

How to Find Planning Opportunities When Reviewing a Tax Return

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Course Objectives

How to Find Planning Opportunities When Reviewing a Tax Return uses guided video tutorials and interactive skill-building exercises that take advisors from in-depth comprehension of a client's tax returns to the practical application of the planning conversation. By the end of this course, you will be able to:

- Recognize the different sections of Form 1040, including associated pages, schedules, and line items
- Gain insight on household financial health and stability, including identifying assets that may not have been readily disclosed to you as a client's advisor
- Create a comprehensive net worth statement using the information from a client's tax return
- Guide tax planning discussions with clients based on data found on Form 1040
- Design financial planning strategies by leveraging tax planning, cashflow, and lifestyle factors identified through a focused tax return review

Module 1: What Is The 1040 And What's In It?

In this module, you will learn:

- A General Overview Of Form 1040, Its Purpose, And Sections
- Numbered Schedules
- Lettered Schedules

After completing this module, you will be able to:

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

Module 2: How Do The Filing Status And Dependents Affect The 1040?

In this module, you will learn:

- Filing Status And Why It Matters
- Defining Qualifying Dependents And Examining How This Information Can Be Practically Applied

After completing this module, you will be able to:

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

Module 3: How Are Tax Brackets And Rates Determined?

In this module, you will learn:

- Tax Brackets
- Tax Rates

After completing this module, you will be able to:

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

Module 4: How Is Income Calculated? Part 1

In this module, you will learn:

- Wages, Salaries, And Tips
- Tax-Exempt And Taxable Interest
- Qualified And Ordinary Dividends

After completing this module, you will be able to:

- Calculate spousal benefits and the consequences of 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

Module 4: How Is Income Calculated? Part 2

In this module, you will learn:

- Retirement Account Distributions
- Social Security Benefit
- Capital Gains And Losses
- Other Income

After completing this module, you will be able to:

- 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 information and other financial sources of income and loss

Module 5: How Is Adjusted Gross Income (AGI) Calculated?

In this module, you will learn:

- Above-The-Line Deductions
- Calculating Adjusted Gross Income (AGI)

After completing this module, you will be able to:

- Recognize "above-the-line" deductions and how they impact a tax return
- Identify Health Savings Account (HSA) contributions to facilitate discussion surrounding a client's health care needs
- Examine self-employment deductions and determine if there are any planning gaps and gauge the stability of the business based upon cashflow
- Review alimony payments to identify ongoing expense obligations, cashflow, and other financial commitments
- Determine a client's willingness to save by examining deductible IRA contributions

Module 6: How Is Taxable Income Calculated?

In this module, you will learn:

- Standard Deductions
- Itemized Deductions
- Qualified Business Income (QBI) Deductions
- Calculating Taxable Income

After completing this module, you will be able to:

- Identify cashflow 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
- Describe the details of Qualified Business Income and recognize how it is calculated
- Review taxable income and determine a client's marginal tax bracket and tax liability

Module 7: What Other Taxes And Credits Should Advisors Learn About?

In this module, you will learn:

- Alternative Minimum Tax (AMT)
- Additional Medicare Tax And The Net Investment Income Tax
- Child Tax Credit
- Education Tax Credits
- Other Credits

After completing this module, you will be able to:

- 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 different tax credits to identify cashflow needs and other financial commitments

Module 8: What Else Should Advisors Know About The 1040?

In this module, you will learn:

- IRA And Tax-Favored Account Penalties
- Other Paid Taxes
- Premium Tax Credits
- Total Tax Payments
- Overpayment, Tax Owed, And Underpayment Penalties
- Self Or Paid Preparer

After completing this module, you will be able to:

- Review IRA penalties to determine if the client's withdrawal strategy meets their lifestyle needs and stage of life
- Recognize how additional paid taxes impact financial planning needs
- Identify the Premium Assistance Tax Credit to facilitate discussion surrounding a client's health care needs
- Examine whether a client is paying tax via estimated payments or tax withholding

- Analyze if tax payments are on target and determine if additional tax planning would be beneficial
- Recognize who the tax return preparer was in order to interpret the level of tax sophistication

Module 9: How Can Advisors Use The 1040 To Create A Net Worth Statement?

In this module, you will learn:

- How to Form a Comprehensive Net Worth Statement

After completing this module, you will be able to:

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

Module 10: How Do Advisors Plan For Different Clients With Different Needs?

In this module, you will learn:

- Four different types of planning scenarios
 - Families
 - W-2 Employees
 - Business Owners
 - Retirees

After completing this module, you will be able to:

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

Kitces Capstone Assessment

You will apply what you have learned throughout the course by completing the Kitces Capstone, which entails reviewing the tax returns of hypothetical clients and then answering **30 scenario-based questions**.

You must achieve a **passing score of 70%** to receive a course completion certificate.