

# Design the Retirement That Fits your Needs

Don't File and Forget Your Tax Return – Use It

Brought to you by **360 Degrees of Financial Literacy**  
and America's **CPA Financial Planners**

Take Charge: Your Money. Your Life.

# Helpful Hints



## Adjust your volume

- Be sure your computer's sound is turned on as well.
- Click this blue button. Slide the control to the left or right to fit your needs.



## Ask your questions

- Feel free to submit content related questions to the speaker by clicking this red button.
- Someone is available to assist with your technology and CPE related questions as well.



## Download your materials

- Access today's slides and learning materials by clicking this green 'Resources' button at any time during this presentation
- If you need help accessing these materials send a message through the Q&A application

# Let's get this out of the way ...

**The general information contained in this web seminar is provided by the American Institute of Certified Public Accountants as a service to the public and our members. It is not intended to serve as tax, legal or any other professional advice applicable to any particular person or matter.**

# Your Host



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# Peoples' Greatest fears about their finances

- **Not having enough money to live comfortably in retirement**
- **Experiencing a significant investment loss in a market downturn**
- **Incurring unforeseen expenses (e.g., medical)**

# The Benefits of Planning Ahead

- **Become more confident in your spending plan**
- **Become more confident about your investment strategy**
- **Relax because you know you have a plan and that you are on track toward your goals**

# The Takeaway: You Need a Plan

- **Where are you now?**
- **Where do you want to be in the future?**
- **The Plan: Your roadmap to get there!**
- **Where to turn for help**

# Stage in Life



**Exemptions**

6a  Yourself. If someone can claim you as a dependent, do not check box 6a.

b  Spouse

6	Real estate taxes (see instructions)	6	
7	Personal property taxes	7	
8	Other taxes. List type and amount ▶	8	
9	Add lines 5 through 8		
10	Home mortgage interest and points reported to you on Form 1098	10	
11	Home mortgage interest not reported to you on Form 1098. If paid		

**Exemptions**

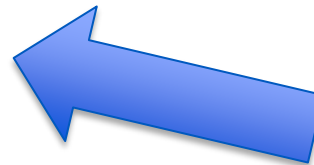
If more than four dependents, see instructions and check here ▶

6a  Yourself. If someone can claim you as a dependent, do not check

b  Spouse

c Dependents:		(2) Dependent's social security number	(3) Dependent's relationship to you
(1) First name	Last name		
Logan	Benson		SON

d Total number of exemptions claimed



**Filing Status**

1  Single

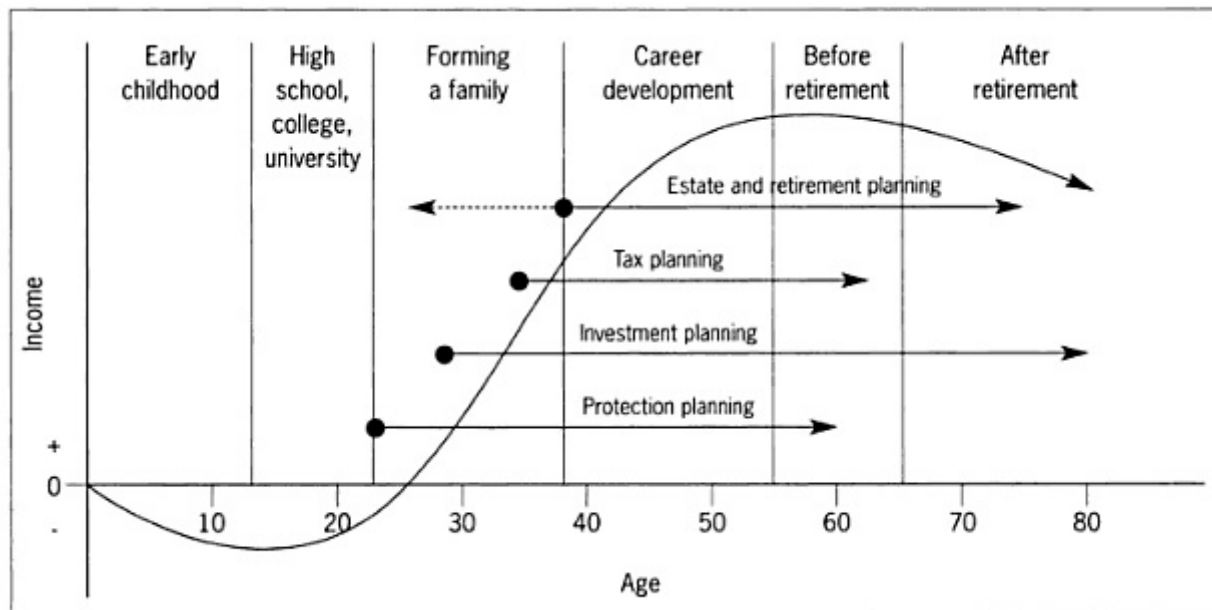
2  Married filing jointly (even if only one had income)

