

# 12-POINT TAX RETURN REVIEW CHECKLIST

WE REVIEW THE FOLLOWING TWELVE ITEMS IN DETAIL FROM YOUR TAX RETURN FOR TAX PLANNING PURPOSES. OUR THOUGHTS ARE SENT TO YOU ALONG WITH YOUR TAX OBSERVATION REPORT, WHICH PRESENTS NUMEROUS KEY FINDINGS FROM YOUR TAX RETURN.

## 1. MARGINAL TAX RATE

The marginal tax rate is the tax rate paid on the next dollar of ordinary income, so it gives us an idea of which tax bracket you are in and assists us in tax planning, such as whether we should take an IRA distribution in a "low income year."

## 3. CARRY FORWARD LOSSES

Carry forward losses move your capital losses (from sales of stock) to a future year to reduce future tax liabilities. This can provide a great planning opportunity.

## 5. CAPITAL GAINS

Long-term capital gains are taxed at a more preferential rate than your ordinary income, which is helpful when selling stocks.

## 7. ROTH CONVERSION OPPORTUNITIES

Have you considered a Roth conversion to guarantee tax-free and RMD-free income in retirement? We use industry-leading technology to find the optimal Roth conversion amount that would allow you to build your Roth balances and fill your current marginal tax bracket "bucket."

## 9. NET INVESTMENT INCOME TAX (NIIT)

The NIIT applies to taxpayers with MAGI over \$200,000/\$250,000 (single filers/ married filers). This 3.8% tax is applied to the lesser of investment income or the amount over the MAGI threshold and often comes as a surprise to higher income clients

## 11. PHASEOUTS

There are fifty tax credits available, but they are subject to a variety of income phaseouts. We believe you should take advantage of all available tax credits and that you should know whether you are in a phaseout range so we can plan accordingly.

## 2. AVERAGE TAX RATE

The average tax rate is arrived at by dividing the total tax paid by total income. This helps us to better understand your overall tax picture.

## 4. IRMAA SURCHARGES

Medicare Income-Related Monthly Adjustment Amount (IRMAA) is the extra surcharge based on income and added to your Medicare premiums. These additional charges can be unexpected, and we look to decrease income (where possible) and otherwise plan around them.

## 6. QUALIFIED DIVIDENDS (OF TOTAL DIVIDENDS)

Qualified dividends are dividends that are taxed at capital gains rates as opposed to your ordinary income rate, which is generally higher. The higher the percentage of qualified dividends to total dividends, the more tax-efficient your portfolio is.

## 8. ITEMIZED VS. STANDARD DEDUCTION

Did you take the Standard Deduction when taking an Itemized Deduction could have been more beneficial for you? We consider planning strategies (such as "bunching") and we look to make sure Itemized Deductions are taken when appropriate.

## 10. QUALIFIED BUSINESS INCOME (QBI) DEDUCTION

The 2017 Tax Cut & Jobs Act (TCJA) includes a 20% tax deduction for pass through businesses (subject to some requirements). All small business owners should be aware of this tax savings opportunity.

## 12. REVIEW OF CREDITS AND DEDUCTIONS

We believe you should be aware of your income as well as all of the tax deductions and tax credits you claimed.

WE TAKE OUR CLIENTS' TAX RETURN ANALYSIS AND REVIEWS VERY SERIOUSLY. THE ABOVE TWELVE ITEMS ARE CRUCIAL FOR CLIENTS TO KNOW ABOUT THEIR FINANCIAL STATUS. AFTER ALL, A TAX RETURN IS THE MOST ACCURATE DOCUMENTATION PEOPLE HAVE IN TERMS OF INCOME AND TAXES PAID. WE DO OUR BEST TO WORK WITH YOU AND PRESENT THE INFORMATION IN THE MOST HELPFUL WAY POSSIBLE.