



## Brooke Scenario

**Situation:** Brooke (35) is an Asset Manager who lives in New Jersey. She has built her career over the last thirteen years. Brooke has an extensive number of clients who keep their funds invested with her year after year. She can approximate her earnings for 2023 to be \$1,500,000. In 2022 she was unhappy about the amount of taxes owed. In discussions with her financial planner about her tax liability for 2022, they reviewed what she could do to reduce her 2023 tax obligation.

**Solution:** Brooke will have a taxable income of \$1,500,000 for 2023. She will owe 48% in federal and state income tax, resulting in a tax obligation of \$720,000 in 2023. Brooke follows the advice of her financial planner and participates in a tax mitigation strategy. She decides to participate in the Leveraged Charitable Deduction approach. The buy-in for this strategy will be \$180,000. It results in a \$900,000 charitable deduction that she can utilize over multiple years.

**Result:** Brooke can reduce her taxable income from \$1,500,000 to \$1,050,000 in 2023. This year Brooke will reduce her tax obligation to \$504,000. If Brooke assumes she will make \$1,500,000 again in 2024, she can use the remaining \$450,000 tax deduction. Her total net gain for participating in the Leveraged Charitable Deduction is \$252,000.

Original Tax Obligation 2023/2024

After Tax Mitigation Strategy 2023/2024



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