3  Married filing separately. Enter spouse's SSN above and full name here. ▶

Check only one box.



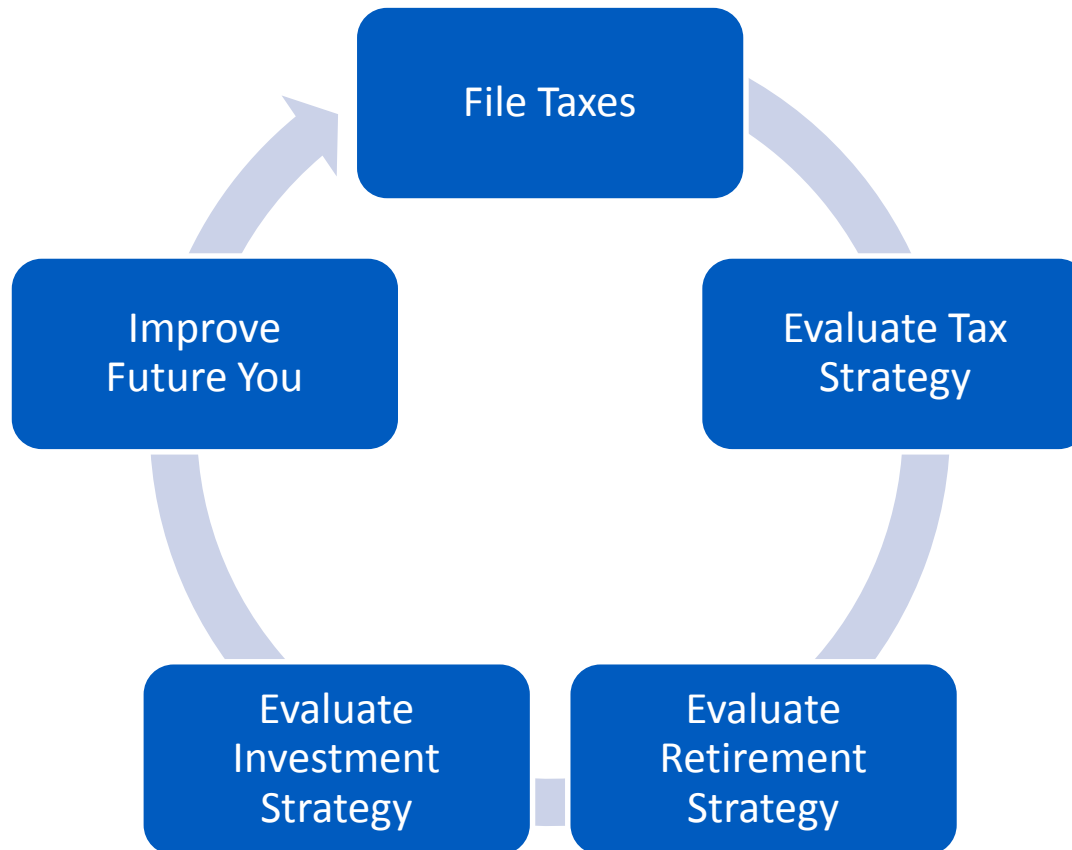
# Stage in Life



Source: shenki.com

# 360-Degree View

- Your tax return gives you a **360-degree** view of your finances that you can use to improve your future.



