

Month Ten

From Job Changes to Secret Loans: What You Might Be Missing Without a Year-End Client Meeting

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With Q4 upon us and year end client meetings in full swing, you should have a thoughtful meeting agenda in place that includes the critical tax planning items you want to be discussing with every client before the year comes to a close.

To help get you started, we've identified the five things you should be reviewing and discussing with your clients at their year end meetings!

For your year end meetings, you should:

1. Develop a Comprehensive Meeting Agenda
2. Review Tax Returns & Use Tax Report 2.0
3. Utilize the Tax Report to Expand Your Wallet Share
4. Discuss Roth Conversions
5. Review the Six Year-End Tax Planning Strategies

Stay tuned for the bonus material at the end!

1

Develop a Comprehensive Meeting Agenda

Year End Client Review Agenda

Client Review Agenda



1. How are you doing?

- What are you most proud of?
 - Anything new we should know about?
 - How is your health?
-

2. Your Financial Plan

- Review your WealthMatch financial plan and any updates.
 - Have any of your goals changed?
 - Are any financial issues causing you stress now? If so, what can we do to help?
-

3. NEW Security Protocol

- Do you currently have a Power of Attorney (POA) in place?
 - Did you sign and submit your trusted contact information to us?
 - Did you choose a unique code phrase?
-

4. Asset Allocation and Portfolio – What’s Working, What’s Not

- Review Taylor Financial Group’s “House View” and New Ideas.
 - Review broad asset-class exposure, as it is a key determinant of portfolio returns.
 - Are you holding large amounts of outside cash? Does it make sense to deploy that cash?
-

5. Tax Planning and Estate Planning

- Review IRA balances and SECURE Act.
 - Discuss Roth conversions, if applicable.
 - Discuss current tax proposals and explore TCJA of 2017 Sunset at the end of 2025.
 - Discuss building family wealth and saving lifetime taxes to achieve tax-free growth for you and your heirs.
-

6. NEW Process for Uploading Documents

- Are you aware of our new process that allows you to securely upload your documents with a link?
-

7. Helping Friends & Family

- Do you feel that we have helped you achieve more peace of mind with your finances?
- Can you think of anyone that could benefit from our services?

Providing Next Level Service & Enhancing Security



- In addition to the standard investment, financial planning, and tax planning discussion items on the meeting agenda, we proactively implemented additional security protocols for our clients to help provide them greater financial protection and piece of mind. This includes:
- **Adding Trusted Contacts to Custodial Accounts:** This allows for an additional layer of security and communication in case of suspected fraud or if you become unavailable.
- **Confirming that Power of Attorney (POA) Documents Are in Place:** Up-to-date POAs are critical in the event of incapacitation so that designated individuals can act on your client's behalf if needed.
- **Creating a Unique Code Phrase:** This adds an extra layer of verification for any instructions or requests.

2

Reviewing Tax Returns & Using Tax Report 2.0



12-Point Tax Return Review Checklist

TFG reviews the following twelve (12) 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. Read more to find out what we consider when analyzing your tax return.

1. Marginal Tax Rate

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

2. Average Tax Rate

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

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.

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.

5. Capital Gains

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

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.

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."

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.

9. Net Investment Income (NII) Tax

The additional Net Investment Income (NII) tax is for single individuals who have MAGI above \$200,000, and married taxpayers who have MAGI above \$250,000. The income over the limit is taxed at 3.8% and is often a surprise to higher income clients.

10. Qualified Business Income (QBI) Deduction

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

11. Phaseouts

There are fifty (50) tax credits that are 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.

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 (12) 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.

▶▶ Let us help you on your financial journey!

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This material is for general information only and is not intended to provide specific advice or recommendations for any individual. To determine what is appropriate for you, consult a qualified professional.

Converting from a traditional IRA to a Roth IRA is a taxable event.

For a comprehensive review of your personal situation, always consult with a tax or legal advisor. CWM, LLC provide legal or tax advice. This information is not intended to be a substitute for specific individualized tax advice. We suggest that you discuss your specific tax issues with a qualified advisor.

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- We summarize the Tax Observation Reports and send personalized emails to our clients explaining key points from the Reports.
- These are the topics covered in the Tax Analysis Cover Email:

- Key Figures & Analysis
- Observations
- Standard vs. Itemized Deductions
- Qualified Charitable Distributions
- Required Minimum Distributions
- Qualified Business Income
- Carry Forward Losses
- Net Investment Income
- Medicare
- Health Savings Account
- Taxation of Large IRAs and Roth Conversions

Enable the Updated Tax Report 2.0 (Beta) and Explore New Features

While Version 2.0 of the Tax Report is still in beta, you can toggle back and forth between Version 1.0 and 2.0 by clicking on the toggle switch seen near the top-right of your Tax Report.

Your firm's admin will first need to enable access to Tax Report 2.0 under their "settings" tab >> "security settings."

Tax Report 2.0 Beta ←

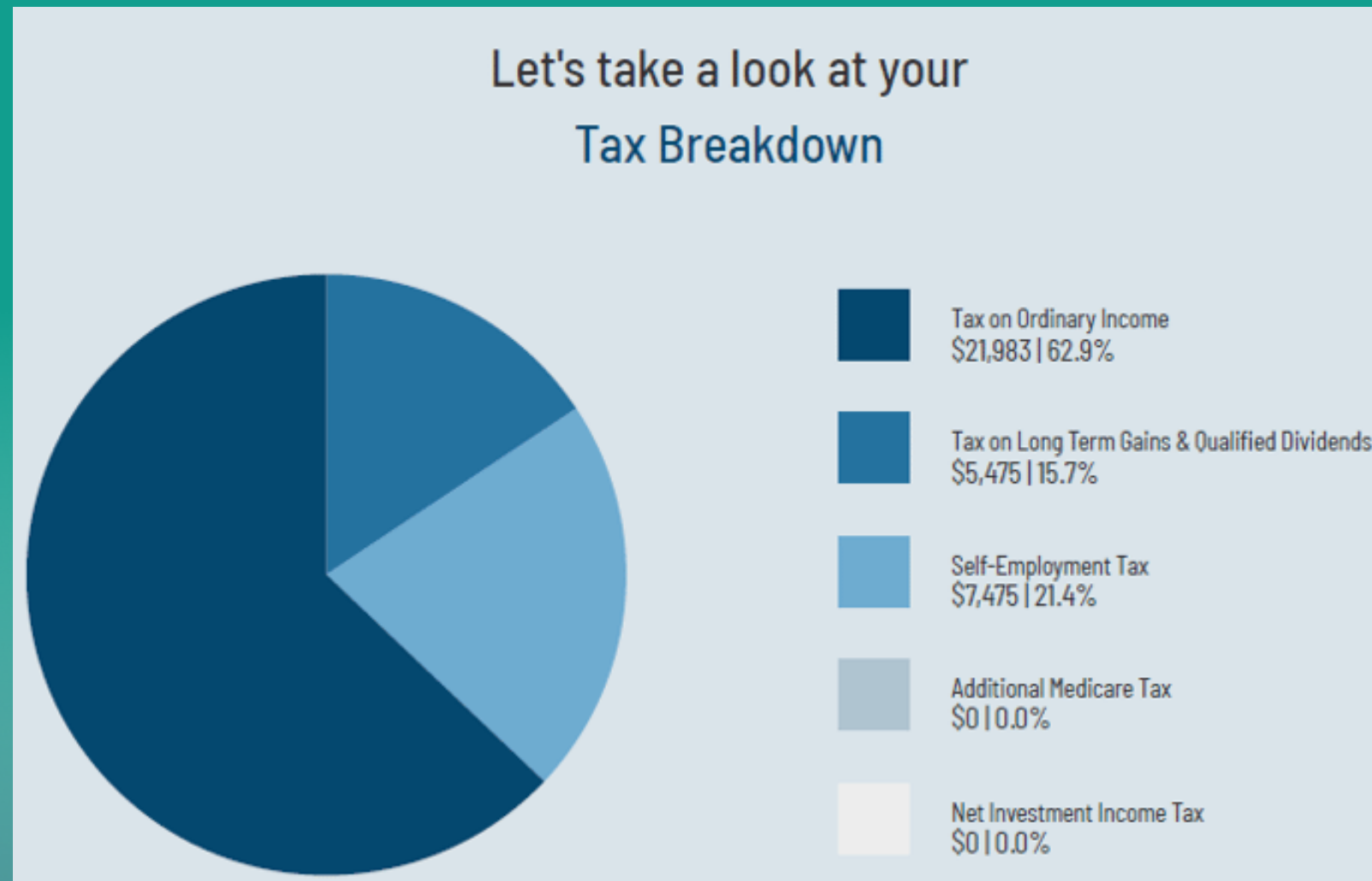
Opt your firm in to the newest version of our Tax Report

Users will then be able to toggle back and forth between 1.0 and 2.0

Your firm has enabled access to a new version of the Tax Report. Click [here](#) to set your default view to version 2.0.
You may also temporarily switch between views with the options below.

