10% of the taxable income
Over \$10,275 but not over \$41,775	\$1,027.50 plus 12% of the excess over \$10,275
Over \$41,775 but not over \$89,075	\$4,807.50 plus 22% of the excess over \$41,775
Over \$89,075 but not over \$170,050	\$15,213.50 plus 24% of the excess over \$89,075
Over \$170,050 but not over \$215,950	\$34,647.50 plus 32% of the the excess over \$170,050
Over \$215,950 but not over \$539,900	\$49,335.50 plus 35% of the excess over \$215,950
Over \$539,900	\$162,718 plus 37% of the excess over \$539,900

## 2022 Married Filing Jointly Tax Brackets

If taxable income is:	The tax due is:
Not over \$20,550	10% of the taxable income
Over \$20,550 but not over \$83,550	\$2,055 plus 12% of the excess over \$20,550
Over \$83,550 but not over \$178,150	\$9,615 plus 22% of the excess over \$83,550
Over \$178,150 but not over \$340,100	\$30,427 plus 24% of the excess over \$178,150
Over \$340,100 but not over \$431,900	\$69,295 plus 32% of the excess over \$340,100
Over \$431,900 but not over \$647,850	\$98,671 plus 35% of the excess over \$431,900
Over \$647,850	\$174,253.50 plus 37% of the excess over \$647,850

**Get the Income Tax Calculator at [WinMakeGive.com/wealth-part-14](https://WinMakeGive.com/wealth-part-14)**

# Pay Less Taxes - 2023 Tax Brackets

## 2023 Single Filer Tax Brackets

If taxable income is:	The tax due is:
Not over \$11,000	10% of taxable income
Over \$11,000 but not over \$44,725	\$1,100 plus 12% of the excess over \$11,000
Over \$44,725 but not over \$95,375	\$5,147 plus 22% of the excess over \$44,725
Over \$95,375 but not over \$182,100	\$16,290 plus 24% of the excess over \$95,375
Over \$182,100 but not over \$231,250	\$37,104 plus 32% of the excess over \$182,100
Over \$231,250 but not over \$578,125	\$52,832 plus 35% of the excess over \$231,250
Over \$578,125	\$174,238.25 plus 37% of the excess over \$578,125

## 2023 Married Filing Jointly Tax Brackets

If taxable income is:	The tax due is:
Not over \$22,000	10% of taxable income
Over \$22,000 but not over \$89,450	\$2,200 plus 12% of the excess over \$22,000
Over \$89,450 but not over \$190,750	\$10,294 plus 22% of the excess over \$89,450
Over \$190,750 but not over \$364,200	\$32,580 plus 24% of the excess over \$190,750
Over \$364,200 but not over \$462,500	\$74,208 plus 32% of the excess over \$364,200
Over \$462,500 but not over \$693,750	\$105,664 plus 35% of the excess over \$462,500
Over \$693,750	\$186,601.50 plus 37% of the excess over \$693,750

**Get the Income Tax Calculator at [WinMakeGive.com/wealth-part-14](https://WinMakeGive.com/wealth-part-14)**



# Pay Less Taxes - Single Filer Worksheet

Follow along with the team as they walk you thru this exercise at 21:27 in the episode.

Annual income: **\$80,000** (G)

Find the taxable income on the 2023 Single Filer Tax Bracket Chart. It says, if taxable income is over \$44,725(H) but not over \$95,375, the tax due is \$5,147(I), plus 22%(J) of the excess over \$44,725.

The amount of taxes for \$44,725 is \$5,147, so our next step is to calculate the difference to figure out what income is taxed at 22%.

$$(G)\$80,000 - (H)\$44,725 = A$$

Now we calculate that income by 22% to get that tax amount.

$$(A) \times (J).22 = B$$

The next step is to add up the two tax amounts to get the total amount of taxes paid.

$$(B) + (I)\$5,147 = C$$

Next, we subtract the total taxes from the total income, to find out how much is actually being brought home.

$$(G)\$80,000 - (C) = D$$

To find out the tax percentage being paid, divide the tax amount by the income amount.

$$(C) \div (G)\$80,000 = F$$



# Pay Less Taxes - Married Filing Jointly Worksheet

Follow along with the team as they walk you thru this exercise at 25:31 in the episode.

Annual income: **\$210,000** (G)

Find the taxable income on the 2023 Married Filing Jointly Bracket Chart. It says, if taxable income is over \$190,750(H) but not over \$364,200, the tax due is \$32,580(I), plus 24%(J) of the excess over \$190,750.

