

Fidelity Viewpoints®

market sense

The latest headlines, the current market conditions, and what it all means for you.

Tax Brackets Work Like Buckets



**First \$11,000
10% tax rate**



**Above-the-line
tax deductions**
subtracted from gross income
to calculate adjusted gross income

**401(k) 403(b)
contribution**



**HSA
contribution**



It's helpful to think of these income ranges as falling into buckets rather than brackets. Each bucket holds a different amount of money that's taxed at a different rate. When the first one fills up, your income spills over into the next one, and so on.

Source: Fidelity Viewpoints, January 8, 2024: <https://www.fidelity.com/learning-center/personal-finance/how-do-tax-brackets-work>

Common Tax Forms



Employee Wages

- W-2



Investment & Banking

- 1099-INT
- 1099-DIV
- 1099-R
- 1099-B

Ways To Potentially Reduce Taxable Income

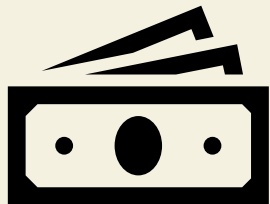
Contribute **BEFORE** April tax filing deadline



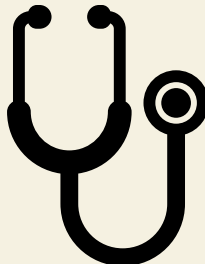
- ✓ IRA contributions*
- ✓ HSA contributions

Itemized Deductions

State and Local Taxes



Medical Expenses



Mortgage Interest



Charitable Contributions



Theft & Casualty losses due to Federal Disasters



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Managing taxes

What are itemized deductions?

Should you itemize or take the standard deduction?

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1. Fidelity Viewpoints, January 8, 2024: <https://www.fidelity.com/learning-center/personal-finance/how-do-tax-brackets-work>
2. Fidelity Viewpoints, January 30, 2024: <https://www.fidelity.com/learning-center/personal-finance/getting-started-on-tax-returns>
3. Fidelity Viewpoints, December 18, 2024: www.fidelity.com/learning-center/personal-finance/tax-pitfalls
4. Fidelity Viewpoints, January 22, 2025: <https://www.fidelity.com/learning-center/personal-finance/guide-to-the-w-4>
5. Fidelity Wealth Management, January 2, 2025: <https://www.fidelity.com/learning-center/wealth-management-insights/tax-smart-investing>
6. TCJA: <https://tax.thomsonreuters.com/blog/experts-discuss-tax-reform-landscape-in-2025/>

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