Tax Report 1.0 | Tax Report 2.0 | Reset to default

Review the Tax Breakdown in the Updated Tax Report 2.0 (Beta)



- The updated Tax Report 2.0, Holistiplan now includes a Tax Breakdown chart that shows a breakdown of the client's total tax bill.
- The Tax Breakdown chart separates income tax between the two forms of taxable income, ordinary income and qualified income [long-term capital gains (LTCG) and qualified dividends], as well as other taxes like Self-Employment Tax, the Net Investment Income Tax (NIIT) and Additional Medicare Tax.

- The Tax Report 2.0 now includes a chart dedicated to the tax efficiency of investment income on a client's tax return.
- Users can see what portion of the clients' Ordinary (total) Dividends are qualified and therefore eligible for taxation at the more favorable long-term capital gain rates.
- Users also have an “at-a-glance” look at the amount of taxable vs. tax-exempt interest, and how much of net capital gains are short-term (and taxed at ordinary income rates) and long-term (and taxed at the more favorable long-term capital gains rates).



Dear [REDACTED]

Thank you for providing us with your 2023 Tax Return! Please see attached for your **2023 Tax Analysis & Observations Report**. This document reviews the “Key Figures” and pertinent information about your 2023 tax year and provides insight and recommendations regarding your 2023 Tax Return. Please note we have also included a **Tax Comparison Report** that reviews your 2023 tax return and compares it to your 2022 tax return.

Key Figures & Analysis
 At the top of Page 1 is a summary of your **Key Figures** that sets forth critical information from your 2023 Tax Return. Please note your marginal tax rate, which is different from your average and effective tax rates. Your marginal tax rate is the tax rate charged on every **additional** dollar of income over a certain threshold, while your average tax rate is the share of income you pay in taxes.

You can also see your total income, taxable income, and total Federal taxes paid in this section. As you scroll through the Report, please also note your capital gains and dividend breakdowns, as well as your MAGI tiers.

Observations
 On Page 2 of the **Observations** Report, you will find strategies for decreasing your taxable income and itemizing your deductions based on your 2023 Tax Return, among other things. Please let us know if you would like to act on any of the observations within the Report or below.

Standard Deduction vs. Itemized Deduction
 You took the Standard Deduction in 2023. We would like to note that itemizing your deductions in future years could benefit you from a deduction standpoint. However, because of the significant increase to the Standard Deduction for individuals after the enactment of the 2017 Tax Cut and Jobs Act, it is estimated that about 90% of taxpayers claim the Standard Deduction on their federal tax returns each year.

Itemized Deductions can include state and real estate taxes, mortgage interest, medical expenses, charitable contributions, and other miscellaneous deductions. As an example, should you have higher medical expenses in a given year, you may consider taking an Itemized Deduction. **Another strategy to consider is bunching your deductions where you try to time your deductions and itemize one year and then you take the standard deduction the next year.** This will allow you to itemize every other year and benefit you by reducing taxes paid. Please contact us if you would like to discuss this item further.

2024 Required Minimum Distribution – RMD
You have already satisfied \$109,552.24 of your \$199,226.85 RMD for 2024. As discussed and requested, these are being taken care of via systematic distribution on the 1st of each month (\$20,000 gross each).

Net Investment Income Tax – NIIT
 You were subject to a Net Investment Income tax (NIIT) in 2023 because your Modified Adjusted Gross Income (MAGI) was over the limit. The NIIT tax comes into play when Married Filing Joint (MFJ) filers have a MAGI above \$250,000 (above \$200,000 for Single filers). When this happens, the lesser of the excess amount over the MAGI limit or Net Investment Income gets taxed at 3.8%. **You paid an additional tax of \$613.**

Medicare IRMAA Surcharge
 The Medicare “Income-Related Monthly Adjusted Amount” or “IRMAA” is an extra charge added to your monthly Medicare Part B and Part D premiums and varies based on your income. Medicare coverage began at age 65 and is **backwards looking**. Of the four major programs, Medicare Part B & D includes **IRMAA surcharges** which are partially dependent on your income reported **two years ago** on your federal tax return (your surcharge for 2025 is based on your Modified Adjusted Gross Income (MAGI) on your 2023 tax return). One thing to note is that **once you hit a MAGI limit, you will be subject to the additional premiums no matter what (you could be \$1 over and be hit with the additional surcharge).** This is referred to as a “cliff” tax, as opposed to a “marginal” tax.

Being that the IRMAA surcharge is based on your MAGI from two years prior, you can request an appeal of IRMAA surcharges through the Social Security Administration (SSA) if your income has changed due to a life-changing event (marriage, divorce, death of a spouse, work stoppage, work reduction, loss of income-producing property, loss of pension income and employer settlement payment). **The appeal is most useful in the year of retirement as the Medicare surcharge would be based on income while still working, which is often higher. The appeal can also be useful if there is a recent death and income is reduced.** The way to file the appeal is with Social Security Form SSA-44. Please let us know if you have any questions and if you would like assistance in completing and submitting the form.

Taxation of Large Traditional IRAs & Roth Conversions
 The SECURE Act, passed in December of 2019, requires most **non-spouse beneficiaries** to deplete Inherited IRA accounts (inherited after December 31, 2019) within ten (10) years after the initial account owner’s passing. The distributions from Beneficiary IRAs are taxed at the Beneficiary’s **ordinary income tax rate**. Depending on the value of the Beneficiary IRA, this can create large tax burdens on non-spouse beneficiaries while in their prime earning years (40-60 years old).

According to our records, your Traditional IRA and pre-tax retirement plan balances are approximately \$4,850,000. Per our communications, you are not looking to perform any Roth conversions this year as you are already in the 35% tax bracket, filing Single, and plan to take large withdrawals from your IRAs to help Matthew. However, we will continue to review this item each year and if your feelings change, please let us know. As a reminder, we would like to consider on an annual basis opportunities to decrease the large Traditional IRA balance, whether through distributions or Roth conversions or both.

As an aside, we have attached a checklist for your review named **Retiree – What Issues Should I Consider When Reviewing My 2023 Tax Return**. This checklist reviews some items to consider when reviewing your 2023 tax return.

Please contact us if you have any questions!

SECURED EMAIL

We summarize the Tax Observation Report as provided and send personalized emails to our clients explaining the key points. We provide a more detailed and customized email for our larger clients (A+, A, and B) and simpler emails for our smaller clients (C & D).

3

Utilize the Tax Report to Expand Your Wallet Share

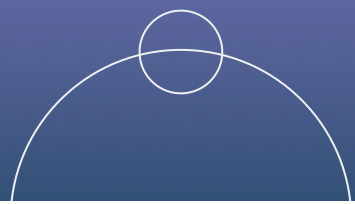
Have you increased wallet share through tax planning?



Yes



No



12 Ways We Use The Information in Our Clients' Tax Returns:

- 1 Roth Conversions
- 2 Tax Loss Trading
- 3 Capital Gains Harvesting
- 4 IRA Distribution Planning
- 5 Asset Location Analysis
- 6 Increasing Wallet Share
- 7 Cash Flow Planning
- 8 Retirement Plan Review
- 9 Financial Plan Updates
- 10 Gifting Strategies & Legacy Planning
- 11 Estate Planning
- 12 Reviewing Cash Holdings

Schedule B Is A Tax Return Gold Mine for Hidden Assets

- Schedule B reveals all client accounts that are producing interest and dividend income.
- By obtaining the tax return, we gain insight into outside accounts and assets that we are not managing!

SCHEDULE B (Form 1040) Interest and Ordinary Dividends OMB No. 1545-0074
 Department of the Treasury Internal Revenue Service Attach to Form 1040 or 1040-SR. Go to www.irs.gov/ScheduleB for instructions and the latest information. **2023** Attachment Sequence No. 08

Name(s) shown on return _____ Your social security number _____

Part I Interest
 (See instructions and the Instructions for Form 1040, line 2b.)
Note: If you received a Form 1099-INT, Form 1099-OID, or substitute statement from a brokerage firm, list the firm's name as the payer and enter the total interest shown on that form.