The amount of taxes for \$190,750 is \$32,580, so our next step is to calculate the difference to figure out what income is taxed at 24%.

$$(G)\$210,000 - (H)\$190,750 = A$$

Now we calculate that income by 24% to get that tax amount.

$$(A) \times (J).24 = B$$

The next step is to add up the two tax amounts to get the total amount of taxes paid.

$$(B) + (I)\$32,580 = C$$

Next, we subtract the total taxes from the total income, to find out how much is actually being brought home.

$$(G)\$210,000 - (C) = D$$

To find out the tax percentage being paid, divide the tax amount by the income amount.

$$(C) \div (G)\$210,000 = F$$

# Pay Less Taxes - Estimate Your Own Taxes Worksheet

Annual income: \$  (G)

Find your taxable income on the Tax Bracket Chart and fill in the following. If taxable income is over \$ \_\_\_\_\_ (H), but not over \$ \_\_\_\_\_, the tax due is \$ \_\_\_\_\_ (I), plus \_\_\_\_\_ % (J) of the excess over \$ \_\_\_\_\_.

The amount of taxes for \$ \_\_\_\_\_ is \$ \_\_\_\_\_, so your next step is to calculate the difference to figure out what income is taxed at \_\_\_\_\_ %.

$$(G) \text{ _____ } - (H) \text{ _____ } = A$$

Now we calculate that income by \_\_\_\_\_ % to get that tax amount.

$$(A) \text{ _____ } \times (J) \text{ _____ } = B$$

The next step is to add up the two tax amounts to get the total amount of taxes paid.

$$(B) \text{ _____ } + (I) \text{ _____ } = C$$

Next, we subtract the total taxes from the total income, to find out how much is actually being brought home.

$$(G) \text{ _____ } - (C) \text{ _____ } = D$$

To find out the tax percentage being paid, divide the tax amount by the income amount.

$$(C) \text{ _____ } \div (G) \text{ _____ } = F$$

# Pay Less Taxes - Reflection

What tax-saving strategies do I need to look into? What could I potentially write off on my taxes that I haven't up until this point?

How much would maxing out contributions to my retirement reduce my total taxes?

Would owning a business help me pay fewer taxes? If so, how? What could I write off now?

How could I use owning real estate to pay fewer taxes? How much?

# Pay Less Taxes - Reflection

If you didn't have to pay that much in taxes what would you do with that money?

Take a few moments to think about the feelings you had about taxes before this lesson. How have they changed?

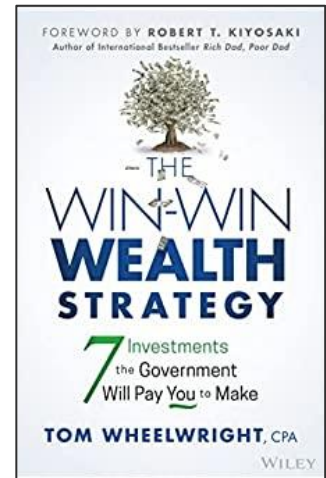
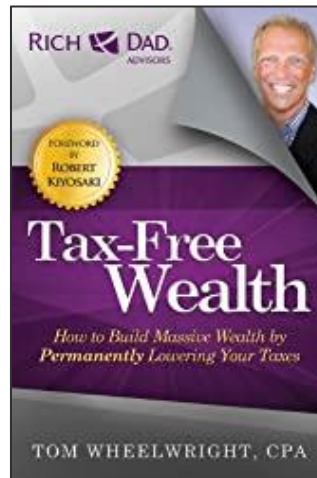
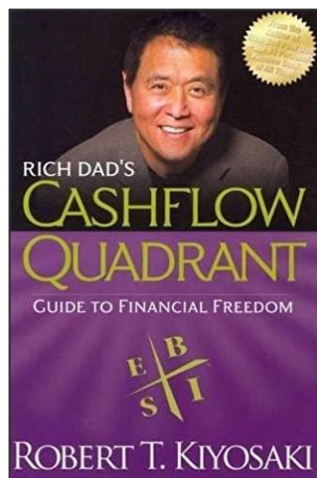
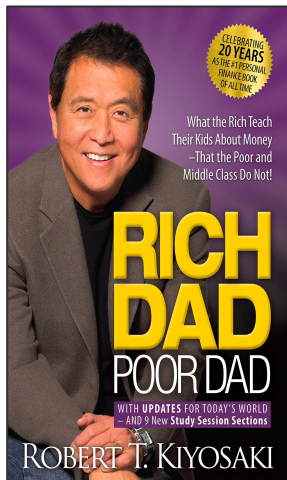
## DISCUSSION QUESTIONS

