



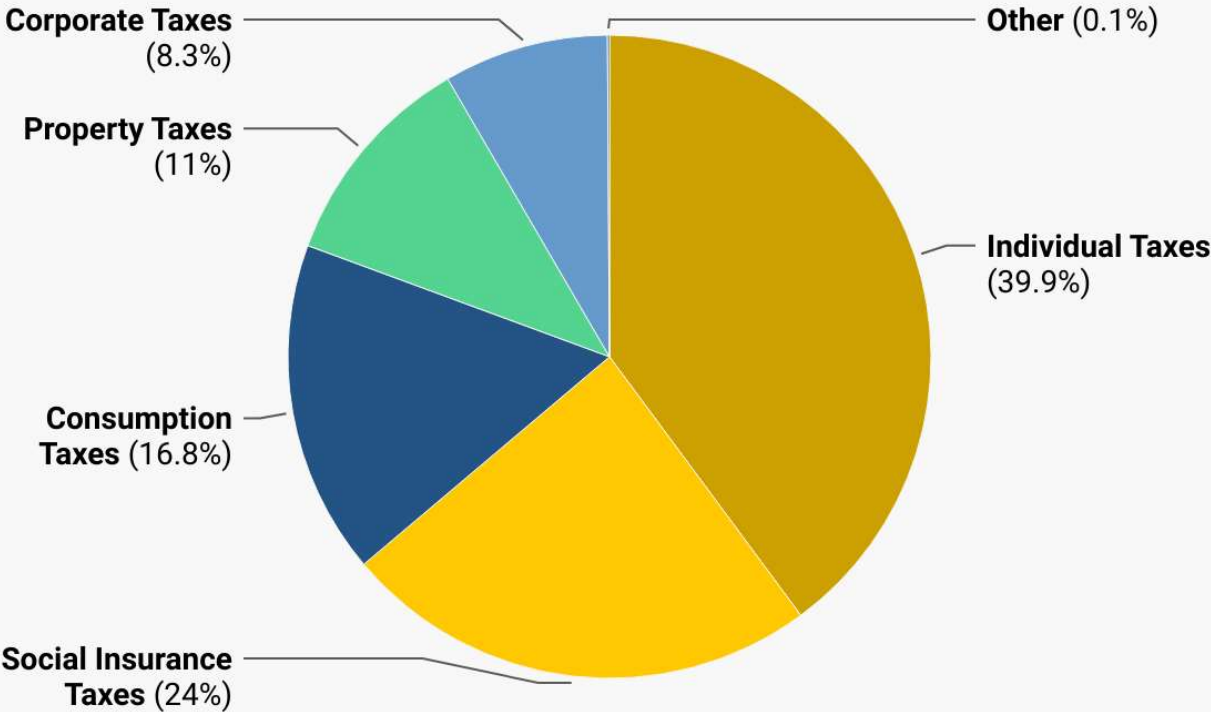
Keeping More of What You Earn

TAX AND WEALTH STRATEGIES

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Individual Taxes Are the Most Important Tax Revenue Source for the United States

Sources of Tax Revenue in the United States, 2023



Source: OECD, "Comparative tables of Revenue Statistics in OECD member countries."

The Story

Buffet

Income: ~\$39M

Income Type: Capital gains & dividends

Effective Tax Rate: ~17.4%

Bosanek

Income: ~\$100k+

Income Type: Wages

Effective Tax Rate: ~high 20s-30s%

Not Tax Advice

This presentation is for informational purposes only. It is not tax, legal, or financial advice. If you'd like advice tailored to your situation, you should consult an advisor...preferably before making any decisions inspired by this presentation.

Sincerely,
The Lawyers



Tracking What You Keep

	<u>2024</u>	<u>2025</u>
Cash & Investments	120,000	140,000
Retirement Accounts	500,000	580,000
Residence	450,000	475,000
Mortgage	(300,000)	(275,000)
Net Worth	<hr/> 770,000	<hr/> 920,000
	Change	150,000
	Taxes Paid	60,000
	Tax Rate	40%