	Amount
1 List name of payer. If any interest is from a seller-financed mortgage and the buyer used the property as a personal residence, see the instructions and list this interest first. Also, show that buyer's social security number and address:	1
2 Add the amounts on line 1	2
3 Excludable interest on series EE and I U.S. savings bonds issued after 1989. Attach Form 8815	3
4 Subtract line 3 from line 2. Enter the result here and on Form 1040 or 1040-SR, line 2b	4
Note: If line 4 is over \$1,500, you must complete Part III.	
Amount	

Part II Ordinary Dividends
 (See instructions and the Instructions for Form 1040, line 3b.)
Note: If you received a Form 1099-DIV or substitute statement from a brokerage firm, list the firm's name as the payer and enter the ordinary dividends shown on that form.

5 List name of payer:	5
6 Add the amounts on line 5. Enter the total here and on Form 1040 or 1040-SR, line 3b	6
Note: If line 6 is over \$1,500, you must complete Part III.	

Part III Foreign Accounts and Trusts
 You must complete this part if you (a) had over \$1,500 of taxable interest or ordinary dividends; (b) had a foreign account; or (c) received a distribution from, or were a grantor of, or a transferor to, a foreign trust.

	Yes	No
7a At any time during 2023, did you have a financial interest in or signature authority over a financial account (such as a bank account, securities account, or brokerage account) located in a foreign country? See instructions	<input type="checkbox"/>	<input type="checkbox"/>
If "Yes," are you required to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR), to report that financial interest or signature authority? See FinCEN Form 114 and its instructions for filing requirements and exceptions to those requirements	<input type="checkbox"/>	<input type="checkbox"/>
b If you are required to file FinCEN Form 114, list the name(s) of the foreign country(-ies) where the financial account(s) is (are) located:	<input type="checkbox"/>	<input type="checkbox"/>
8 During 2023, did you receive a distribution from, or were you the grantor of, or transferor to, a foreign trust? If "Yes," you may have to file Form 3520. See instructions	<input type="checkbox"/>	<input type="checkbox"/>

For Paperwork Reduction Act Notice, see your tax return instructions. Cat. No. 17146N Schedule B (Form 1040) 2023

Utilize Holistiplan to Streamline Schedule B Analysis

SCHEDULE B INCOME SOURCES

The tax return listed the following income sources on Schedule B:

INTEREST

Description	Amount
BANK OF AMERICA	\$500
ALLY BANK	\$3,000
SCHWAB	\$1,250

DIVIDENDS

Description	Amount
VANGUARD FI	\$10,000
SCHWAB FI	\$12,000

- Within the Holistiplan Tax Report, there is a section that shows you Schedule B income sources for each client.
- Since interest rates have been high in recent years, this report allows us to identify those large, income producing accounts that are not under management.

- Once we find clients with significant Schedule B income sources that we are not managing, we reach out to them via email.
- For example, when the market dipped in July, we proactively emailed clients suggesting they “Put Cash to Work with TFG During this Market Downturn.”
- Now that the Federal Reserve has started lowering rates, it can be helpful to remind clients that their savings accounts could soon have lower interest rates.
- **Through our Wallet Share Project, we have received millions of dollars from existing clients! Money from existing clients is much easier and cheaper to get than finding new clients.**
- **We were initially concerned that clients might feel uncomfortable by our approach. However, when asked, clients expressed gratitude for our proactivity! Everybody wins!**

4

Discuss Roth Conversions

Mapping Out the Roth Conversion Process

- Our analysis process starts as early in the year as possible as soon as we get the clients prior year tax return. This allows us to plan Conversions around favorable events (market drawdowns, lower income / tax-bracket years, etc.)
- We use Holistiplan for the Base Case and current year projections, and then use the Roth Conversion Explainer Tool as well as another technology solution (Income Solver) for the longer-term projection.
- **Regardless, we always return back to Holistiplan to form our final recommendation for the client.**

What is the Roth Explainer Tool?

- Advisors can use the Roth Explainer to demonstrate to a client why a Roth conversion may make sense in the long term.
- By inputting a number of assumptions, the Roth Conversion Explainer projects the balances of the Traditional IRA and Roth IRA and future tax liability.
- **This can help your client see the potential *lifetime benefits* of performing a Roth conversion *today* (especially if they are stuck on the current year tax bill).**

Accessing the Roth Conversion Explainer Tool

1040 INCOME				
Wages	\$	0	\$	0
Other Wage Income	\$	0	\$	0
Tax-Exempt Interest	\$		\$	
Taxable Interest	\$	1,669	\$	1,669
Qualified Dividends	\$	8,015	\$	8,015
Total Dividends (incl. Qualified)	\$	14,838	\$	14,838
IRA Distributions	\$	74,601	\$	74,601
Taxable Pensions and Annuities	\$	43,327	\$	43,327
Roth Conversion	\$	0	\$	350,000
Gross Social Security	\$	40,000	\$	40,000
Taxable Social Security	\$	34,000	\$	34,000



Roth Conversion	\$	350,000	\$
Federal Roth Conversion Withholding	\$		\$
State Roth Conversion Withholding	\$		\$
Roth Conversion used in income tax calculations \$350,000			
Incremental Cost of Roth Conversions: \$90,447			
Roth Conversion Effective Rate: 25.84%			
ROTH EXPLAINER			
CLOSE			

- To access the Roth Explainer, start in the Scenario Analysis screen, and navigate to the Roth Conversion Worksheet by clicking on the Roth Conversion line within the "1040 Income" section as circled above. You will then see the purple Roth Explainer button pop up to launch the Roth Explainer wizard.

Entering Assumptions

- Once you access the Roth Explainer, you will be prompted to enter assumptions. This includes the breakdown of assets, the Roth conversion amount, general tax, inflation, and return assumptions, spending, life expectancy, and income assumptions.

Assets

Taxable Assets \$390,000	Cost Basis \$290,000
Client 1 Tax-Deferred Assets \$2,100,000	Client 2 Tax-Deferred Assets \$600,000
Roth Assets \$1,500,000	

Roth Conversion





Values are sourced from Scenario Analysis

Client 1 Roth Conversion Amt \$350,000	Client 2 Roth Conversion Amt
Roth Conversion Cost \$90,447	

Client 1 Assumptions

Client 1 Life Expectancy
95
(Current age: 73.6)

Income Sources

Wages	
<input checked="" type="checkbox"/> Social Security	
Pension	
Annuity	

General Assumptions

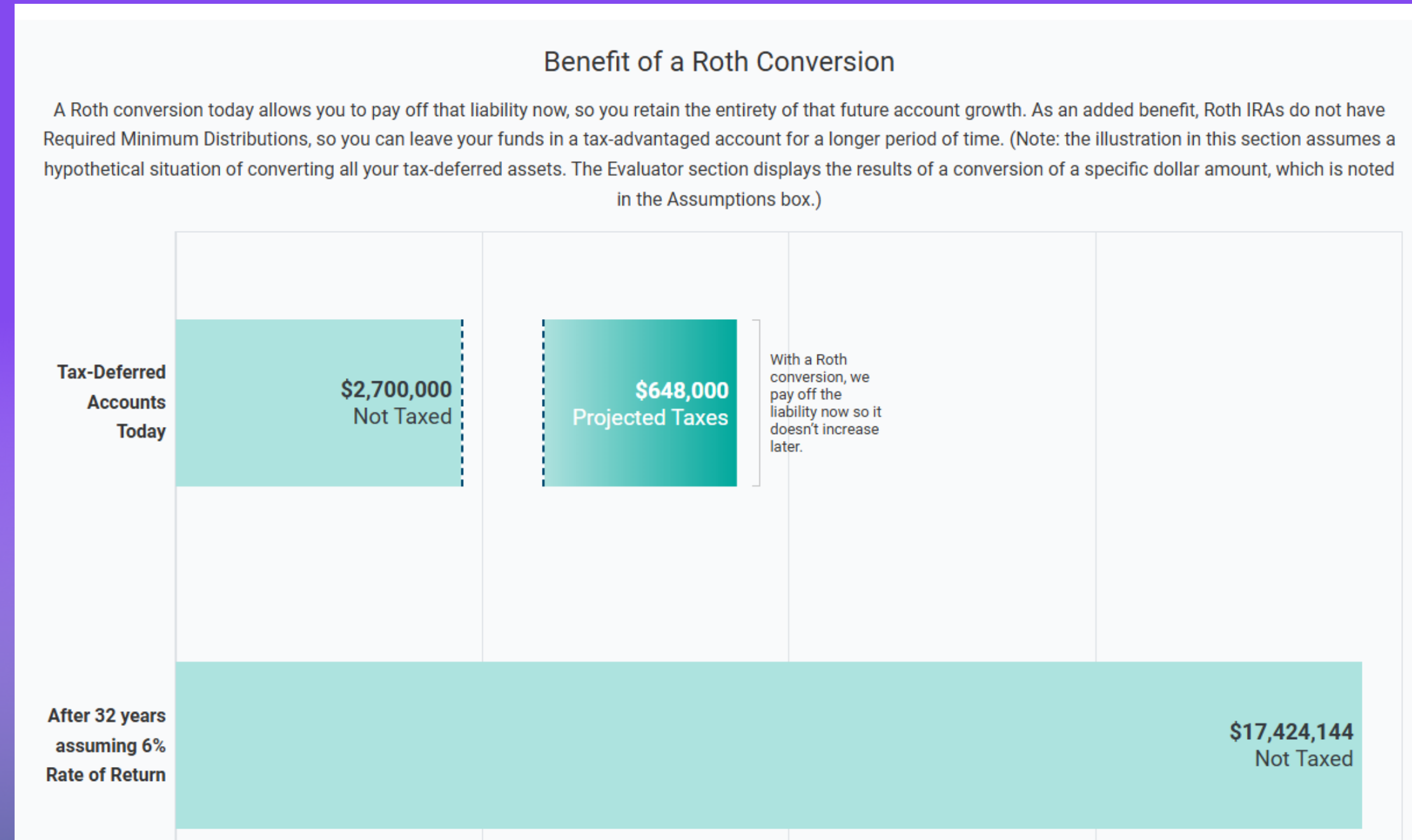
Tax Adjustment Assumption ⓘ 24.0%	Rate of Return 6.0%
Returns that are Cap Gains 20.0%	Inflation assumption 3.0%
<input type="checkbox"/> Adjust Tax-Deferred Assets	<input checked="" type="checkbox"/> Assume 2026 Tax Rates Sunset

