

AFTER-TAX WEALTH CHECKUP

FINDING CLUES IN YOUR FORM 1040



Individual investors often pay a sizable amount of taxes on investment income. A review of your tax return, alongside your overall financial picture, can help determine what, if anything, might be done to improve your after-tax outcome.

Form 1040 Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **2024** OMB No. 1545-0074 IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning _____, 2024, ending _____, 20 ____ See separate instructions.

Your first name and middle initial _____ Last name _____ Your social security number _____
If joint return, spouse's first name and middle initial _____ Last name _____ Spouse's social security number _____

Home address (number and street). If you have a P.O. box, see instructions. _____ Apt. no. _____
City, town, or post office. If you have a foreign address, also complete spaces below. _____ State _____ ZIP code _____
Foreign country name _____ Foreign province/state/country _____ Foreign postal code _____

Filing Status ☐ Single ☐ Head of household (HOH) ☐ Married filing jointly (even if only one had income) ☐ Married filing separately (MFS) ☐ Qualifying surviving spouse (QSS)
Check only one box. If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent.
☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): _____

Digital Assets At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Standard Deduction Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent
☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness You: ☐ Were born before January 2, 1960 ☐ Are blind **Spouse:** ☐ Was born before January 2, 1960 ☐ Is blind

Dependents (see instructions):
(1) First name Last name (2) Social security number (3) Relationship to you (4) Check the box if qualifies for (see instructions):
Child tax credit Credit for other dependents
If more than four dependents, see instructions and check here ☐

Income
1a Total amount from Form(s) W-2, box 1 (see instructions) _____ 1b _____
b Household employee wages not reported on Form(s) W-2 _____ 1c _____
c Tip income not reported on line 1a (see instructions) _____ 1d _____
d Medicaid waiver payments not reported on Form(s) W-2 (see instructions) _____ 1e _____
e Taxable dependent care benefits from Form 2441, line 26 _____ 1f _____
f Employer-provided adoption benefits from Form 8839, line 29 _____ 1g _____
g Wages from Form 8919, line 6 _____ 1h _____
h Other earned income (see instructions) _____ 1i _____
i Nontaxable combat pay election (see instructions) _____ 1j _____
z Add lines 1a through 1h _____ 1k _____

Attach Sch. B if required.
2a Tax-exempt interest _____ 2b Taxable interest _____
3a Qualified dividends _____ 3b Ordinary dividends _____
4a IRA distributions _____ 4b Taxable amount _____
5a Pensions and annuities _____ 5b Taxable amount _____
6a Social security benefits _____ 6b Taxable amount _____
c If you elect to use the lump-sum election method, check here (see instructions) ☐ _____
7 Capital gain or (loss). Attach Schedule D if required. If not required, check here ☐ _____
8 Additional income from Schedule 1, line 10 _____
9 Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your **total income** _____

Standard Deduction for—
• Single or Married filing separately: \$14,600
• Married filing jointly or Qualifying surviving spouse: _____

Boxes 2a and 2b: Interest

- How much is taxable versus tax-exempt?

Boxes 3a and 3b: Dividends

- Do the nonqualified dividends appear too high?

Boxes 4a and 4b: IRA Distributions

- Are Required Minimum Distributions (RMDs) being reinvested? If so, where?

Line 7: Capital gain or (loss)

- This line includes short- and long-term gain or loss from Schedule D.
- Do capital gain distributions seem high compared with the total investment amount?

Other key considerations:

KNOW YOUR TAX RATE

Your **marginal tax rate** can be found in the IRS tax tables, under your current filing status. To get your **effective tax rate**, consult your Form 1040, and divide **Total Tax** by **Taxable Income**.

TRADING ACTIVITY

Frequent trading within a taxable portfolio (due to reallocations, tactical trading or fund replacements) can result in unnecessary taxes when positions with unrealized gains are constantly and/or systematically sold. When making changes to a taxable portfolio always be sure to consider the tax consequences. Smaller and less frequent allocation changes may be better for tax-sensitive investors so that benefits from portfolio improvements are not outweighed by tax costs.

INVESTMENT INCOME

If you have **dividends or other cash distributions that are being reinvested**, consider turning off that reinvestment, and migrating that cash into a tax-managed solution.

YOUR TRANSITION PLAN

When considering a transition to a tax-managed approach, **be sure to understand the tax impact**, if any, as well as the payback period of the transition.

Russell Investments can work with your financial professional to help analyze potential taxes and the payback period for portfolio transitions.

Your financial picture: Where to focus

Answering a few questions and making sure your financial professional is up to date on your circumstances can help as you address your long-term taxable investing needs.

Your most recent tax outcome

	Yes	No
1. Was your overall tax bill what you expected?		
2. Do you feel you paid more in taxes than you should?		

The bigger picture

3. How many Form 1099s (including 1099DIV, 1099INT, etc.) did you receive for the most recent tax return?			
4. For the accounts associated with your 1099s, what type of investments do you own?			
Stocks	ETFs		
Bonds	CDs / Money Market		
Muni Bonds	Annuities / Insurance		
Mutual Funds	Other		
	Yes	No	I don't know
5. For your held-away or self-directed taxable accounts, are you using tax management strategies?			

Effective investment tax management is a year-round process that includes ongoing implementation of multiple strategies, such as:

- Centralized trading
- Tax-loss harvesting
- Yield management
- Tax lot management
- Holding period management
- Minimizing wash sales

Your Income needs

6. What are the sources of income you currently use for daily/annual expenses?			
Wages and salary			
Rental / Business income			
Investment income			
Retirement income / Social Security			
	Yes	No	I don't know
7. Is some or all your investment income automatically reinvested?			

Major financial events

8. Are you expecting any of the following in the next 1-5 years?	
Sale or purchase of home or other real estate	
Sale of business stake(s)	
Deferred compensation distributions	
Inheritance / Trust event	
Insurance payout	
Sale of investments or other taxable assets (for example, to cover large purchases, events, education, etc.)	
Other significant increase in income	

Talk to your financial professional and/or tax accountant to see what steps can be taken to potentially minimize your tax burden.

Or visit russellinvestments.com to discover the benefits of tax-managed investing.

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Please remember that all investments carry some level of risk, including the potential loss of principal invested. They do not typically grow at an even rate of return and may experience negative growth. As with any type of portfolio structuring, attempting to reduce risk and increase return could, at certain times, unintentionally reduce returns.

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