# Where Are You Now:

## ■ Your tax return tells a story. In it you will find:

- Details of your cash flows.
- Information important to your investment, retirement and estate planning strategies.
- Overlooked opportunities to help you achieve your financial goals.



# Your Tax Return and Supporting Documents Provide Valuable Information on Where You Are Now:

- Your stage in life
- How you make money
- Spending/saving habits
- Marginal tax bracket
- How you spend your money
- General makeup of your taxable investment portfolio

# How Much are you Saving and Spending?

## How much are you saving?

- Company retirement plans (W-2, Box 12)
- IRAs
- Personal savings

## Estimate your total current spending:

- If W-2 employee
- If self employed
- If retired

22222		a Employee's social security number		OMB No. 1545-0008		
b Employer identification number (EIN)			1 Wages, tips, other compensation		2 Federal income tax withheld	
c Employer's name, address, and ZIP code			3 Social security wages		4 Social security tax withheld	
			5 Medicare wages and tips		6 Medicare tax withheld	
			7 Social security tips		8 Allocated tips	
d Control number			9		10 Dependent care benefits	
e Employee's first name and initial		Last name		Suff.		
f Employee's address and ZIP code			11 Nonqualified plans		12a	
			13 Statutory employee <input type="checkbox"/> Retirement plan <input type="checkbox"/> Third-party sick pay <input type="checkbox"/>		12b	
			14 Other		12c	
					12d	
15 State Employer's state ID number		16 State wages, tips, etc.	17 State income tax	18 Local wages, tips, etc.	19 Local income tax	20 Locality name

Form **W-2** Wage and Tax Statement  
Copy 1—For State, City, or Local Tax Department