Client Spending

Year	Value ⓘ	Inflation %
2024	\$210,000	3.0000

Benefits of a Roth Conversion

- The Roth Explainer is a great way to visualize the benefits of a total Roth conversion.
- It also demonstrates the decreased taxes over decades as well as the growth of the Roth account... two very important selling points.



Additional Tools: eMoney (or Your Other Accumulation Software)



- If you aren't using a distribution software like Income Solver, your accumulation software (i.e. eMoney, MoneyGuide, Right Capital, etc.) should have some reports or analysis you can use to support the potential benefits of performing a Roth conversion.

For example, we like to use the **Retirement Asset Summary report** in eMoney as it shows the potential growth of the tax-deferred assets and how it could create large RMDs. With this, you can show the client how implementing a Roth conversion strategy could help minimize this problem!

We also use the **Asset – Tax Type report** in eMoney as it shows the breakdown of assets by tax type year over year. This can help you visualize how the tax-deferred assets will make up the portfolio over time and how Roth conversions could increase tax-free assets.

Year	Age	Total Retirement Assets (BOY)	Growth	Required Minimum Distributions	Total Retirement Assets (EOY)
2024	65/65	\$2,050,000	\$123,000	\$0	\$2,173,000
2025	66/66	\$2,173,000	\$130,380	\$0	\$2,303,380
2026	67/67	\$2,303,380	\$138,203	\$0	\$2,441,583
2027	68/68	\$2,441,583	\$146,494	\$0	\$2,588,077
2028	69/69	\$2,588,077	\$155,284	\$0	\$2,743,361
2029	70/70	\$2,743,361	\$164,602	\$0	\$2,907,963
2030	71/71	\$2,907,963	\$174,479	\$0	\$3,082,442
2031	72/72	\$3,082,442	\$184,947	\$0	\$3,267,389
2032	73/73	\$3,267,389	\$196,043	\$120,291	\$3,343,141
2033	74/74	\$3,343,141	\$200,589	\$127,791	\$3,415,939
2034	75/75	\$3,415,939	\$204,957	\$135,220	\$3,485,676
2035	76/76	\$3,485,676	\$209,140	\$143,070	\$3,551,746
2036	77/77	\$3,551,746	\$213,105	\$150,704	\$3,614,147
2037	78/78	\$3,614,147	\$216,848	\$159,432	\$3,671,563
2038	79/79	\$3,671,563	\$220,294	\$168,650	\$3,723,207
2039	80/80	\$3,723,207	\$223,393	\$178,385	\$3,768,215

Year	Age	Taxable Assets	Tax-Deferred Assets	Tax-Free Assets	Total Portfolio Assets
2024	65/65	\$1,989,940	\$2,120,000	\$53,000	\$4,162,940
2025	66/66	\$1,975,882	\$2,247,200	\$56,180	\$4,279,262
2026	67/67	\$1,987,966	\$2,382,032	\$59,551	\$4,429,549
2027	68/68	\$2,021,519	\$2,524,953	\$63,124	\$4,609,596
2028	69/69	\$2,054,917	\$2,676,450	\$66,911	\$4,798,278
2029	70/70	\$2,088,074	\$2,837,037	\$70,926	\$4,996,037
2030	71/71	\$2,120,970	\$3,007,260	\$75,182	\$5,203,412
2031	72/72	\$2,153,470	\$3,187,696	\$79,693	\$5,420,859
2032	73/73	\$2,271,901	\$3,258,666	\$84,475	\$5,615,042
2033	74/74	\$2,398,459	\$3,326,395	\$89,544	\$5,814,398
2034	75/75	\$2,533,363	\$3,390,759	\$94,917	\$6,019,039
2035	76/76	\$2,677,202	\$3,451,134	\$100,612	\$6,228,948
2036	77/77	\$2,830,123	\$3,507,498	\$106,649	\$6,444,270
2037	78/78	\$2,993,173	\$3,558,515	\$113,048	\$6,664,736
2038	79/79	\$3,167,127	\$3,603,376	\$119,831	\$6,890,334
2039	80/80	\$3,353,108	\$3,641,194	\$127,021	\$7,121,323

Additional Tools:

Income Solver

- Basic client information like name and date of birth can be linked through Orion once you create a new household.
- Accounts in Orion can also be linked. Any outside accounts (and other information like income and expenses) would have to be inputted manually.

**Currently, Orion is the only fully integrated platform within Income Solver. For those that do not use Orion, there is a file import option available.*

Client Profile

An overview of your account profile



Household Type
Married



Tax Filing Status
Married Filing Jointly



State Of Residence
New Jersey

Client: Taxpayer 1

Basic Information:

Gender: Male
 Birthdate: 1951-06-01
 Life Expectancy: 85

Social Security:

Primary Insurance Amount: \$0
 WEP PIA: \$0

Benefits:

Benefit Type: Retirement
 Start Date: 2019-06-01
 Amount: \$2,745

Client: Taxpayer 2

Basic Information:









Gender: Female
 Birthdate: 1962-09-11
 Life Expectancy: 95

Social Security:

