



# The Wealth Counselor

A monthly newsletter for wealth planning professionals

## Help Your Clients Save at Tax Time

### 6 Important Conversations to Have with Your Clients Before the Hustle and Bustle of the Holidays

As summer gives way to fall, it's time to start thinking about year-end tax planning. This is an opportunity to communicate with your clients, offer solutions, and deepen your relationship by helping them save thousands of dollars next spring at tax time.

To help your clients make the most of these opportunities, here are five conversations you can have with them before the holiday season sets in.

**1. Discuss any tax changes for 2016 that might affect the client.** Yearly changes in the tax rules can either save or cost them at tax time. Since you're already familiar with your clients' financial structures and strategies, you can determine which of your clients are affected by tax law changes, using that conversation as an entry point to a discussion about year-end tax planning. By acting now, your clients can optimize their outcomes.

Earlier this year, the IRS released perhaps the most significant regulation change in decades. You've undoubtedly heard about these in the news or on a webinar as the "2704" regulations, the "valuation" regulations, or the "minority discount" regulations. Although these regulations are not yet final, they might substantially impact your clients' estate plans when the IRS finalizes them, potentially as early as January 2017. If you have any questions about these new regulations or have any clients that you think might be affected, we'd be happy to discuss their impact on you and your clients.

Meanwhile, by engaging your clients in this way, you demonstrate to them that you care and provide value as a trusted consultant. You also create an additional market for your services. Even if only 10% of your clients hire you to take action related to their year end

From [Lindsey W. Duvall](#)

#### Duvall Law Firm, LLC

147 Old Solomons  
Island Road  
Suite 306  
Annapolis MD  
21401  
410-721-1660



The Duvall Law Firm believes in taking the "team approach" to estate & business planning. Providing effective, responsible service to our clients leads us to build and maintain relationships with clients' professional advisors. Cooperation is the cornerstone of our relationships with both advisors and the clients we serve together.

taxes, your company's cash flow can see a significant bump. Remember, delays in planning help only the IRS - not your clients.

## **2. Offer a review of your clients' investment portfolios.**

A year-end review of a client's investments can often reveal unseen opportunities to reduce taxes. For example:

- If certain stocks are underperforming, selling those stocks now enables the client to harvest those losses to offset gains in other stocks.
- Strategically deferring the sale of other stocks until next year can minimize spikes in taxable income now.
- You can discuss other options for managing capital gains from stock sales and dividends.

## **3. Invite clients to consider opening a retirement savings account.**

For clients who do not yet have an IRA, 401(k) or other retirement savings account, opening a new one now gives the client an immediate opportunity to manage his/her tax burden. Since taxes are deferred on these accounts until they are cashed out, any extra income that can be put into the account between now and the end of 2016 will reduce your client's taxable income for the year, as well as start building wealth for the future, a win-win.

## **4. Discuss options for year-end giving.**

Year-end giving is another proven method for reducing your clients' tax burdens for the following year, and opening up this conversation with your clients can also lead to additional opportunities to discuss longer-term tax savings and wealth building strategies. Here's how:

- Invite your client to make a year-end tax-deductible donation to one or more of his/her favorite charities.
- For longer-term tax savings, if your client's estate faces the estate tax, the client can give away up to \$14,000 per person per year up to a certain threshold without paying gift tax. This strategy effectively removes taxable estate value while transferring some seed money to friends and loved ones.
- Your client may also be interested in setting up a charitable trust, like a charitable lead trust (CLT) or a charitable remainder trust (CRT), both of which can be structured to benefit both charities and loved ones while removing the property from the estate. This strategy, too, can reduce taxes in the long term.

We can help you and your clients develop a gift plan that maximizes the benefits while minimizing taxes.

## **5. Suggest other tax-saving strategies.**

Since everyone's financial situation is different, there may be other specific year-end financial moves that don't fit into any of the other categories above, but which would still effectively reduce your client's tax burden. For example, after review, you might suggest some of the following:

- Pre-pay the spring semester of college. If your client has one or more kids in college, tuition payments may be deducted—even tuition paid in advance.
- Empty the FSA. If your client has a Flexible Spending Account (FSA) for out-of-pocket healthcare expenses, any unused money becomes taxable at the end of the year. If he or she has been meaning to get some dental work done or buy new prescription lenses, doing it now to empty that account means lower taxes next spring.
- Pre-pay a mortgage payment in December. By paying January's mortgage payment before December 31, your client might be able to deduct that extra interest in 2016, further reducing the tax burden.

## **6. Ask about any changes in your clients' income or employment status.**

During the year, many people get raises, lose jobs, start new businesses, sell homes, and so on. Any significant increase (or decrease for that matter) in income calls for an adjustment in tax planning to prevent unwanted surprises, and the fall season is an ideal time to assess these changes. For most tax problems, there's a solution. We need to sit down, learn about your clients, and build an action plan for them. While working through the year-end tax planning process, you might learn something about your clients and be able to provide new or different financial services depending on the changes.

We're here to help you and your clients.

As a financial advisor, any opportunity you have to interact with your clients is a chance to help them build wealth while increasing your own business opportunities. Admittedly, bringing up tax season to your clients at this time of year might feel a bit like asking them to eat their vegetables, but they'll thank you later, especially when they see how much you're able to help them save!

If you need guidance as to which year-end tax strategies are most suited to your clients, or if you want insight into detailed, technical questions related to their estate planning questions, we're here to help. Call or email us to get the support you and your clients need.

*This newsletter is for informational purposes only and is not intended to be construed as written advice about a Federal tax matter. Readers should consult with their own professional advisors to evaluate or pursue tax, accounting, financial, or legal planning strategies.*

**For professionals' use only. Not for use with the general public..**

You have received this newsletter because I believe you will find its content valuable, and I hope that it will help you to provide better service to your clients. Please feel free to [Contact Me](#) if you have any questions about this or any matters relating to estate or wealth planning.

Duvall Law Firm, LLC 147 Old Solomons Island Road Suite 306 Annapolis MD 21401 [Website](#)