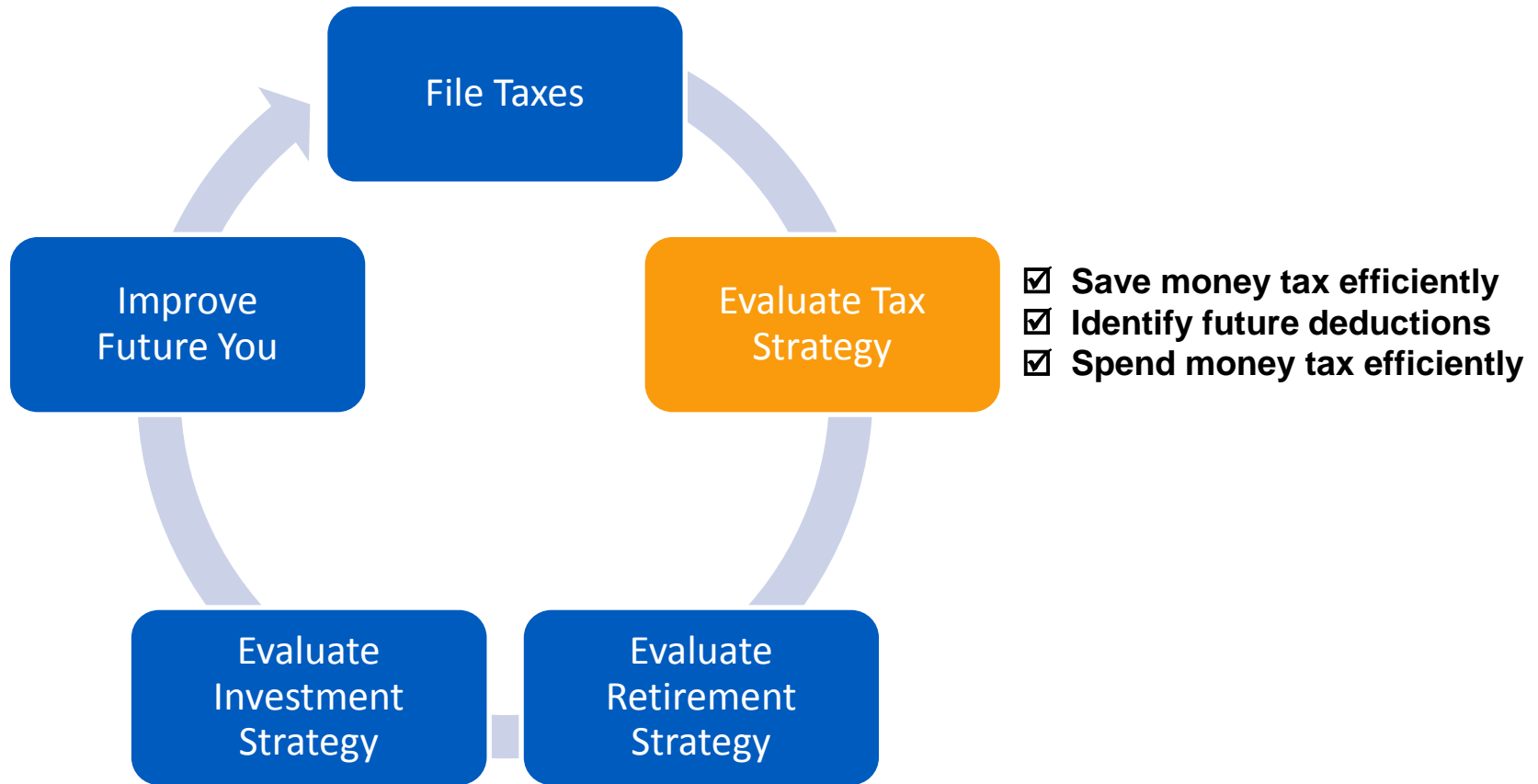
2015

Department of the Treasury—Internal Revenue Service

# The Balance Sheet – the final piece

- **Make a list of assets and liabilities**
- **Put the values down at the beginning and end of the year**
- **Subtract the liabilities from the assets**
- **Are you 😊 or ☹️**

# 360-Degree View



# What's Your Tax Strategy?

How are you timing income and deductions?

Have you considered ways to bunch deductions?

Are you losing deductions due to phaseouts?

Do you have a system for tracking expenses?

Taxes: Start Your Money Plan Here



# Tax Bracket

- **Current Marginal Tax Bracket:** the tax rate that applies to the next dollar of income earned.
- **Find your Total Taxable Income on Line 43 of 2016 Form 1040.**
- **Note whether you are paying Alternative Minimum Tax in addition to regular tax. (Line 45 of 2016 Form 1040).**

# 2016 Federal Tax Brackets

2016 Federal Taxable Income Brackets and Rates			
Rate	Single Filers	Married Joint Filers	Head of Household Filers
10%	\$0 to \$9,275	\$0 to \$18,550	\$0 to \$13,250
15%	\$9,275 to \$37,650	\$18,550 to \$75,300	\$13,250 to \$50,400
25%	\$37,650 to \$91,150	\$75,300 to \$151,900	\$50,400 to \$130,150
28%	\$91,150 to \$190,150	\$151,900 to \$231,450	\$130,150 to \$210,800
33%	\$190,150 to \$413,350	\$231,450 to \$413,350	\$210,800 to \$413,350
35%	\$413,350 to 415,050	\$413,350 to 466,950	\$413,350 to \$441,000
39.6%	\$415,050 +	\$466,950 +	\$441,000 +

Source: Internal Revenue Service

# Tax Planning: The Bridge to Financial Planning

- Think about taxes year round.
- **Save** money tax efficiently for future needs.
- **Spend** money tax efficiently so you keep more to invest in your future.



