

Tax Planning / Financial Tune Up Agenda 2019 (shortie)

Client: _____ Date: _____ Manager: _____

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. This is the shortie version of our Tax Planning and Financial Tune Up Agenda, and focuses on the most basic elements for tax planning.

Two objectives with this agenda; tax planning and ensuring all your questions are asked and answered. Turn the page for the more ridiculously long version.

Only the shortie version is fillable.

Things We Need

- ▲ 2018 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.).

Estimated Tax Payments (individual and business, if applicable)

Please tell us about any estimated tax payments you have made outside of payroll drafts. Also, please review the 'ActionRequired' PDF in your business client portal which was sent along with your business tax return. If applicable, have you made state business estimated tax payments per these instructions?

Net Business Income After Expenses

Please tell us your projected 2019 net business income after expenses but before shareholder salaries. We understand this might be difficult, but we need at least your best guess or a range to work with.

Accountable Plan Reimbursements

Are you utilizing Accountable Plan Reimbursements for mixed-use items such as mileage, cell phone and home office? If so, can you detail below or submit an Accountable Plan spreadsheet (www.watsoncpagroup.com/APlan)?

Self-Employed Health Insurance, HSA, HRA

Please confirm the amounts that are being paid for health insurance, health savings accounts and health reimbursement arrangements for all of 2019.

Planned IRA and 401k Contributions

Please confirm the 401 contributions, both employee (you) and the business, that will be made for all of 2019. Any IRA contributions?

Other Income Sources

Please detail below or send us documents showing other household income such as spouse pay, retirement, pension, rental income, etc.

Questions You Have

What's been keeping you up at night?

Tax Planning / Financial Tune Up Agenda 2019 (robust)

Client: _____ Date: _____ Manager: _____

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.

Two objectives with this agenda; tax planning and ensuring all your questions are asked and answered.

The **robust version is not fillable** since some of the items here are launch points of discussion.

Things We Need

- ▲ 2018 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 (things to discuss)

- ▲ Tax credits versus tax deductions. Refundable credits versus non-refundable credits.
- ▲ Child tax credit. Dependent care credit. Education credit.
- ▲ Alternative Minimum Tax (AMT), How it works and why it is not bad.

3. Changes to Your World (things for you to answer)

- ▲ 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 (gone in 2019)
- Purchased / Refinanced a House
- Had Baby
- Launched a Dependent
- Got Married / Divorced
- Selling a Property
- Buying a Rental

Please explain-

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? Promotion? 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?

- ▲ 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

▲ Any plans to buy / sell a rental? What are your reasons why?

▲ Things to discuss and review with you-

- Building wealth versus tax shelter.
- Income phaseouts. Passive loss carryforwards.
- 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.

Notes from discussion-

10. Prioritize Pains (pick 3-5 that critical to discuss)

11. Small Business Owners (PBR Agenda)

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?

14. Tune Up Action Items (Homework for Us and for You, completed during appointment)