



Magnum Wealth Management

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Mission Statement:

To have a positive impact on the lives of our clients and their families by applying conservative financial planning principals, personalized strategies and always exceptional service.

Rod's Notes

Home Energy Rebates Could Save You Money

Will You Pay a Medicare Surcharge?

Concerned About Cyberattacks? The Threat Is Real

Rod's Notes

Welcome Ashley

We have a new addition to the Magnum Wealth Management team, Ashley Cader. Ashley lives in Huntington Beach with her husband Jeff and their two children, Logan and Ryan. She has worked as a Teacher, Director of Admissions, Executive Assistant, Photographer and Website Designer. Please say howdy to Ashley the next time you call. We are thrilled to have her here!

Summer Kickoff!

By now, you should have received your invitation to our Summer Kickoff event. It will be Sunday, June 22nd from 5-8pm. This will be a triple celebration: The start of summer, my book launch and my 60th birthday. No gifts please! To help us celebrate we will have a tap truck with beer, wine and special watermelon mojitos, BBQ from Heritage, and tacos from Taqueria Hoy. We will also have ice cream from Chunk n Chip and specialty coffee drinks from Ghost Coffee (including decaf drinks).

Please RSVP by June 9th to Ashley@MagnumOC.com or 949-888-9440. I hope to see you there!

Summer Schedule

I will be taking some time off from June 5th to June 17th as well as some time in August TBD. We will typically be in the office Monday thru Thursday from 7:30am to 4:30pm. Fridays we work remotely from home.

If you would like to schedule time with Derek or I, you can go to our scheduling tool at MagnumWealthManagement.com. In the upper right-hand corner, you will find the link to our calendars to schedule anything from a 15-minute phone call, a Zoom meeting or 60 minute face to face review. This tool has been very helpful to reduce the typical back and forth to calendar a time that works for everyone. It is convenient and very easy to use.

Home Energy Rebates Could Save You Money

The Inflation Reduction Act of 2022 included two provisions allowing rebates for home energy efficiency retrofit projects and home electrification and appliance projects. These home energy rebate programs are to be administered by state energy offices, with the U.S. Department of Energy (DOE) providing guidance and oversight.

Many states have applied for or have received optional early funding to jumpstart their home energy rebate programs. Rebates are available in some states starting in 2024 (possibly delayed until 2025 for others). The DOE tracks the application progress of states on [energy.gov](https://www.energy.gov).

What are the DOE home energy rebates?
There are two DOE home energy rebates and various factors help determine the amount of rebates that may be available.

For a **home energy efficiency retrofit project** with at least 20% predicted energy savings, a rebate may be available per household for 80% of project costs, up to \$4,000 (reduced to 50% of project costs, up to \$2,000, if household income is above 80% of area median income (AMI)). For a home energy efficiency retrofit project with at least 35% predicted energy savings, a rebate may be available per household for 80% of project costs, up to \$8,000 (reduced to 50% of project costs, up to \$4,000, if household income is above 80% of AMI).

For a **home electrification and appliance project**, a rebate may be available per household for 100% of project costs, up to specific technology cost maximums, with a maximum total of \$14,000. The 100% of project costs limit is reduced to 50% if household income is above 80% of AMI. This rebate is not available if household income is above 150% of AMI. The specific technology cost maximums range from \$840 for an Energy Star electric stove to \$8,000 for an Energy Star electric heat pump for space heating and cooling.

An installed technology may be eligible for rebates either because of its predicted energy savings or because of its inclusion on the home electrification project qualified technologies list, but not for both reasons in a single household.

Tax treatment of DOE home energy rebates
A rebate paid to or on behalf of a purchaser participating in either of the DOE home energy rebate programs is not includible in the purchaser's gross income and will be treated as a purchase price adjustment. This means that to the extent the rebate is provided at the time of sale, the rebate is not included in the purchaser's cost (or tax) basis in the property. If the rebate is provided later, the tax basis is reduced.

Payments of rebate amounts made directly to a business taxpayer, such as a contractor, in connection with the business taxpayer's sale of goods or provision of services to a purchaser are includible in the business taxpayer's income.

Popular Home Energy Tax Credits

Energy efficient home improvement credit	
Credits claimed	2,338,430
Average credit	\$882
Residential clean energy property credit	
Credits claimed	1,246,440
Average credit	\$5,084

Source: IRS, 2024 (2023 tax return data)

Coordination with the energy efficient home improvement credit

In some cases, a taxpayer can receive an energy efficient home improvement credit for federal income tax purposes. The credit is for 30% of amounts paid for certain qualified expenditures, with limits on the allowable annual credit and on the amount of credit for certain types of qualified expenditures. The maximum annual credit amount may be up to \$3,200.

If the taxpayer receives a DOE home energy rebate (whether at the time of sale or later), the amount of qualified expenditures used to calculate the energy efficient home improvement credit must be reduced by the amount of the rebate. If the taxpayer purchases items eligible for both the DOE home energy rebate and the energy efficient home improvement credit, the taxpayer can make a pro rata allocation of amounts received as rebates to the individually itemized expenditures as a share of total project cost in determining the amounts treated as paid or incurred for such items for purpose of the credit. The allocated rebate amounts reduce the qualified expenditures to which they are allocated, and the various limits on costs under the energy efficient home improvement credit are then applied.

Will You Pay a Medicare Surcharge?