**Hint:** Visit [www.360taxes.org](http://www.360taxes.org) for year-round tax tips.

# Decrease Debt or Invest?

## Pay down debt when you can't invest at a higher rate

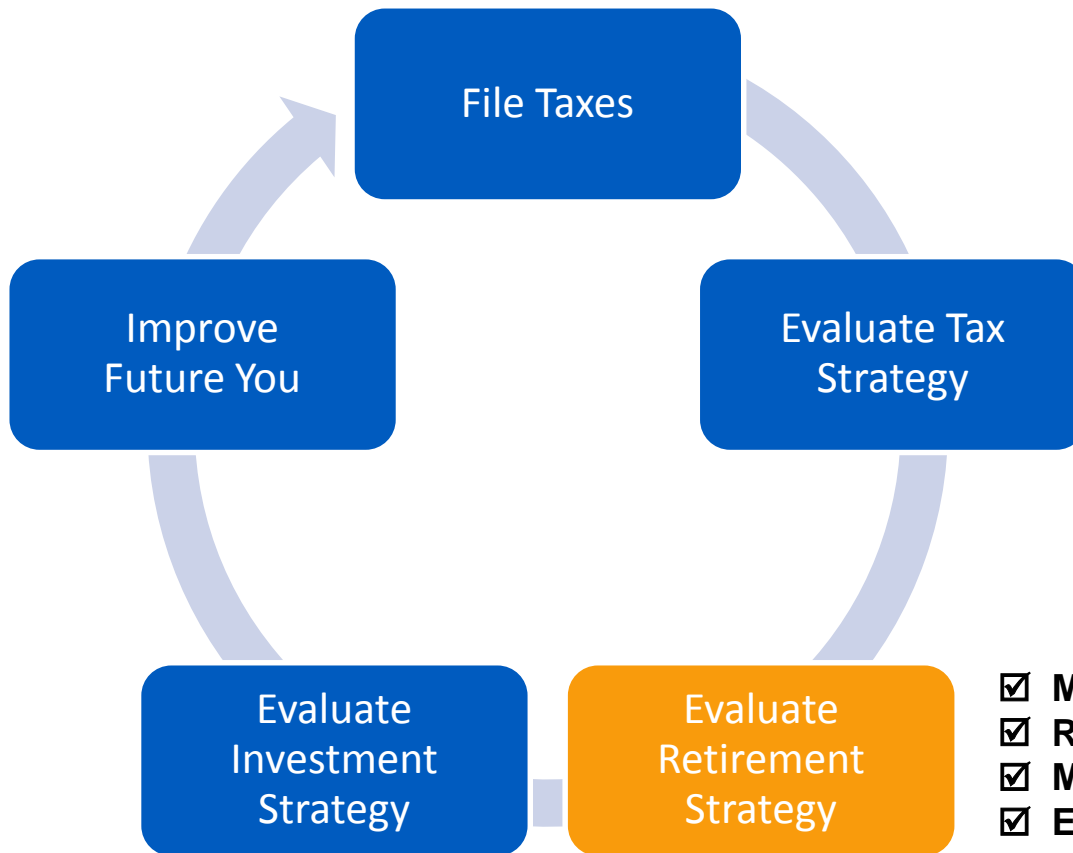
	401(k) Match*	Credit Card	Investment	Mortgage
Interest Paid / Received	100.0%	18.0%	8.0%	4.5%
Tax effect @ 25%	--	0.0%	-2.0%	-1.1%
Net Paid / Received	100.0%	18.0%	6.0%	4.9%

\* Assumes 100% matching of first 3% of your pre-tax 401k contributions

# Planning Bonus

- **Estate Planning Tip:** While reviewing retirement documents, check beneficiary information to ensure it is accurate and up to date.

