

Client Case Study

From Complexity to Clarity:

How a La Jolla Anesthesiologist Saved over \$100K in 2024
with Strategic Tax Planning

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Introduction

Physicians with dual income streams—especially those earning W-2 wages alongside private practice or consulting income—often face a tangled web of financial complexity. Without expert guidance, this complexity leads to inefficient structures, missed deductions, and unnecessary tax burdens.

At Cobalt PacWest, we help high-income professionals like physicians make smarter financial decisions. Through intelligent tax structuring, proactive planning, and long-term strategy, we don't just prepare returns—we unlock value.

This case study illustrates how we helped a 45-year-old anesthesiologist in La Jolla reduce her 2024 tax bill by over \$140,000, while building long-term financial independence and future-ready wealth.

Client Snapshot

Specialty	Anesthesiology
Primary Employment	La Jolla Medical Center (W-2): \$475,000

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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

Every high-earning physician has a unique financial story—but those with side income from private practice, consulting, or other ventures face a set of planning challenges that demand CPA-level expertise.

For this La Jolla 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 juggling your finances, you don't have to navigate it alone.

Ready for Strategic Tax Clarity?

At **Cobalt PacWest | CPAs & Tax Advisors**, we specialize in *strategic tax planning, tax compliance, CPA-level comprehensive financial planning, and advisory services* tailored for physicians, medical specialists, and healthcare families committed to minimizing taxes and building a secure financial future.

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:

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

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

**Feeling uncertain about your current financial path—for yourself, your family, or
your business?**

**Wondering if there's more you could (and should) be doing to reduce taxes and
accelerate progress toward the life you've envisioned?**

Let's talk. Schedule a complimentary consultation. We'll take the time to understand your
unique needs—and help you move forward with confidence, clarity, and care.

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