**What tax strategies can we implement this year to reduce our taxes?**

**How can we maximize our retirement plan contributions to reduce our annual taxes?**

**What could we hire our child to do for our business to reduce our taxes and jump start their retirement savings?**

# Pay Less Taxes - Recommended Books



## **Rich Dad Poor Dad: What the Rich Teach Their Kids About Money That the Poor and Middle Class Do Not!**

by Robert T. Kiyosaki

## **Cash Flow Quadrant**

by Robert T. Kiyosaki

## **Tax-Free Wealth**

by Tom Wheelwright

## **The Win-Win Wealth Strategy: 7 Investments the Government Will Pay You To Make**

by Tom Wheelwright

# PAY LESS TAXES



“The best things in life are free, but sooner or later the government will find a way to tax them.”

- Anonymous -

# Part Fourteen – Homework Question

**“Taxes are stealing your \_\_\_\_\_, your \_\_\_\_\_, and your \_\_\_\_\_.” Tom Wheelwright**

*Save these answers and submit them in the questionnaire at the end of the course for a chance to win a \$10,000 grand prize!*

## Preparation for Part Fifteen

- ☐ Get ready to listen to our in-depth interview with a special guest.
  
- ☐ If you haven't already, please join the discussion on the [Win Make Give Facebook group](#). Post your thoughts, comments, and takeaways from the first six lessons.

**Note: The hosts of the “Win Make Give” podcast are not recommending any strategies or advising you in any way. Please consult your tax advisor to see which strategies could be useful to your overall tax strategy.**

# Pay Less Taxes - Single Filer Worksheet

If you had challenges with the exercise on page 16, here are the answers.

Annual income: **\$80,000** (G)

Find the taxable income on the 2023 Single Filer Tax Bracket Chart. It says, if taxable income is over \$44,725(H) but not over \$95,375, the tax due is \$5,147(I), plus 22%(J) of the excess over \$44,725.

The amount of taxes for \$44,725 is \$5,147, so our next step is to calculate the difference to figure out what income is taxed at 22%.

$$(G)\$80,000 - (H)\$44,725 = A \quad \boxed{\$35,725}$$

Now we calculate that income by 22% to get that tax amount.

$$(A)\$35,725 \times (J).22 = B \quad \boxed{\$7,760.50}$$

The next step is to add up the two tax amounts to get the total amount of taxes paid.

$$(B)\$7,760.50 + (I)\$5,147 = C \quad \boxed{\$12,907.50}$$

Next, we subtract the total taxes from the total income, to find out how much is actually being brought home.

$$(G)\$80,000 - (C)\$12,907.50 = D \quad \boxed{\$67,092.50}$$

To find out the tax percentage being paid, divide the tax amount by the income amount.

$$(C)\$12,907.50 \div (G)\$80,000 = F \quad \boxed{16.1\%}$$



# Pay Less Taxes - Married Filing Jointly Worksheet

If you had challenges with the exercise on page 17, here are the answers.

Annual income: **\$210,000** (G)

Find the taxable income on the 2023 Married Filing Jointly Bracket Chart. It says, if taxable income is over \$190,750(H) but not over \$364,200, the tax due is \$32,580(I), plus 24%(J) of the excess over \$190,750.

The amount of taxes for \$190,750 is \$32,580, so our next step is to calculate the difference to figure out what income is taxed at 24%.

$$(G)\$210,000 - (H)\$190,750 = A \quad \boxed{\$19,250}$$

Now we calculate that income by 24% to get that tax amount.

$$(A)\$19,250 \times (J).24 = B \quad \boxed{\$4,620}$$

The next step is to add up the two tax amounts to get the total amount of taxes paid.

$$(B)\$4,620 + (I)\$32,580 = C \quad \boxed{\$37,200}$$

Next, we subtract the total taxes from the total income, to find out how much is actually being brought home.

$$(G)\$210,000 - (C)\$37,200 = D \quad \boxed{\$172,800}$$

To find out the tax percentage being paid, divide the tax amount by the income amount.

$$(C)\$37,200 \div (G)\$210,000 = F \quad \boxed{17.7\%}$$