# 360-Degree View



- ☑ Maximize deferral opportunities
- ☑ Reduce unnecessary complexity
- ☑ Maximize Social Security benefits
- ☑ Ensure sustainable withdrawals

# Where do you want to be in Retirement?

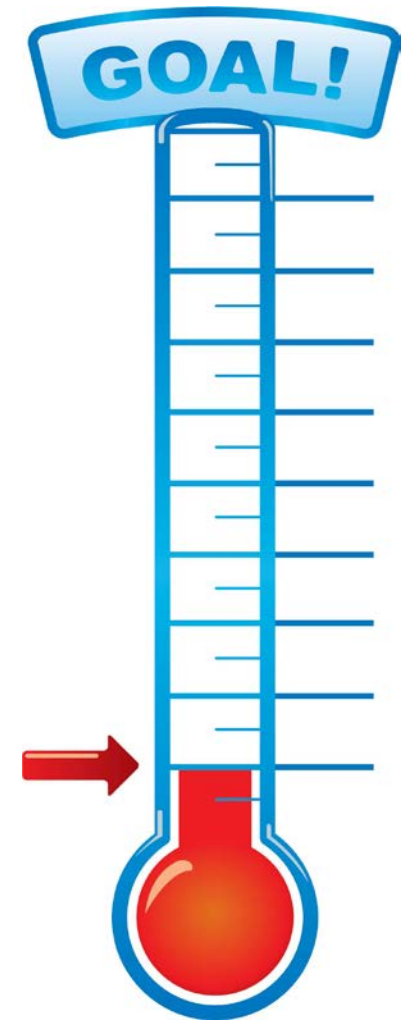
What lifestyle do you want?

How will your expenses change?

Are you planning for medical expenses?

Do you have an overall game plan?

Taxes: Start Your Money Plan Here



# Retirement—Planning

## ■ Key Questions:

- **Do you have a plan for retirement?**
  - Divide your total spending by 3-4%
- **Are you maximizing deferral opportunities?**
  - 401(k), 457, 403(b), IRA
- **Do you have multiple retirement plans?**
  - Consider consolidating them.
- **Have you considered a Roth conversion?**
  - Run the numbers on your plan

