

Analysis of a Tax Return for Personal Financial Planning

Your tax return is the roadmap to your life goals. This checklist walks you through your tax return to assist you in creating a comprehensive financial plan. When considering new strategies or a change in your current direction, use the resources found at 360financialliteracy.org to assist you. If your situation is complex, it is always helpful to seek advice from a CPA financial planner or CPA/PFS to ensure that the pieces of the puzzle fit together for a solid "big picture" financial plan.

Done	Dependents	Notes
	Do you have children?	
	Are you contributing to 529 plans?	
	Do you do any gifting to your children?	
	Can you shift some income to your children to take advantage of their low tax rate?	
	Do you file gift tax returns or have you in the past?	
	Do you have elderly parents whom you care for?	
	Have you reviewed the dependency rules to make sure you can claim them as dependents?	
	What type of future financial commitment do you expect from providing this care?	
	Are your estate planning documents up to date?	
Done	Income	Notes
	What is the source of the majority of your income?	
	List the different sources such as wages, self-employment, partnership, etc.	
	Are you able to contribute to a 401k plan or some other type of salary deferral retirement plan?	
	Are you maximizing the benefits of saving through a 401(k), 457, 403(b), SEP, or IRAs?	
	Do you have income from a retirement plan still held with former employers?	
	Consider a rollover of funds to an IRA or consolidating IRAs.	
	Do you have social security income?	
	Have you thought about when you should begin taking social security income?	
Done	Schedule B: Interest and Ordinary Dividends	Notes
	What are the sources of your interest income?	
	If it's taxable, does it come from bonds, CD's, savings accounts, etc?	
	If it's tax-exempt, is it taxable in your home state?	
	If the source is savings accounts, consider the FDIC insurance limits.	
	What is your current cash balance and do you have an emergency fund?	
	What are the sources of your dividend income?	
	What percentage of dividend income is from mutual funds? From stocks?	
	Is your portfolio concentrated in one stock or is it well-diversified?	
	What types of stocks or funds are generating the dividend income?	
	Are there alternatives to the investments you see here?	
	How are assets custodied?	
	How are the assets titled?	
	Consider the tax efficiency of the investments.	
	What would be the impact of a market downturn on these investments?	
	Has the dividend or interest income dramatically increased or decreased since last year? If so, why?	
	Consider the amount of interest income compared to dividend income and how this represents the underlying portfolio.	
	What is the tax impact of investment income and the impact of potential changes to the tax law on your situation?	
Done	Schedule C: Profit or Loss from Business	Notes
	Do you have Schedule C income?	
	Do you have any type of succession plan in place?	
	Do you have a retirement plan and have you considered the different options available?	
	Are there income shifting opportunities available among the different family members?	
	How does the business structure (LLC, Corporation, LLP, etc.) impact you from a risk management perspective?	
Done	Schedule D: Capital Gains and Losses	Notes
	Do you have capital gains/losses reported on Schedule D?	
	Do you have loss carryforwards?	
	Do you have substantial trading activity? Do you understand the fees/expenses involved?	
	How can loss harvesting benefit you as a part of ongoing wealth management?	
	Is there a coordinated tax plan in the sales?	

Done	Retirement Plans/Distributions	Notes
	Do you have retirement plan distributions?	
	Are you taking any required minimum distributions? (Remember the suspension of RMD's in 2009)	
	Do you have substantial employer stock in a 401k? If so, consider a Net Unrealized Appreciation election.	
	Do you know all of your beneficiary elections and are you sure the paperwork is filled out properly?	
	Do you have a plan for which accounts you are taking money from to meet cash flow needs?	
	Have you considered the potential benefits of a Roth conversion?	
	What is your current withdrawal rate, or the percentage of your total portfolio that you need for cash flow annually?	
	Do you think that this withdrawal rate is sustainable?	
Done	Schedule E: Supplemental Income and Loss	Notes
	Do you have income flowing through from an LLC, S-Corp or partnership?	
	Are there any valuation issues that could be associated with these activities?	
	How will the recent IRS challenges of family entity discounts impact you?	
	How do any hedge funds, venture capital, or other alt investments fit into your overall investment allocation?	
	Do you own any rental real estate properties?	
	Consider risk management of these properties.	
	Who are these properties owned by and what is the ownership type?	
	Have you considered the estate planning impacts of the properties?	
	How will passive activity loss rules impact you?	
	Do you have income flowing through from a trust?	
	What assets are being managed in this trust?	
	Who is the trustee of the trust and how did you choose them?	
	What is the purpose of the trust arrangement?	
	Do you have negative basis in any of these entities?	
Done	Itemized Deductions	Notes
	Do you make substantial charitable contributions?	
	Have you considered making contributions with appreciated securities?	
	Consider the timing of contributions to decide how to maximize the benefit.	
	How does the use of CRUTs, Private Foundations, and Charitable Lead Trusts impact you?	
	How do Donor Advised Funds apply to you?	
	If you are over 70 1/2, have you considered the use of an IRA distribution direct to charity?	
	Do you have a significant state tax deduction?	
	How will the growing importance of state taxes impact you?	
	Do you have multiple residences or any reason to believe you might run into residency issues?	
	Do you ever owe taxes in other states? In your situation, what could give rise to such a tax liability?	
	Do you deduct substantial medical expenses?	
	If you take a deduction for long-term care insurance do you understand your coverage and whether it's appropriate?	
	What is your current health insurance coverage?	
	How do the medicare rules impact you?	
	Do you itemize miscellaneous deductions?	
	Are your investment fees reasonable or excessive?	
	What other expenses do you deduct?	
	Do you have miscellaneous deductions that are subject to the 2% AGI limit?	
	Have you considered planning opportunities to avoid the loss of deductions?	
	Do you have interest expense that is being deducted?	
	Are you taking the maximum benefit of the mortgage interest deduction?	
	Consider planning and refinance opportunities related to mortgage interest.	
	How much mortgage interest have you deducted in total? Are you close to exceeding the limit?	
	Understand the investment interest expense carryover rules and what qualifies as investment interest expense.	
Done	AMT: Alternative Minimum Tax	Notes
	Are you in AMT or have you been in the past?	
	What events triggered the AMT liability?	
	Consider any planning opportunities that can be used to minimize the AMT impact.	
	Are you impacted by the rules of exercising ISOs?	
	Do you have a minimum tax credit carryforward? If so, when was it generated?	

Use the resources found at 360financialliteracy.org to assist you or seek advice from a CPA financial planner in understanding the many facets of a comprehensive financial plan.