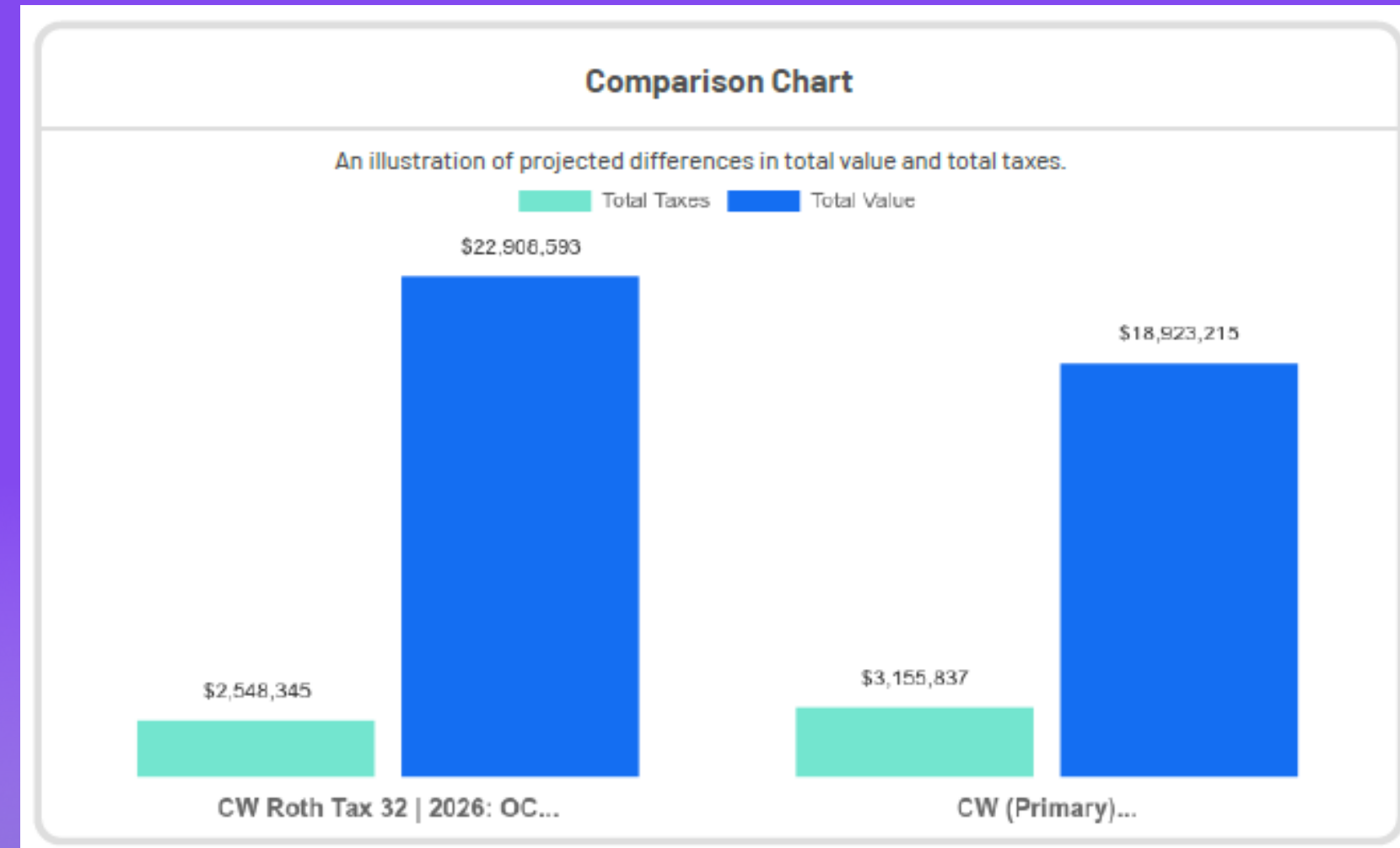
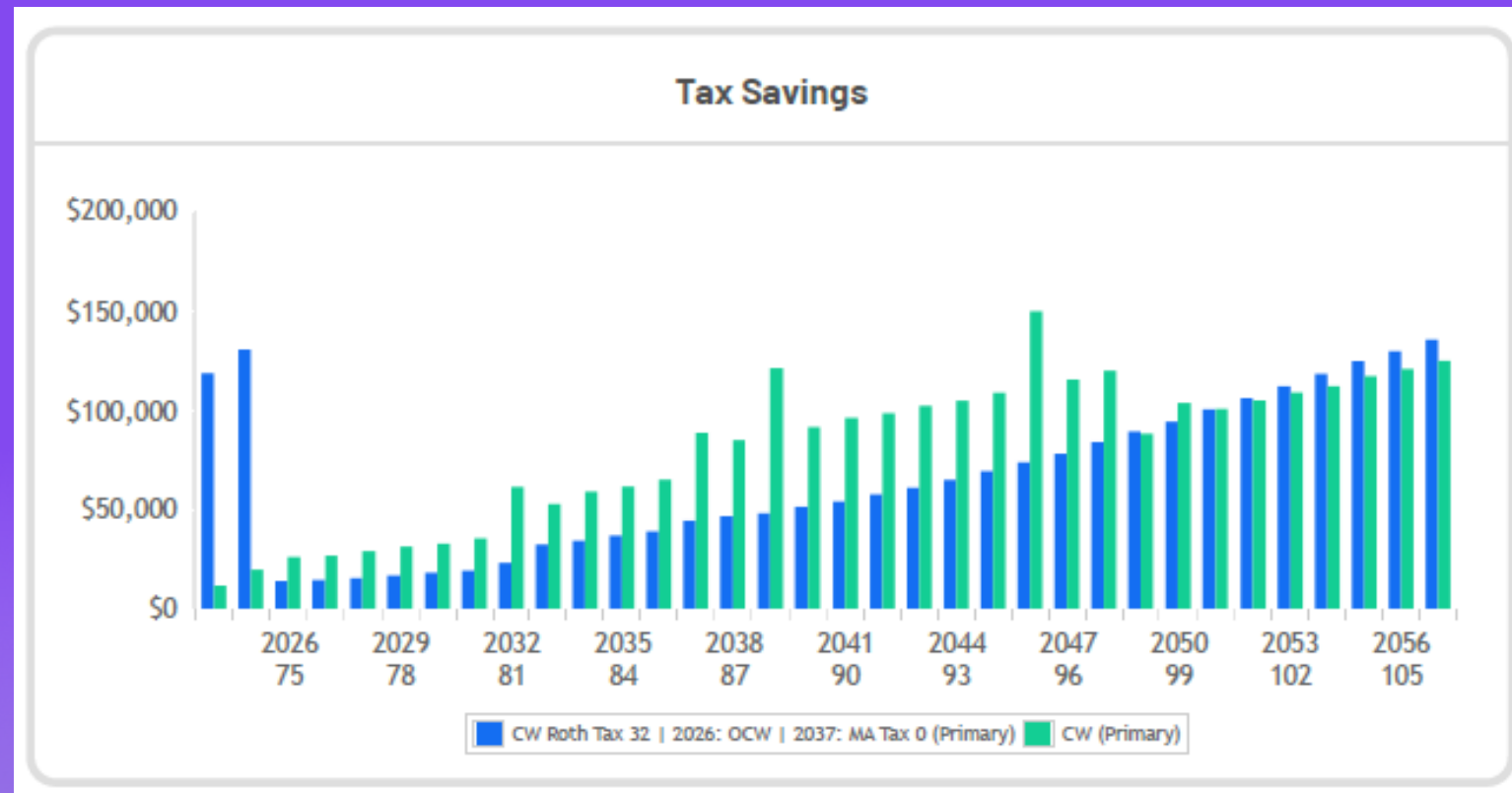
Primary Insurance Amount: \$2,625
 WEP PIA: \$0

Additional Tools:

- Once you input all of the client information, Income Solver provides an extensive list of strategies, ranked 1-100+
- The top strategy will be the strategy that is projected to provide the highest ending portfolio value once the second spouse passes (or once the single person passes).
- Although the top strategy may provide the largest ending portfolio value, it may not be the optimal strategy for the client based on their specific goals and situation.
- Therefore, you will likely need to review several strategies to determine which strategy is optimal from a financial perspective and also helps the client achieve their long-term goals.

Selected Strategy		Comparison Strategy			
Name: CW Roth Tax 32 2026: OCW 2037: MA Tax 0 (Primary)		Name: CW (Primary)			
Starting in year 2024, withdraw using the conventional wisdom sequence (Taxable, Tax Deferred, Roth). Additionally use Roth conversions to target your tax Bracket up to 32%. Then in year 2026, withdraw using the opposite conventional wisdom sequence (Roth, Tax Deferred, Taxable). Then in year 2037, withdraw from multiple account types to target your tax Bracket up to 0%.		Starting in year 2024, withdraw using the conventional wisdom sequence (Taxable, Tax Deferred, Roth).			
Selected Strategy Statistics		Comparison Strategy Statistics			
	Total Value	\$22,908,594		Total Value	\$18,923,215
	Ending Balance	\$12,811,572		Ending Balance	\$8,826,193
	Longevity	33 years		Longevity	33 years
	Taxes	\$2,548,345		Taxes	\$3,155,838