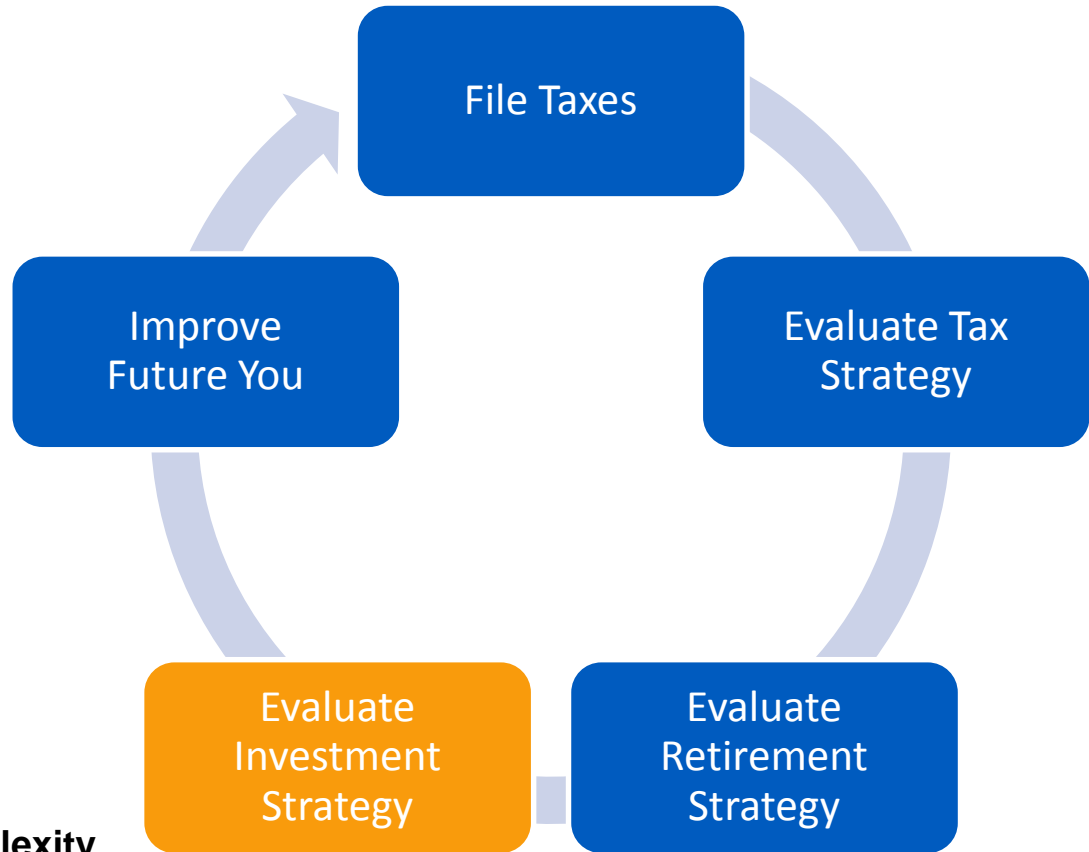


# Retirement—Distributions

## ■ Key Questions:

- **Are you withdrawing at a sustainable rate?**
  - Don't run out of money before you run out of life expectancy.
- **Are you taking required minimum distributions?**
  - Over 70 ½ you have to take a required minimum distribution.
- **Are you drawing from the right place?**
  - Pull money from the right pool for tax efficiency.
- **Are you maximizing Social Security benefits?**
  - Know rules for spouses, divorcees.

# 360-Degree View



- ☑ Review asset allocation
- ☑ Match returns to goals
- ☑ Manage risk
- ☑ Reduce unnecessary complexity

# 2016 Federal Tax Brackets

2016 Federal Taxable Income Brackets and Rates				
Ordinary Tax Rate	LT Capital Gain tax bracket	Single Filers	Married Joint Filers	Head of Household Filers
10%	0%	\$0 to \$9,275	\$0 to \$18,550	\$0 to \$13,250
15%	0%	\$9,275 to \$37,650	\$18,550 to \$75,300	\$13,250 to \$50,400
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39.6%	20% +NIIT	\$415,050 +	\$466,950 +	\$441,000 +

Source: Internal Revenue Service

# Investments

Is your plan consistent with your goals?

Does asset allocation consider risk tolerance?

Are your investments tax efficient? (How much capital gain are you paying annually? What about NIIT and Alternative Minimum Tax?)

Have you considered the safety of your assets?

Does your asset allocation consider cash flow?

Taxes: Start Your Money Plan Here

# Investment Considerations

## ■ Key Questions:

- **Are you properly diversified?**
  - Risk and return are married.
- **Do you have enough cash?**
  - Emergency cash reserve
- **Do you have too much cash?**
  - Balance inflation with interest rates.
- **Do you have too much cash in one bank?**
  - Watch FDIC limits.

