

# Tax Brackets & Deduction Help

Understanding what you owe — and how to reduce it.

## TAX BASICS

### Understanding Your Tax Bracket

I really like [this article](#) from Forbes that breaks down how much you'll owe. They give you the max for the tax bracket you just passed and the % of how much you owe over that in the new tax bracket.

## WORKED EXAMPLE

### Let's Do the Math

As an example:

Amy is single. She made \$125,000 last year.

I'll show my math:

Referring to the link I shared, she's in the 3rd tax bracket which says "\$15,213.50 plus 24% of the excess over \$89,075"

So \$15,213.50 for the first \$89,075 she made

Take the \$125,000 she made this year minus the \$89,075 she's already been taxed for in the \$15,213.50.

$$\text{\$125,000} - \text{\$89,075} = \text{\$35,925}$$

$$\text{\$35,925} \times 24\% \text{ (which is } 0.24) = \text{\$8,622}$$

$$\text{So we take the } \text{\$15,213.50} + \text{\$8,622} = \text{\$23,835.50}$$

This number will change based on her deductions, whether she's an S Corp, etc.

## DEDUCTIONS

### Don't Leave Money on the Table

Speaking of deductions, definitely check out [Heard's thorough list of deductions](#).

**Pro tip:** Make absolutely NO choices until you have done the math to see how much you ACTUALLY need based on taking time off, paying into retirement, and working the amount of time you want to work.