

Am I Doing Everything *to save taxes* Checklist

Client Name _____ Performed By _____ Date _____

Before we run through several tax reduction and tax avoidance ideas, let's talk about some basic concepts-

There is not a secret tax deduction club that only a few people know about.

Most people are interested in saving cash when they say they want to reduce or avoid taxes, but saving cash and reducing taxes are not necessarily the same.

Two households, making the exact same income, might have wildly different tax liabilities based on the myriad of variables such as children, mortgage interest, charitable donations, available tax credits, and, Yes, the proficiency of the tax professionals involved. So, just because your neighbor or produce clerk pays x does not mean you will too.

As household incomes travel through the ranges, a lot of things happen. The first \$100,000 in income for most households is well-sheltered with itemized deductions and low tax brackets. The next \$100,000 in income sees several tax credits go away, higher tax brackets and fewer available tax deductions such as IRAs and other things (what we call income phase-outs). The next \$100,000 and beyond is completely naked and is generally purely taxable (unless some tax reduction tactics are deployed).

Your primary objective is to build wealth. Saving taxes is secondary.

High Level

Sell Stock Losers to Offset Gains

Budget Review, Business Connection

State Income Tax Arbitrage

401k (pre-tax v. Roth) and IRAs

Health Savings Accounts (HSA)

Roth IRAs and Roth Conversions

Donor Advised Fund, QCDs

Comments:

Business Owners

Optimized Salary

Pass-Thru Entity Tax Deduction

Solo 401k (pre-tax v. Roth), SEP IRA

Profit Sharing, Defined Benefit Pensions (Cash Balance)

Reimbursements (home office, cell, internet)

Automobiles (biz own or reimburse)

Depreciation Optimization with Varying Income

Adding Spouse to Payroll

Adding Children to S Corp Payroll

Adding Children to Payroll Family Management LLC

Comments:

Real Estate

Short-Term Rentals

Cost Segregation

Real Estate Professional (passive losses)

1031 Exchanges (Like-Kind) on Real Estate Transactions

Tax Free Rental of Your Home

Comments:

Exotic

Medical C Corp

Permanent Life Insurance Plans

Conservation Easement

Captive Insurance

Family Limited Partnerships (FLP) and LLCs

Discounted Roth Conversions

Comments:

Action Plan