

How to Find Financial Planning Opportunities When Reviewing a Tax Return

Instructed by Jeffrey Levine, Lead Financial Planning Nerd, CPA/PFS, CFP®, CWS®, AIF®

COURSE LEARNING OBJECTIVES

Module 1 - What is the 1040 and what's in it?

- Recognize the different sections of Form 1040 and its associated pages, schedules and line items.

Module 2 - How do the filing status, & dependents affect the 1040?

- Name the 5 filing status options and discuss why they matter in the financial planning process.
- Explain how qualifying dependents can influence the filing status decisions for a household.

Module 3 - How are tax brackets and rates determined?

- List the ordinary income tax brackets.
- Compare a client's marginal and effective tax rate.

Module 4 - How is income calculated?

- Review income sources and deductions for clients who are employees to understand their employment status and cashflow.

- Analyze the difference between taxable and non-taxable line items to determine municipal and tax bond exposure as well as their taxable fixed income allocation.
- Examine interest and dividends on Form 1040 to demonstrate how these values can be used to estimate a client's equity exposure.
- Discuss lifestyle needs and stages with a client by reviewing annuity and retirement accounts.
- Identify what portion of a client's Social Security benefits are taxable.
- Determine portfolio size and activity through an analysis of capital gains and losses.
- Review alimony payments to identify supplemental income streams, cashflow and other financial commitments.
- Determine financial health and stability as well as important net worth information by analyzing business and other financial sources of income and loss.

Module 5 - How is Adjusted Gross Income (AGI) calculated?

- Identify Health Savings Account (HSA) contributions to facilitate discussion surrounding a client's health care needs.
- Examine Self-employed deductions and determine if there are any planning gaps as well as stability of the business based upon cashflow.
- Review alimony payments to identify ongoing expense obligations, cashflow and other financial commitments.
- Determine client's willingness to save by examining deductible IRA contributions.
- Review Adjusted Gross Income (AGI) and discuss how this impacts planning opportunities.

Module 6 - How is taxable income calculated?

- Identify cash flow obligations from itemized deductions and demonstrate how mortgage interest paid can be used to estimate the size of a mortgage.
- Compare the differing impact itemized and standardized deductions have on clients.
- Review taxable income and determine a client's marginal tax bracket.
- Describe the details of Qualified Business Income and recognize how it is calculated

Module 7 - What other taxes and credits should advisors learn about?

- Recognize if Alternative Minimum Tax (AMT) was assessed and determine why the tax was triggered as well as the client's total tax liability.

- Identify whether Medicare surtaxes were assessed and discuss strategies to mitigate this additional tax.
- Review tax credits to identify cash flow needs and other financial commitments.

Module 8 - What else should advisors know about the 1040?

- Review IRA penalties to determine if the client's withdrawal strategy meets their lifestyle needs and stage of life.
- Identify the Premium Assistance Tax Credit to facilitate discussion surrounding a client's health care needs.
- Examine whether a client is paying in tax via estimated payments or tax withholding.
- Analyze if tax payments are on target and determine if additional tax planning would be beneficial.
- Recognize the preparer of Form 1040 to interpret level of tax sophistication.
- Recognize how additional paid taxes impact financial planning needs.

Module 9 - How can advisors use the 1040 to create a net worth statement?

- Calculate a client's net worth using a comprehensive selection of information from the 1040.

Module 10 - How do advisors plan for different clients with different needs?

- Recognize different planning needs and applications when working with different types of clients.

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