Additional Tools



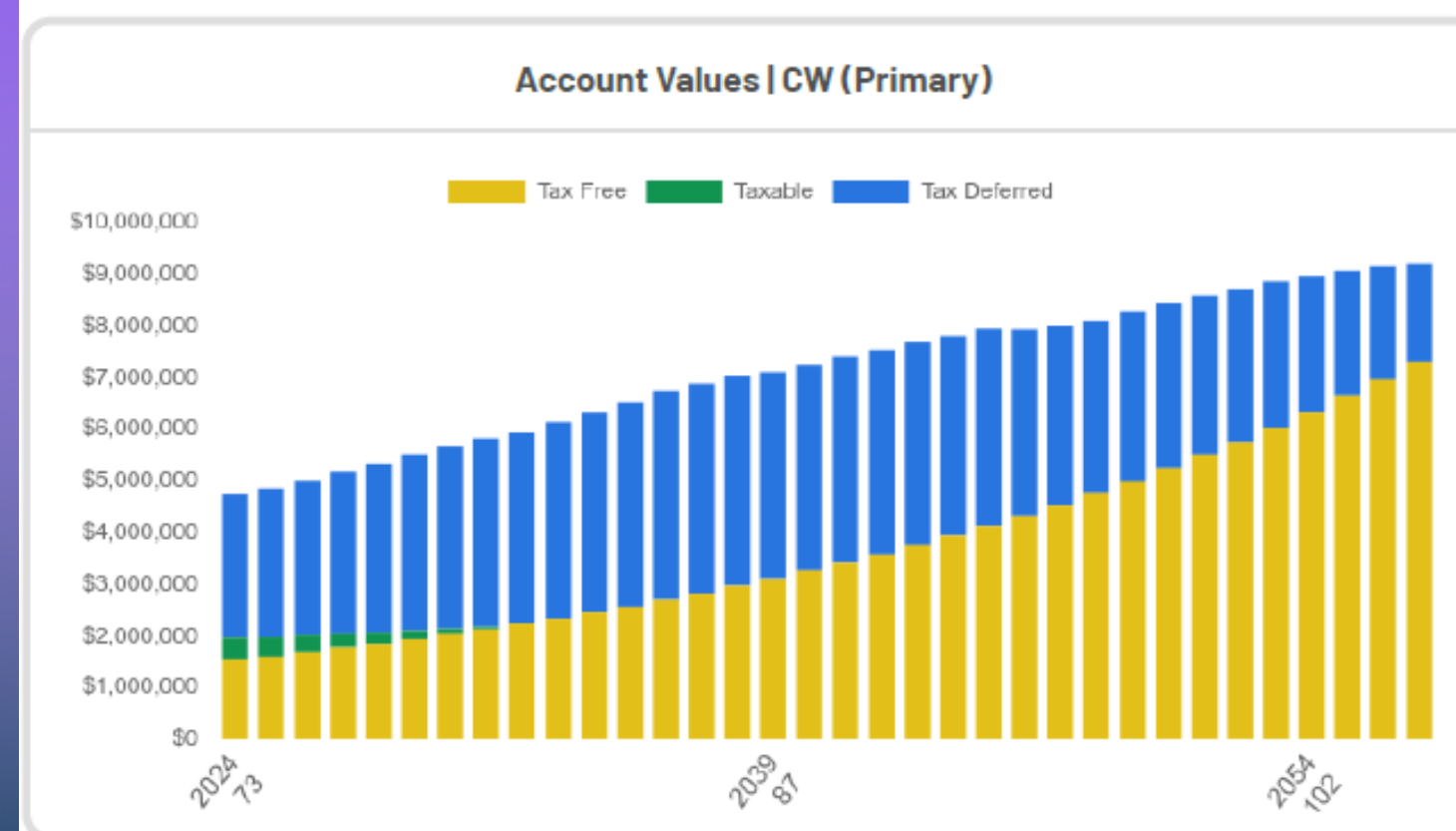
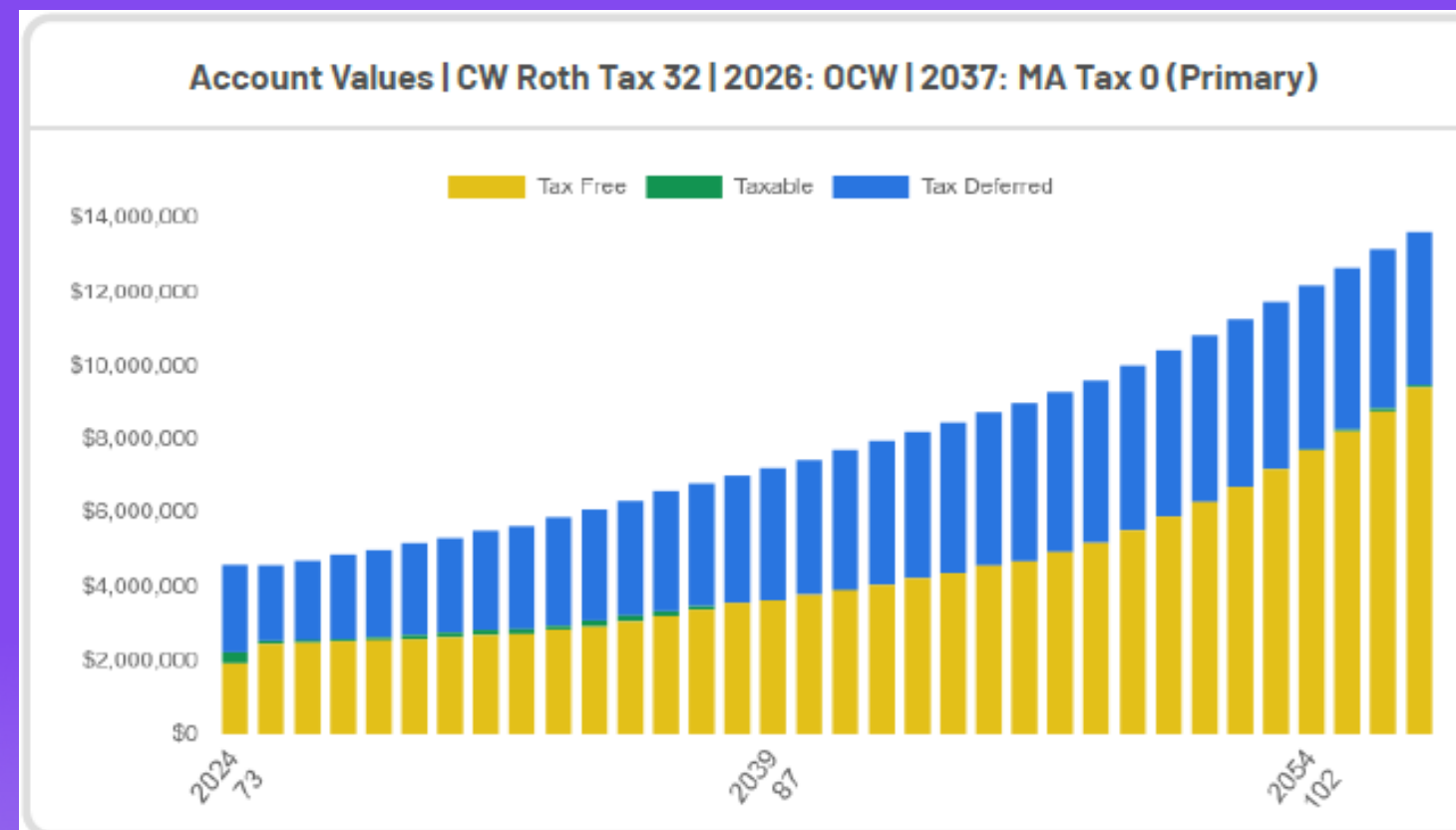
Income Solver

- The tools allow advisors to easily illustrate the benefits of paying taxes now to lower their tax liability throughout the remainder of their lives.
- By paying less in taxes, and building up a larger, more tax-efficient bucket of Roth Assets, the value of their portfolio increases dramatically.

Additional Tools

Income Solver

- For clients with children or other heirs, a key reason for Roth conversions is to grow the Roth (tax-free) account so that the heirs could receive more monies tax-free upon inheritance. This has become especially prevalent with the 10-year distribution and RMD requirements of Inherited IRAs.
- **Performing Roth conversions now will help to grow the pool of Roth IRA assets for the next generation.**



Mr. and Mrs. Sample Client - 2024 Roth Conversion Analysis

Note - Calculations are not audited and should be reviewed with a tax professional

↑ TOP

SCENARIO 1
2024 Base Case

SCENARIO 2
\$350k Roth Conversion
(Max 32% Bracket)

GENERAL INFORMATION

Year	2024	2024
Calculation	Current Law	Current Law

INCOME

1040 INCOME

Taxable Interest	\$1,669	\$1,669
Qualified Dividends	\$8,015	\$8,015
Total Dividends (incl. Qualified)	\$14,838	\$14,838
IRA Distributions	\$74,601	\$74,601
Taxable Pensions and Annuities	\$43,327	\$43,327
Roth Conversion	\$0	\$350,000
Gross Social Security	\$40,000	\$40,000
Taxable Social Security	\$34,000	\$34,000

SCHEDULE D INCOME

Short Term Capital Gains	-\$86,113	-\$86,113
<i>ST loss to carry forward: \$83,113</i>	<i>ST loss to carry forward: \$83,113</i>	
Long Term Capital Gains	-\$55,153	-\$55,153
<i>LT loss to carry forward: \$55,153</i>	<i>LT loss to carry forward: \$55,153</i>	
Total Capital Gains	-\$3,000	-\$3,000

