

# Client Case Study

## From Complexity to Clarity:

**How a Los Angeles Anesthesiologist Saved over \$100K in 2024  
with Strategic Tax Planning**

**Published by Cobalt PacWest Advisors (CPA)**

### **Introduction**

At Cobalt PacWest Advisors (CPA), we help physicians, healthcare professionals and high-income individuals make smarter financial decisions. Through intelligent tax structuring, proactive planning, and comprehensive financial planning, we don't just prepare returns—we unlock value.

### **Situation**

A Los Angeles anesthesiologist practicing at UCLA Health with a side private practice overwhelmed with professional and family responsibilities looking for guidance to save taxes.

### **Challenge**

Balancing multiple revenue streams—including W-2 income and side-practice income—likely led to a high overall tax burden. The client faced complexity around managing effective tax rates, practice structure, and potentially new legislation like OBBBA.

### **Results**

The client saved **over \$100,000 in taxes in 2024**—indicating smart strategy alignment, likely incorporating tax-advantaged structuring, deductions, and planning techniques.

**Cobalt PacWest Advisors (CPA)**

This case study illustrates how we helped a 45-year-old anesthesiologist in Los Angeles reduce his 2024 tax bill by over \$100,000, while building long-term financial independence and future-ready wealth.

**Client Snapshot**

Specialty	Anesthesiology
Primary Employment	La Jolla Medical Center (W-2): \$475,000
Side Income	Private Practice (1099 Net): \$325,000
Filing Status	Married Filing Jointly
Age	45
Location	California

**Coordinated Planning Strategies**

**S Corporation Structure for Private Practice Income**

To reduce self-employment taxes, we restructured the client’s 1099 income into an S Corporation.

- W-2 Salary (Reasonable Comp): \$160,000
- S Corp Distribution: \$165,000 (not subject to Medicare tax)
- Estimated Medicare Tax Savings: \$6,112

**Layered Retirement Planning: Solo 401(k) + Cash Balance Plan**

We designed a custom retirement package to supercharge tax-deferred savings while supporting long-term retirement goals.

- Solo 401(k) Contribution: \$69,000
- Cash Balance Plan Contribution: \$120,000
- Total Pre-Tax Contributions: \$189,000
- Annual Tax Savings: \$72,000+
- 10-Year Wealth Impact: \$1.5M+ in additional tax-deferred savings

### **QBI Deduction Optimization via Business Aggregation**

By aggregating income from a spouse-owned management company, we preserved the full Qualified Business Income (QBI) deduction.

- Additional QBI Deduction: \$30,000
- Tax Savings: \$11,100

### **Real Estate Self-Rental Strategy**

We advised the purchase of a medical office through a newly created LLC, leasing it back to the S Corp under IRS-compliant terms.

- Monthly Rent (Leaseback): \$6,000
- Bonus Depreciation via Cost Segregation: \$120,000+
- Year 1 Tax Savings: \$48,000
- Added Benefit: Passive income + long-term real estate appreciation

### **Tax-Free Medical Reimbursements (MERP)**

We implemented a compliant Medical Expense Reimbursement Plan (MERP) through the S Corp to reimburse the family's out-of-pocket healthcare costs.

- Tax-Free Reimbursements: \$11,000
- Tax Savings: \$4,290

2024 Total Tax Impact Summary

S Corporation Optimization	\$6,112
Solo 401(k) + Cash Balance Plan	\$72,000
QBI Deduction Aggregation	\$11,100
Real Estate Depreciation (Self-Rental)	\$48,000
MERP (Medical Reimbursements)	\$4,290
Total 2024 Tax Savings	\$141,502

Final

Thoughts

For this Los Angeles anesthesiologist, the results speak for themselves: over \$140,000 in tax savings in a single year, a growing portfolio of retirement and real estate assets, and a clear, confident path toward long-term financial freedom.

If you’re a physician or healthcare professional juggling your finances, you don’t have to navigate it alone.

Ready for Strategic Tax Clarity?

**Cobalt PacWest Advisors (CPA)** specializes in *strategic tax planning, tax compliance, CPA-led comprehensive financial planning*, and *business advisory services* tailored for physicians, healthcare professionals, high-income families and businesses intent on minimizing taxes to

the lowest levels possible while remaining compliant with all tax laws, and plan for their future to achieve what matters most and live their best lives.


Whether you're navigating the complexities of hospital employment, managing side practice income, optimizing student loans, planning for your family's financial legacy, or growing long-term wealth—our integrated approach combines:

- **Proactive tax strategy**
- **Comprehensive financial planning**
- **Flawless year-end tax preparation**

...to help you align today's financial decisions with tomorrow's goals.

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*If you are feeling uneasy about the financial decisions you are (or are not) making to increase financial and tax efficiencies and reduce your tax liabilities, and attempts to "guess" what you need to do each year to be able to fund your family's non-negotiable and "wishlist" financial goals, plans for achieving financial independence and retiring on your terms aren't providing you the confidence you need, you are not alone.*

 Time is money.

Schedule your complimentary consultation today.

**Let's chart a smarter path forward—together.**

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**Cobalt PacWest Advisors (CPA)**

## **Cobalt PacWest Advisors (CPA)**

### **La Jolla**

4727 Executive Drive Suite 300 San Diego, CA 92121

Ph: 858.754.8277

### **Los Angeles**

1925 Century Park East, Suite 1700 Los Angeles, CA 90067

Ph: 424.230.3162

### **Orange County**

3333 Michelson Drive, Suite 300 Irvine, CA 92612

Ph: 949.247.8339

[npapagni@cobaltpacwestadvisors.com](mailto:npapagni@cobaltpacwestadvisors.com)

[www.cobaltpacwestadvisors.com](http://www.cobaltpacwestadvisors.com)

[www.lajollataxcpa.com](http://www.lajollataxcpa.com) | [www.centurycitytaxcpa.com](http://www.centurycitytaxcpa.com)

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