Medicare is a federal program that provides health insurance to retired individuals, regardless of their medical condition, and certain younger people with disabilities or end-stage renal disease. Medicare has several parts, many of which include a premium cost based on your tax filing status and income. If your income is high, in some cases you may be subject to a premium surcharge called the income-related monthly adjustment amount (IRMAA).

What does Medicare cover?

Medicare coverage consists of two main parts: Medicare Part A (hospital insurance) and Medicare Part B (medical insurance). These parts together are known as Original Medicare. A third part, Medicare Part C (Medicare Advantage), covers all Part A and Part B services and may provide additional services. A fourth part, Medicare Part D, offers prescription drug coverage that can help you handle the rising costs of prescriptions.

What does Medicare cost?

Most people age 65 or older who are citizens or permanent residents of the United States are eligible for Medicare Part A without paying a monthly premium. Although Medicare Part B is optional, most people sign up for it. If you want to join a Medicare Advantage plan, you'll need to enroll in both Parts A and B. And Medicare Part B is never free — you'll pay a monthly premium for it, even if you are eligible for premium-free Medicare Part A. If you delay starting Part B or Part D after age 65, you may also be subject to a surcharge unless you continue to work and are covered by a workplace health plan.

The standard Part B premium is \$185.00 in 2025. However, premiums for Part B and Part D can vary based on income levels. If your modified adjusted gross income (MAGI) as reported on your federal income tax return from two years ago is above a certain amount, you'll pay the standard premium plus the IRMAA surcharge. You'll receive a notice from the Social Security Administration if you're subject to IRMAA.

The table shows what you'll pay per month in 2025 based on your tax filing status and income:

MAGI for single filers	MAGI for joint filers	Part B premium	Part D premium
\$106,000 or less	\$212,000 or less	\$185.00	Your plan premium
\$106,001 – \$133,000	\$212,001 – \$266,000	\$259.00	\$13.70 + plan premium
\$133,001 – \$167,000	\$266,001 – \$334,000	\$370.00	\$35.30 + plan premium
\$167,001 – \$200,000	\$334,001 – \$400,000	\$480.90	\$57.00 + plan premium
\$200,001 – \$499,999	\$400,001 – \$749,999	\$591.90	\$78.60 + plan premium
\$500,000 or above	\$750,000 or above	\$628.90	\$85.80 + plan premium

Premiums for 2025 are based on MAGI for the 2023 tax year. Source: Centers for Medicare & Medicaid Services, 2024

What can you do to lower your income?

Most people may see a decline in their income once they retire. However, high-income Medicare recipients may want to lower their income to help reduce the potential premium surcharges. Here are some ideas:

- Put off transactions that could increase income, such as the sale of real estate or stocks.
- Defer distributions from tax-qualified accounts such as IRAs and 401(k)s as long as possible.
- Rethink the timing of converting IRA funds to a Roth IRA to avoid increased taxable income.

Since your income is based on information from two years ago, it may subsequently change, or you may experience a life-changing event (as defined by the SSA) that causes a reduction in your income. Report income changes to the SSA as soon as possible. You'll need to provide documentation verifying the event and your reduction in income. Visit <https://www.ssa.gov/benefits> for more information.

Get help

Navigating Medicare programs and their costs can be tricky. You might consider consulting with an appropriately qualified professional for help.

Concerned About Cyberattacks? The Threat Is Real

According to a 2024 survey, 60% of small businesses believe that cyberattacks are the biggest threat they currently face, and rightly so.¹

When a data breach occurs, hackers gain access to the personally identifiable information of customers or other individuals, opening the door for identity theft and other financial crimes. Even small companies can be held legally responsible when their customers' personally identifiable information is disclosed. Moreover, the time and expense involved in recovering from any type of cyberattack could be insurmountable.

Does your company handle potentially sensitive information about customers, employees, or competitors? If so, you may want to be proactive about addressing this risk.

Methods of attack

Phishing often involves emails sent to employees. Clicking on a link provides access to the company's network, allowing the installation of malicious code (malware) designed to steal or hijack critical data.

A **watering hole attack** targets individuals or organizations by infecting websites that they frequently visit with malware.

Ransomware is a menacing virus that locks businesses out of their computer files and demands payment of a ransom in exchange for the return of company systems and data.

Fortify your defenses

The Federal Communications Commission has some cybersecurity tips for small businesses.

- Install and update antivirus software on every computer, and maintain firewalls between the internal network and the Internet. Lock up computers, laptops, and tablets to prevent them from falling into the wrong hands.
- If you have a Wi-Fi network, set it up so the network name is hidden and a secure password is required for access. Require passwords to be changed on a regular basis.
- Train employees in security practices, especially not to open emails from unknown senders. Set up a separate account for each user, and provide access only to the data needed for users to perform their jobs. Backup critical data regularly and delete data when it's no longer needed.
- Consider purchasing cyber insurance, which may offer some protection (up to policy limits) from the financial repercussions of a cyberattack, such as the cost of restoring lost or stolen data; liability stemming from a security failure; and in some cases, lost income due to business interruption.

The cost of cyber insurance depends on the types of coverage selected, and policies have exclusions, terms, and conditions for keeping them in force.

1) U.S. Chamber of Commerce, 2024

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly.

The tax information provided is not intended to be a substitute for specific individualized tax planning advice. We suggest that you consult with a qualified tax advisor.

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