SCHEDULE 1 INCOME

Total Income	\$165,435	\$515,435
Schedule 1 Deductions	\$0	\$0

Adjusted Gross Income	\$165,435	\$515,435
Standard/Itemized Deductions	\$30,750 <i>(standard)</i>	\$30,750 <i>(standard)</i>
QBI Deduction	\$2	\$2
Taxable Income	\$134,683	\$484,683
Total Tax	\$18,808	\$109,255
Marginal Bracket	22.0%	32.0%
Effective Rate	14.0%	22.5%
Total Tax (Net of Refundable Credits)	\$18,808	\$109,255
FICA		
FICA	\$0	\$0
Tax Plus FICA	\$18,808	\$109,255
Effective Tax on Next \$1,000 Ordinary Income	22.0%	32.0%
STATE TAX MODELING - NEW JERSEY		
State Filing Status	Married Filing Jointly	Married Filing Jointly
Total Income	\$134,435	\$484,435
Pension Exclusion	\$29,482	\$0
Unclaimed Pension Exclusion (Calculated)	\$4,127	\$0
Total Pension Exclusion	\$33,609	\$0
Taxpayer, Age, Dependent Exemptions	\$3,000	\$3,000
State Taxable Income	\$97,826	\$481,435
Tax Before Credits	\$2,630	\$26,625
State Tax	\$2,630	\$26,625
Marginal Bracket	5.53%	6.37%

Once we've selected an optimal strategy in Income Solver, we enter the Roth Conversion recommendation in Holistiplan to project the potential current-year tax bill if the client decides to proceed with the conversion.

For Internal Communication, We Use A Roth Conversion Summary Tracking Sheet

John and Jane Sample

2024 Roth Conversion Summary Template

Client Info						Children / Beneficiaries		
DOB	Age	RMD	Retirement Year	Portfolio		Name	DOB	Age
John: 6/1/1951	73	\$ 74,601	Retired	\$2.1M IRA, \$1.5M Roth		Child 1	8/18/1984	40
Jane: 9/11/1962	62	\$0	Retired	\$600k IRA, \$390k Txble		Child 2	7/25/1986	38
Current Portfolio Total				\$4.6 Mil		Child 3	6/15/1989	35
Selected Strategy Name:								
CW Roth Tax 32 2026: OCW 2037: MA Tax 0 (Primary)								
5 Year Proposed RC Schedule		Account Distributions YTD				Roth Conversion Comparison		
2023 Roth Conversion	\$ 297,890	N/A					No RC	\$350k RC Completed
2024 Proposed RC	\$ 350,000					Projected Marginal Tax Rate	22%	32%
2025 Proposed RC	\$ 410,000					Taxable Income	\$134,683	\$484,683
2026 Proposed RC	\$ -					Projected Tax Liability	\$21,438	\$135,880
2027 Proposed RC	\$ -					Portfolio Makeup at Death	(\$7.2M Roth, 900k Trad IRA)	(\$9M Roth, \$4.1M Trad IRA)
						Est. Total Portfolio at Death	8.1 Million	13.1 Million
						Difference in Tax Liability	-	\$114,442
Strategy Considerations								
<ul style="list-style-type: none"> - Jane is 10 years younger than John and has a longer time-horizon until expected mortality. - More than half of net worth is in Trad IRAs (\$2.1 mil John, \$600k Jane) - The Age differential and the pending expiration of the TCJA is leading to all front-loaded RC strategies. The only difference is in the amount converted. 								
Client Comments								
*Use for client specific comments / ideals that are worth capturing. For example, client is very aware and anxious about TCJA expiring.								

Roth Conversion Summary Tracking Sheet

- The sheet captures all relevant information relating to the Roth Conversion recommendation. These range from current-year tax implications, client ages, RMDs (if any) and retirement status, beneficiary information, high-level portfolio values, and any notes or considerations specific to the client.
- **It includes multiple years of Roth Conversion recommendations, both prior and future, based on our most recent projection. This can be helpful to quickly reference our recommendation, and give the advisor an estimate of what Conversion recommendation could be in the coming years.**
- **This is used as a point of reference for internal communication and as a consolidated report for all those who are involved in the client relationship and may be reviewing the recommendation.**

The Holistiplan Summary Analysis Becomes the Basis of Our Client Communication



Debbie and the team conducted your 2024 Roth Conversion analysis based on your 2023 Tax Return. As a reminder, your current tax-deferred account balance is about \$2.7M. We begin to become more concerned when these balances surpass (or could grow to) \$1.5M or greater.

Our Recommendation

In 2023, you performed a Roth conversion of \$297,394. Based on our projection, we recommend that you max out the 32% tax bracket in 2024 with a \$350,000 Roth conversion, followed by a \$410,000 conversion in 2025. The 2025 conversion amount is an estimate and is projected to be the final year of Roth conversions, but we will continue to evaluate the analysis every year.

Since the current, more favorable tax rates of the TCJA are set to expire on 12/31/2025 and it is impossible to predict what tax rates will look like at that time. Therefore, depending on what happens with tax legislation, the recommended strategy and our projections may change. But, what we do know is that it makes sense to fill up the more favorable tax brackets in 2024 and 2025 being that there is a lot of uncertainty with regard to future tax rates. In essence, we are recommending a way to hedge against tax policy risk, i.e. the risk that taxes may increase in the near future.

Our recommended Roth Conversion of \$350,000 is in addition to Joe taking his first Required Minimum Distribution (RMD) of \$74,601 in 2024.

With the attached analysis, we examined two scenarios for your consideration: 1) 2024 Base Case and 2) \$350,000 Roth conversion. I've attached the detailed estimates for each scenario to this email.

This recommendation is based on a comparison of your current tax rate with the following projected tax rates throughout your lifetime:

1. Your projected tax rate in retirement, assuming you are filing Jointly (likely in the 15% tax bracket starting in 2026 after the Roth Conversions in 2024 and 2025, and assuming the TCJA expires starting at the end of 2025.)
2. Your projected tax rate after the first spouse passes and must file as single (likely in the 28% or 33%+ tax bracket, potentially higher if the TCJA expires in 2026) and,
3. The projected tax rate after you pass and taxes are to be paid at the beneficiary's tax rate.

We ask that you review these estimates and confirm their accuracy before we proceed. It is important to note that these estimates could be affected by changes in capital gains, dividends, and additional income throughout the year. We've accounted for 2024 capital gains and losses from the accounts under our supervision, so if there are any significant gains in any outside accounts, please feel free to let us know and we can include them in our analysis.

Roth Conversion Benefits

5

Review the Six Year-End Tax Planning Strategies

1.

Create Tax Diversification and Perform Roth Conversions

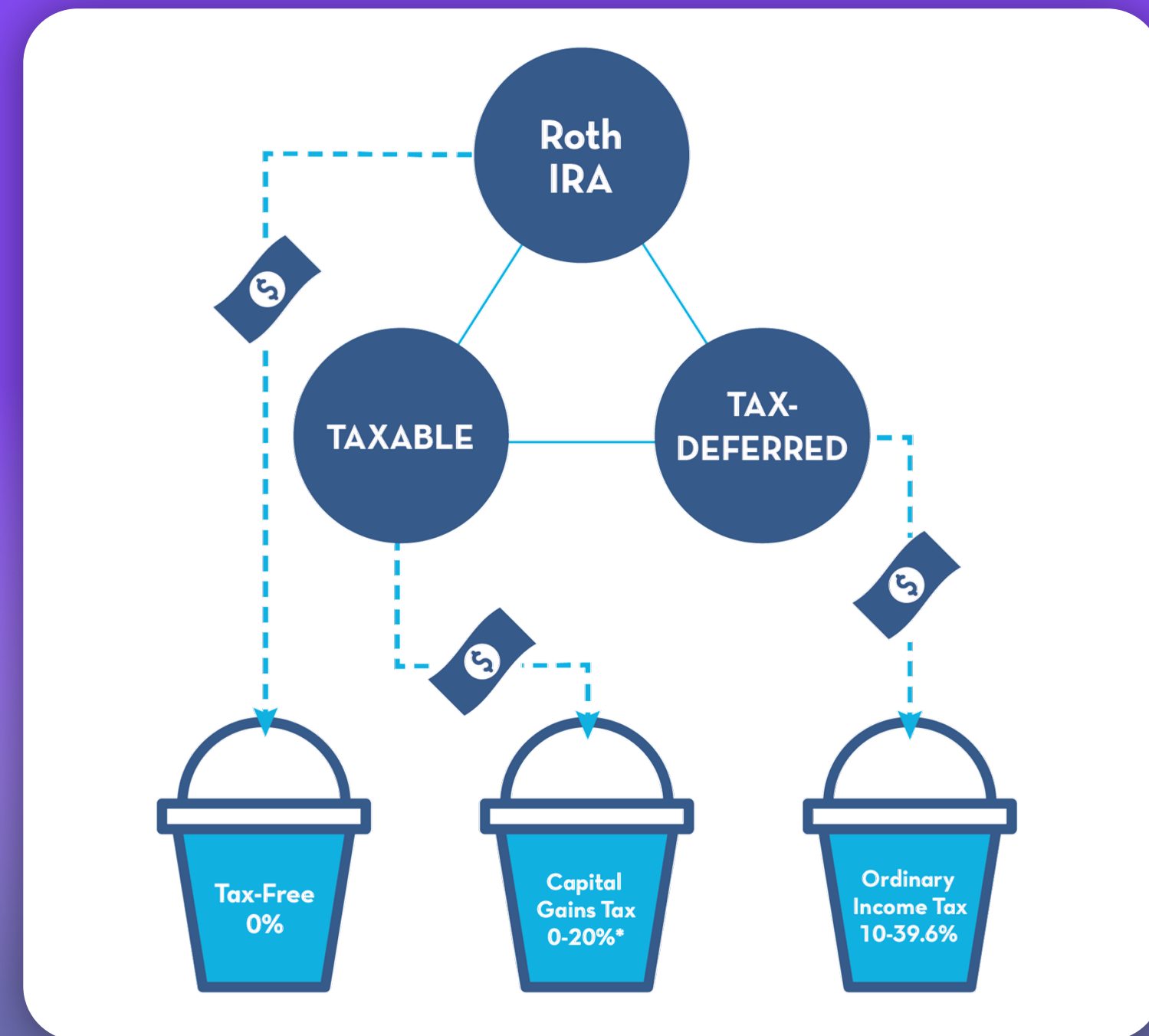
Shift investments from pretax to taxable or Roth accounts so your clients have options when it is time to withdraw monies in retirement. One way to do this is by performing partial or full Roth conversions, which can also help to minimize lifetime taxes and maximize lifetime wealth. This can be especially effective in times of volatility.