Today's Agenda

1

**Retirement
Vehicles**

2

Real Estate

3

**Charitable
Giving**

4

**Generational
Planning**

5

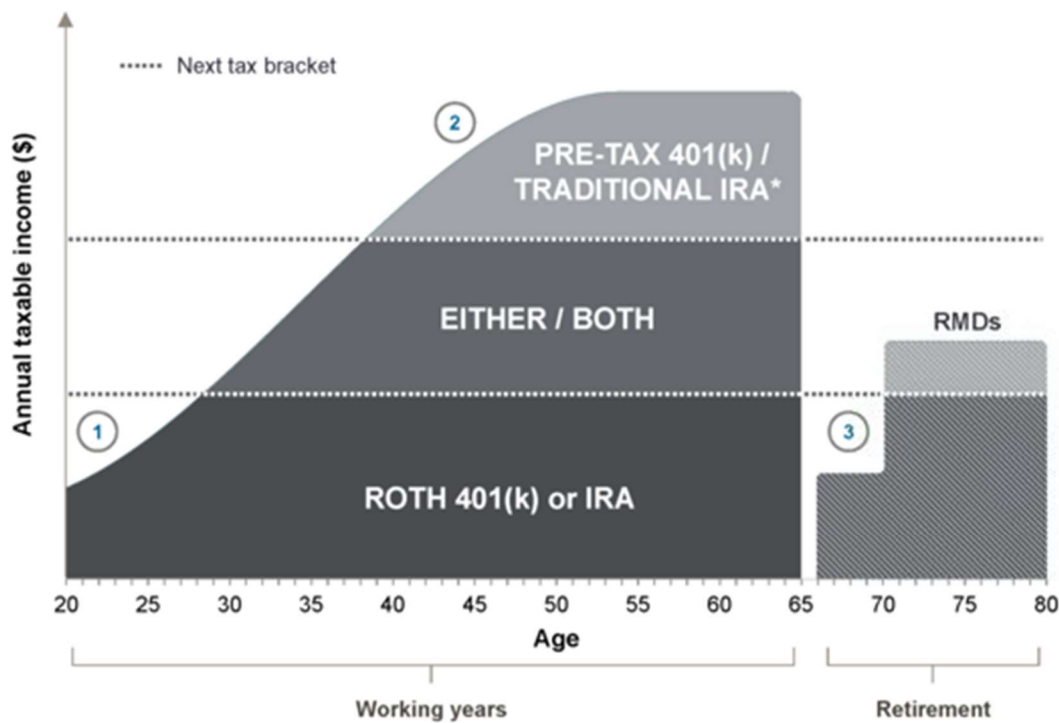
Quick Hits



Retirement Vehicles

ROTH VS TRADITIONAL

Changes in lifetime taxable income
Hypothetical wage curve



THINK OPPORTUNISTICALLY

Effectively managing taxes over a lifetime requires a careful balance of your current income tax picture and building income tax diversification. Consider:

1. Contributing to a Roth early in your career and shifting as your income increases.
2. Roth 401(k) contributions in peak earning years if wealth is concentrated in tax-deferred accounts.
3. Proactive Roth conversions in lower income retirement years if RMDs are likely to push you into a higher tax bracket.

Retirement and Investment Vehicles

OPTION FEATURES

Current Deduction on Contributions

Grows Tax Free

Tax Free Distributions

Access Before Retirement Age

Contribution Limits

Required Minimum Distributions

IRA/401K

ROTH
IRA/401K

TAXABLE
INVESTMENTS



Tracking What You Keep

	<u>2024</u>	<u>2025</u>
Cash & Investments	120,000	140,000
Retirement Accounts	500,000	580,000
Deferred Tax on Retirement Account	(150,000)	(174,000)
Residence	450,000	475,000
Mortgage	(300,000)	(275,000)
Net Worth	<hr/> 620,000	<hr/> 746,000
Change		126,000
Taxes Paid		60,000
Tax Rate		48%

Priority Order



Elite Wealth Planning

- Live off borrowings from your extensive stock portfolio
- When you pass away, your estate gets a step up in basis in your stock, sells enough to pay off debt and estate taxes
- Then...





Real Estate

Real Estate

- Tax advantaged
 - Lower tax rate on sale if held >1 year
 - Lots of deductions to offset rental income
- Success is dependent on timing and location
- Greater barrier to entry than retirement and investment accounts

Real Estate - Own property outside of operating company

	<u>Inside</u> <u>Corporation</u>	<u>LLC</u>
Proceeds	4,000,000	4,000,000
Basis	1,000,000	1,000,000
Gain	3,000,000	3,000,000
Corporate Tax	630,000	-
Owner Level Tax	802,060	1,110,000
Net Cash to Owner	2,567,940	2,890,000
	Difference	322,060
	Percentage of Gain you Keep	11%

Real Estate

- Own property outside of operating company
- Operating company pays you enough rent to pay debt
 - May provide additional benefit to legacy companies
- You benefit from appreciation in value
 - Appreciating assets in corporations are expensive to sell or distribute

Real Estate - Leverage



Source: Board of Governors of the Federal Reserve System (US) via FRED®
Shaded areas indicate U.S. recessions.

fred.stlouisfed.org





Generational Planning

Generational Planning

- Lifetime exemption
 - \$15m per individual
- Annual gifting limit
 - \$19,000 per individual
 - Does not include direct payments to medical or educational institutions
- Plan sooner rather than later



Charitable Giving

Charitable Giving

- Appreciated property
 - Avoids capital gains tax
 - Receive Fair Market Value deduction
- Donor-Advised Funds (DAFs)
 - Bunch deduction in high-income year
 - Invest tax-free while deciding where to give

Charitable Giving

- Private Foundations
 - Your own charitable entity
 - Control + Legacy + Family Involvement
- Qualified Charitable Contributions
 - Direct IRA distributions to a charity
 - Counts toward a Required Minimum Distribution
 - Not included in income



Quick Hits

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- Health Savings Accounts – put money in them
- Residency – more states are implementing taxes for high income individuals, lots of talk about wealth taxes
- Trump Accounts

Quick Hits

- Health Savings Accounts – put money in them
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- Trump accounts

Thank you.



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