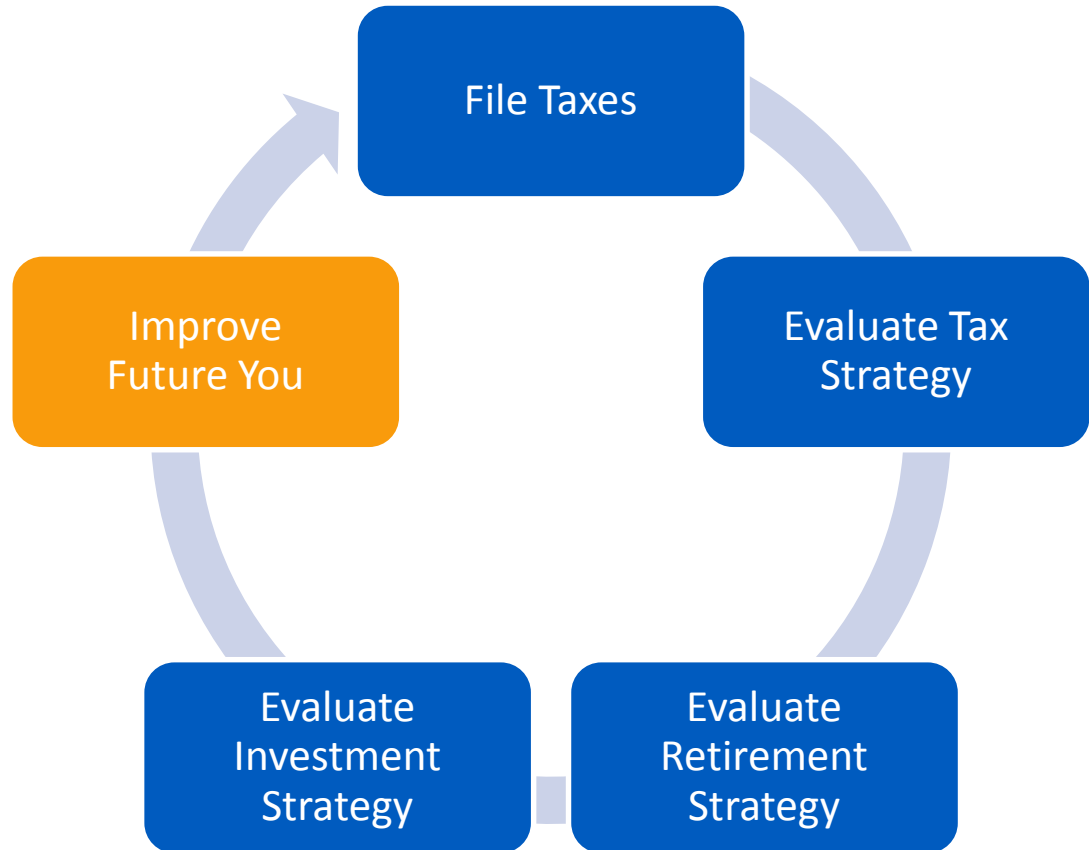
# Investments

## ■ Key Questions:

- **Are investment decisions coordinated with tax planning?**
  - Lower capital gains rates; Medicare tax
  - Asset location: where are you holding taxable vs tax free investments
- **Are you harvesting losses?**
  - Offset capital gains by taking losses.
- **Are you carrying losses forward?**
  - Reduce your future tax bill.

# 360-Degree View

- ☑ Assess insurance needs
- ☑ Review estate plan
- ☑ Create an emergency fund



# Future You

Have you set clear goals?

Do you have protection for your family and assets?

Are you ready for emergencies?

Taxes: Start Your Money Plan Here



# Future You

## ■ Planning is only as good as your goals.

- Know where you're headed.
- Develop a clear picture for retirement.
- Evaluate the education needs of your children.
  - Will you pay the entire cost of tuition?
  - What percentage will you commit to?
- It is a continuous process, not a one time event

## ■ Protection is as important as planning.

- Without proper insurance you could jeopardize all the saving and planning you have done.
- Estate planning is not just for the wealthy. It's for everybody.
- An emergency fund helps bridge difficult times.

# Future You

## ■ Planning your personal cash flow feedback loop

- Manual vs system
- Who is “in charge” of it
- How often to review
- Make it fun – find a way

## ■ Don't forget the Non-Financial you

# Where to Turn for Help

# A CPA Financial Planner and a CPA/PFS are trusted advisors who...

- Operate at the highest professional level when delivering PFP services to clients, acting in the clients' best interest.
- Adhere to high standards as required by the Code of Professional Conduct and the Statement on Standards in PFP Services through the application of objectivity, integrity, due care and competence required by CPAs.
- Are regulated by state boards of accountancy.
- Integrate advanced planning concepts, including tax and business considerations, with the entire financial plan.

# Resources

- [findacpapfs.org](http://findacpapfs.org)
- [aicpa.org/pfp/consumer](http://aicpa.org/pfp/consumer)
- [360financialliteracy.org](http://360financialliteracy.org)
- **Among them:**
  - Checklists to use with your own return.
  - Today's PowerPoint presentation.
  - Archived recording of today's webcast.
  - Tips on choosing the right financial advisor.

# Questions?