2.

Asset Location & Distribution Planning

Place slower growth or income-yielding investments in tax-deferred accounts and faster growth items into Roth. Buy-and-hold investments go into taxable accounts.

Alter distribution strategy by taking money from tax-deferred accounts in earlier and low tax years, taking advantage of lower tax brackets.



3.

Consider Tax-Loss Trading and Gain Harvesting

The unsung heroes of tax planning, this is a year-round activity, not just for year-end. Consider tax-loss harvesting during market events or when selling at a gain.

4.

Review Benefit Plans, Maximize Retirement Plan Contributions and HSAs

Employer benefits plans are chock full of nuggets such as Roth 401(k), after-tax contributions, daily conversions of after-tax accounts, student loan payoffs, Employee Stock , and deferred compensation options, among other attractive options for the investment of monies.

The limit on total employer and employee contributions for 2024 is \$69,000 (\$76,500 with catch-up). Up to \$8,000 per year into an IRA per person (with catch-up) but be aware of the pro-rata rule (taxes that are due on the conversion amount). If over the direct Roth IRA contribution income limit, **consider performing a Back Door Roth Conversion.**

Contribute up to \$8,300 to an HSA if married filing jointly for 2024; consider making separate HSAs if you or your spouse is age 55+, as this will make you eligible to contribute an additional \$1,000 in catch-up contributions to your HSA.

5. Appraise Client Annuities

Annuities are making a comeback due to improved fixed income options plus tax deferral. Consider QLACs.

6. Estate Planning & Gifting

Use the annual gift tax exclusion of \$18,000 (\$36,000 for couples) to give assets tax-free. Leverage more aggressive charitable giving and legacy planning before year-end, where appropriate.

6

Bonus Material

Get The Most Out of COI Referrals!



Four Steps to a Great Referral Process



1. Identify the Need

Does the client need help with investment management, financial planning, or tax planning? Are there specific pain points causing the client stress or costing them money?



2. Acknowledge the Need

Has the client ADMITTED they need help in one or more areas: investment management, financial planning or tax planning?



3. Willingness to Accept Help

Is the client ready to work with an advisor? Are they comfortable delegating or collaborating on financial decisions, knowing it may require giving up some control?



4. Understanding the Fees

Does the client understand and agree to about a 1% annual fee for assets under management?



Bonus Question:

What made you think of us? Does the client have any preferences for the type of advisory firm or advisor they want to work with? (e.g., Women-led, tax specialists, local boutique vs. national firm)

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Investment advisory services offered through CWM, LLC, an SEC Registered Investment Advisor. Carson Partners, a division of CWM, LLC, is a nationwide partnership of advisors.

7

Wrap Up & Q&A

What's Next with Holistiplan

1. Setting Yourself (& Your Clients) Up for Tax Planning Success
2. Reviewing Every Client's Tax Return- Why & How
3. From 0 to 55 MPH- Your First Year as a Tax Planner
4. Marketing Your Tax Planning Services
5. Tax Planning Case Studies for Every Season of Life
6. Tax Planning for Business Owners
7. Creating and Implementing A Service Calendar with Taxes as the Centerpiece
8. Ten Tax Planning Strategies that Every Financial Advisor Should Know
9. Open Mic
10. Finishing Strong: Six Year-End Tax Strategies to Grow Client Wealth and A Brand New Strategy to Build Wallet Share with Holistiplan
- ▶ 11. **9 Things that Top Performing Firms Do Differently, Beginning with Tax Planning**

Fortune Favors the Bold



Disclosures



- Investment advisory services offered through CWM, LLC, an SEC Registered Investment Advisor. Carson Group Partners, a division of CWM, LLC, is a nationwide partnership of advisors. None of the information contained herein is intended as tax or legal advice. Tax laws are complex and subject to change. Please consult the appropriate professional to see how the laws apply to your situation. For a comprehensive review of your personal situation, always consult with tax or legal advisors.
- Investors cannot invest directly in indexes. The performance of any index is not indicative of the performance of any investment and does not take into account the effects of inflation and the fees and expenses associated with investing.
- Past performance is not an indication or guarantee of future results.
- Converting from a traditional IRA to a Roth IRA is a taxable event.
- A Diversified portfolio does not assure a profit or protect against loss in a declining market.
- S&P 500 - A capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.
- Russell 2000 Index - The Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
- The Dow Jones Industrial Average is a price-weighted average of 30 U.S. blue-chip stocks traded on the New York Stock Exchange and NASDAQ. The index covers all industries except transportation, real estate and utilities.
- The NASDAQ Composite Index includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index includes over 2,500 companies, spanning all 11 sector groups.
- Some IRAs have contribution limitations and tax consequences for early withdrawals. For complete details, consult your tax advisor or attorney. Distributions from traditional IRA's and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59 ½, may be subject to an additional 10% IRS tax penalty. Converting from a traditional IRA to a Roth IRA is a taxable event. A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty-free withdrawal or earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 ½ or due to death, disability, or a first-time home purchase (up to a \$10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.
- All Investing involves risk, including the possible loss of principal. There is no assurance that any investment strategy will be successful.
- Additional risks are associated with international investing, such as currency fluctuations, political and economic stability, and differences in accounting standards.
- MSCI Emerging Markets - Designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.
- *MSCI EAFE index is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) Excluding the U.S and Canada. The index is market capitalization weighted.*
- Investing in mutual funds is subject to risk and loss of principal. There is no assurance or certainty that any investment strategy will be successful in meeting its objectives.
- *A Roth IRA offers tax free withdrawals on taxable contributions. To qualify for the tax-free and penalty free withdrawal or earnings, a Roth IRA must be in place for at least five tax years, and the distribution must take place after age 59 ½ or due to death, disability, or a first-time home purchase (up to a \$10,000 lifetime maximum). Depending on state law, Roth IRA distributions may be subject to state taxes.*
- **Exchange-traded funds and mutual funds are sold only by prospectus. Investors should consider the investment objectives, risks and charges and expenses of the funds carefully before investing. The prospectus contains this and other information about the funds. Contact Debra Taylor at dtaylor@taylorfinancialgroup.com or 201-891-1979 to obtain a prospectus, which should be read carefully before investing or sending money.**
- *The **MSCI All-Country World Ex-U.S. Index** is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets, but excludes the United States. The SMC/ACWJ consists of 45 country indexes comprising 22 developed and 23 emerging market country indexes. The developed country indexes include: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, and the United Kingdom. The emerging market country indexes included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Greece, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Peru, Philippines, Poland, Qatar, Russia, South Africa, Taiwan, Thailand, Turkey and United Arab Emirates.*