

FROM TAX PREP TO TAX PLANNING



3 STEPS TO BECOMING THE SUPERHERO YOUR CLIENTS NEED

It seems every tax preparer is interested in ways to make the work easier, more lucrative, and more rewarding.

And there's no shortage of ideas and routes to get there, but many seem overwhelming and out-of-reach.

Here's a simple way to add Tax Planning to Tax Prep, at whatever pace you like, AND protect your clients from harm.



1. Gather more information

Efficient tax planning involves retirement assets, inheritances, annuities and a few other facts not gathered for tax prep.

A simple “Additional Items for Tax Planning” form can be used.

It can be gathered at tax time or after busy season.

It can also be outsourced.

Here’s one I like to use.



Taxed as they grow. Send you 1099s.

"Pre-Tax. Reduce current taxes.

No taxes when accessed in retirement.

| Taxable Accounts | | | |
|------------------|-------------------|-------------|----------|
| Account Type | Values | Contr. | Location |
| Checking | \$ 12,000 | | BoA |
| Savings | \$ 39,000 | | BoA |
| Brokerage1 | \$ 17,500 | | Merrill |
| Brokerage 2 | \$ 61,000 | | Merill |
| Brokerage 3 | \$ 127,000 | | Vanguard |
| | | | |
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| | | | |
| | | | |
| | | | |
| Total | \$ 256,500 | \$ - | |
| Ideal | \$ 50,000 | | |

| Tax Deferred Accounts | | | | |
|-----------------------|--------------------|------------------|------------------|----------|
| Account Type | Values | Contr. | Match | Location |
| LeAnn's - TSP | \$ 460,000 | \$ - | \$ 3,000 | TSP |
| Kevin - IRA 1 | \$ 168,000 | \$ - | \$ - | Vanguard |
| Kevin - IRA 2 | \$ 286,000 | \$ - | \$ - | Vanguard |
| Kevin - 401k | \$ 58,500 | \$ 18,000 | \$ 7,200 | Fidelity |
| Leann - 457 | \$ 85,000 | \$ 26,000 | \$ - | Fidelity |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| | | | | |
| Total | \$1,057,500 | \$ 44,000 | \$ 10,200 | |
| Ideal | \$ 0 - 50,000 | | | |

| Tax Advantaged Accounts | | | |
|-------------------------|------------------|------------------|----------|
| Account Type | Values | Contr. | Location |
| LeAnn - Roth TSp | \$ 850 | \$ 20,400 | TSP |
| HSA (Eligible!) | \$ - | \$ - | n/a |
| Kevin - Cash Value | \$ 90,000 | \$ - | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| | | | |
| Total | \$ 90,850 | \$ 20,400 | |
| Ideal | | | |

ADD RELEVANT NOTES:

Ages – Years to retire 57/55 - 5/5
 Household Income 214,000
 Taxable Income 174,000
 Ann. spending needs 100,000
 Ideal Tx balance? 50,000

Marg Bracket 22%
 Room to 32% 190,200
 Co Roth Opts TSP only
 SS? Both
 Pensions? Y-LeeAnn

LTC? None
 Home equity 700,000
 Ch/G-kids 2/0
 Net Worth 2.1M
 Life Ins. In force 1M/500K

2. Use AI to create talking points and recommendations for tax saving strategies.

Focus on ***lifetime*** taxes. Compare hypothetical 'lower future tax rates' to 'higher future tax rates'.

Ask AI about various succession strategies, or estate strategies that should be considered.

This is not Financial Planning, nor Legal Advice. The goal is to start tax conversations that are appropriate, that otherwise may never happen or, worse, be started by a financial product salesperson.



3. Collaborate and Outsource as you gain traction, knowledge and experience

Position yourself as the quarterback, focus first on tax planning, and involve other experts after you've established your role as first and last voice for your Client.

Have other advisors convince both you and your Client before anything is implemented. Your Client will absolutely LOVE that. So will the outside expert, if they are truly good.

You will learn more than you ever thought possible. You will be more valuable with each successive Client engagement.



Keys to Success

K.I.S.S – This is not Financial Planning; it is Tax Planning. No additional education, credentials or licensing is required if you call it what it is.

Work with Client's existing advisors (if that is Client's preference) but use TAXES – Client's biggest pain point - to take the lead role.

Look for solid experts (legal, financial planning, investments, insurance) to introduce, when using existing advisors is not the Client's preferred route.

Start slowly, with 1 to 5 favorite Clients. Gauge their acceptance, enthusiasm, involvement and satisfaction. Increase pricing accordingly.



Keys to Success – cont.

Get comfortable, enjoy the ride! This is NOT rocket science. AI will quickly and inexpensively assist you to add new knowledge and avoid missing important things. This will be a fun change of pace!

Have someone review your thoughts/work before you hold your first several planning sessions. Treat those sessions as “exploratory” and “educational”, earning Client’s trust and interest. Avoid immediate recommendations. Instead, identify and prioritize concerns & goals.

Let your actions convince Client that you are not selling anything, you are on the same side of the table (if/when someone IS selling something), and you only want what is best for them.



Will This Work? – cont.

I've done it myself. I went on to add CFP and other credentials, and to get licensed and sell financial products and strategies – but that is continuing this journey to an extreme, which most Tax Pros will never want nor consider.

I've added six figure annual incomes to small CPA firms through collaboration and coaching.

I've developed many tools that can make it easier, without costing you time.

It is completely self-paced, and extremely rewarding to know you've protected clients from mistakes due to ignorance and/or bad advice.



Will This Work? – cont.

The Form 1040 is the ultimate common denominator for every taxpayer, a statement of income and (certain) expenses, that determines how much they must pay Uncle Sam.

Though most don't understand the rules, and need help to even file one, they get what it is.

Adding a semblance of a balance sheet or net worth statement, plus some personal goals and circumstances is a game changer, that any numbers person (you) can easily grasp and explain.

I believe it may be the easiest venue for breaking away from the tax prep horror show, protecting clients, increasing revenue and actually enjoying the work.





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