



Tax Planning and Financial Tune Up Agenda 2017

Client: _____ Date _____

In anticipation of our tax planning and financial tune-up discussions, we will need some mid-year documents, plus your consideration to the questions below. We cannot possibly cover all the information in here in a single meeting, but over the course of time we'll touch on all these issues. Please use this Agenda as a memory jog or a tool to tease out the items that are most critical to you, today.

Things We Need

- ▲ 2016 federal and state income tax returns (if we did not prepare them).
- ▲ Recent paystubs from all household income sources (W-2 income, 1099-R pension income, etc.).

1. Review Previous Tune Up Action Items

2. Review Tax Returns

- ▲ Tax credits versus tax deductions. Refundable credits versus non-refundable credits.
- ▲ Child tax credit. Dependent care credit. Education credit.
- ▲ Alternative Minimum Tax (AMT)

3. Changes to Your World

- ▲ Will the non-wage income sources such as rental income, dividends, interest and / or capital gains be about the same this year as last year (see profit harvesting under End of Year Tax Planning too)?
- ▲ Any taxable distributions from IRAs or 401k plans?

▲ Any changes to your student loans, tuition, etc.?

▲ Are there any major life changes? Fun examples include-

- Moving
- Purchased / Refinanced a House
- Had Baby
- Launched a Dependent
- Got Married / Divorced
- Selling a Property
- Buying a Rental

4. Health Care

▲ How is health care currently being managed? High deductible or PPO?

▲ Do have Health Savings Accounts? How do you intend to use them?

5. Future Plans (New Job? Moving?)

6. End of Year Tax Moves

▲ No silver bullet. But there are some things we can do.

▲ Review marginal tax rates and capital gains tax rates.

▲ Tax deferrals versus wealth building. Tax savings versus cash savings.

▲ Charitable donations.

▲ Profit harvesting.

▲ Pre-pay certain bills during high income years. Shift expenses forward?

7. Retirement Planning for Taxes

▲ Roth conversions. Are they a good idea?

▲ 401k and / or IRA deferrals. Balance between pre-tax (traditional) and post-tax (Roth). Tax savings versus tax deferral.

▲ How much cash can you separate with for tax savings and subsequent retirement planning? \$20k? \$50k? \$100k?

▲ Income phase-outs and non-deductible IRAs. Backdoor Roth conversions. Pro-rata Roth conversion trap.

▲ Profit harvesting to offset loss carry forwards. Wash sales during gains (people only consider them during losses).

▲ State tax deferral (defer in California retire in Nevada). Pennsylvania's little 401k problem.

8. Retirement Planning (Over-Arching Themes)

▲ Saving too little? Saving too much (not having fun while you can)?

▲ What is your biggest threat to financial security?

- ▲ Is there a budget? Is it being followed? How much discretionary cash is available?

- ▲ Does debt worry you? Is there a plan to reduce debt? How debt adverse are you? How is financing different than debt?

- ▲ How much is in your emergency fund? What constitutes an emergency?

- ▲ Do you have any long-term goals such as endowments, vacations, etc.? Bucket lists?

- ▲ Do you have any mid-term goals such as rental properties or starting a business? Review time-lines for emergency funds, mid-term investments and long-term investments.

- ▲ Do you currently have a financial plan or retirement projection?

9. Education

- ▲ Do you have an educational savings plan? Do the children know about it?

- ▲ Have you considered layering with 529s, Roth IRAs, savings and cash balance life insurance?

- ▲ What is your annual education budget? Are there incentives for the children? Do they have skin in the game?

- ▲ What is the plan for not going to college? Do you still want to provide other bridges like seed money for a business or first home purchase?

10. Investment Strategies

- ▲ Risk versus return. Unlimited time = unlimited risk.
- ▲ Three bucket system (short, mid and long) and the risk / rate of return for each. How they cascade over time.
- ▲ Financial advisor fees. Expense ratios.
- ▲ Index funds. Passive versus active investing.
- ▲ Illusion of precision with exotic portfolios.

11. Risk Management, Estate Planning

- ▲ Do you have disability insurance? Can you work with one leg or in a wheelchair in your current profession?
- ▲ Do you have life insurance? If so, how was the amount determined? Can the remaining spouse continue in his or her profession while raising children (pilots, emergency room nurse, etc.)?
- ▲ Do you have long-term care insurance? If so, how was the amount determined?
- ▲ Do you have an umbrella insurance policy? When was the last time you reviewed your limits (construction costs have increased)?
- ▲ When is the last time you shopped for home and auto insurance (insurance companies are like cable and cell phone providers with automatic increases which exceed new client pricing)?

- ▲ What is your target retirement age? Will it be a cliff or a slow transition?

- ▲ Do you know what your tax rate will be in retirement? How will you pay for taxes?

- ▲ Do you have a Will? Have you designated guardians for minor children?

- ▲ Are you familiar with probate? Do you have assets in multiple states?

- ▲ Are you a blended family? Do you have children with special needs?

- ▲ Do you have Power of Attorney documents? What happens if one spouse is injured and the other is unavailable (like hiking without cell coverage)? Do your personal representatives have copies of your POAs? Does your primary care physician?

- ▲ Do you have a Trust? What happens to the heirs and subsequent wealth if one spouse prematurely passes away and the other remarries?

- ▲ Do you want to meter your estate to your heirs over time? Have you considered the effects of divorce on your adult children and their inheritance?

9. Rental Properties

- ▲ Income phaseouts. Passive loss carryforwards.

- ▲ Any plans to sell a rental? Tax estimate.

▲ Depreciation recapture. Capital gains. 1031 exchanges. Reverse 1031 exchanges. Pros and cons.

▲ Improvements versus expenses.

▲ Travel expenses and other related expenses.

▲ AirBNB, VRBO and short-term rental activity.

▲ Real estate professional designation to avoid passive loss limits and net investment income tax.

10. Small Business Owners (PBR Agenda)

11. Prioritize Pains

12. New Solutions and Services from Watson CPA Group

13. Scale of 1-10, How Do You Rate Us? What Would Make Us a 10?

13. Tune Up Action Items (Homework for Us and for You)