



5 QUESTIONS TO ASK WHEN INTERVIEWING A QUALIFIED TAX ADVISOR

THOUGHT LEADERSHIP PERSPECTIVES

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WILL 2019 BE 'THE YEAR' YOU PREPARE YOUR OWN TAX RETURN? WILL YOU FINALLY BE ABLE TO FREE YOURSELF OF THE ONEROUS TASK OF COMPILING YOUR TAX RECORDS AFTER NUMEROUS REMINDERS FROM YOUR CPA? MAYBE.

If you are an average taxpayer, you may benefit from the increased standard deduction of \$12,000 for single filers (or \$24,000 for joint filers) under The Tax Cuts and Jobs Act (TCJA). This may very well relieve you from spending an entire weekend—or more—pulling together receipts for medical expenses, real estate taxes, mortgage interest payments, and charitable donations. You may be planning to receive a W-2 from your employer, as well as a few 1099 forms showing reportable interest and dividends this year. You may even have realized some gains from the sale of equities. With that information in hand, some taxpayers may be comfortable preparing their own tax return, while others may still seek the guidance of a professional—given the anticipated changes to the tax forms, as well as uncertainty regarding 'when' these forms will be approved.

If you do not consider yourself an average taxpayer, your tax year may entail planning around itemized deductions, maximizing the benefit of charitable donations, an analysis of the tax impact of your equity compensation plan, an understanding of the passive activities rules, the calculation of the new deduction for qualified business income (QBI), or other complex tax reporting issues.

Perhaps you have experienced a life event such as retirement, a divorce, a move, a job change, or a transfer of wealth. In these situations, seeking the professional advice of a qualified tax advisor may be a given. You could ask for referrals within your trusted network, or research websites of advisors that adhere to your standards. When performing your due diligence, be sure to interview each tax advisor you may be considering.

Along with important criteria relative to integrity, credentials, experience, education, services offered, and fees, we suggest that you ask the following 5 questions to gain valuable insight into the quality of relationship you can anticipate and how it will impact your overall financial health.

1) HOW OFTEN DO YOU MEET WITH YOUR CLIENTS?

When interviewing potential advisors, discuss the importance of scheduling time to meet throughout the year. Many tax preparers disappear after April, not to be heard from again until the following February. Depending on the complexity of your situation, we believe in scheduling quarterly, semi-annual, and year-end meetings—in addition to those at tax time. These meetings facilitate consistent year-round planning discussions and create value above and beyond simple tax preparation.

2) DO YOU OFFER TIMELY AND RELEVANT TAX SAVINGS STRATEGIES?

Your advisor should stress the importance of recognizing and acting on planning opportunities throughout the year. Depending on the tax intricacies involved, they should initiate discussions regarding retirement plan contributions, qualified charitable distributions, health savings accounts (HSA), Roth conversions and planning around wider tax brackets, incentive stock options relative to the alternative minimum tax, charitable donation bunching, state credit programs, managing taxable income, and maximizing the qualified business income (QBI) deduction—among many other topics. A strategy in one area may adversely impact another area; therefore, a holistic approach is best.

3) HOW WILL YOU HELP MINIMIZE AND PLAN FOR FUTURE TAXES?

You may feel comforted that your tax advisor has considered timely and relevant tax strategies for the current year, but what about the next five to ten years? Ask your advisor if they provide multiyear tax projections, sensitivity analysis, cash flow planning, and wealth planning. Proactively building a forward-looking plan under various sets of circumstances can alleviate uncertainties, provide a financial blueprint, and ensure peace of mind.

4) HOW WILL THE NEW TAX LAW IMPACT MY FINANCIAL DECISIONS?

In addition to being technically astute about tax law, through what lens does your tax advisor view your information? Make sure the following factors are being considered relative to tax planning: tax efficiency of investments; asset classes/location; diversification; debt reduction; education planning; retirement planning; planning for social security; charitable planning; estate planning; and other areas that could potentially impact your financial decisions now or in the future.

5) HOW WILL YOU INCORPORATE MY TEAM OF ADVISORS INTO MY TAX PLAN?

Your tax plan should not exist in a vacuum. It impacts your investment plan, estate plan, and overall financial plan. You may have a strong group of individual experts in each area of your financial life; however, without collaboration, you may miss substantial opportunities or become the victim of unintentional consequences. Look for a tax advisor who takes the lead in facilitating open communication and an integrated approach in bringing your team of advisors together in your best interest.

AND FINALLY...

In today's world of increasing cyber-criminal activity, make sure you specifically ask how they maintain the security of your information. If you are not satisfied with the answers to any of these questions, we would be happy to schedule a meeting to discuss how we can assist with your tax situation.

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NOW IS A GREAT TIME TO SCHEDULE AN APPOINTMENT WITH ONE OF OUR TAX ADVISORS TO ENSURE THAT YOUR YEAR-END TAX PLANNING NEEDS HAVE BEEN ADDRESSED.

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