ADVISOR GUIDE

HOW TO INCREASE YOUR COMPETITIVE ADVANTAGE WITH TAX PLANNING

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Taxes are often the single greatest expense people face when they retire. It's your job as a financial advisor to provide consumers with the planning strategies they need to maximize their income and minimize their taxes. You can proactively plan today to mitigate taxes in the future.

NOT ALL MONEY IS TAXED THE SAME.

"One of the biggest mistakes I see retirees make is when they have a little bit in their checking account then all the rest of their wealth is in IRAs, 401(k)s, or 403(b)s…and at that point, they are a W2 employee for the rest of their life. Anything that ever comes out of there is going to be taxed as ordinary income."

-Dave Alison, CFP®, EA, BPC

If you diversify your client portfolios across equities, bonds, and alternative investments, why wouldn't you also want to diversify their tax plan?

Explain why not all money is taxed the same in a clear and concise way, and you can expand your business, differentiate yourself from the competition, and charge larger planning fees.

EXPAND YOUR BUSINESS

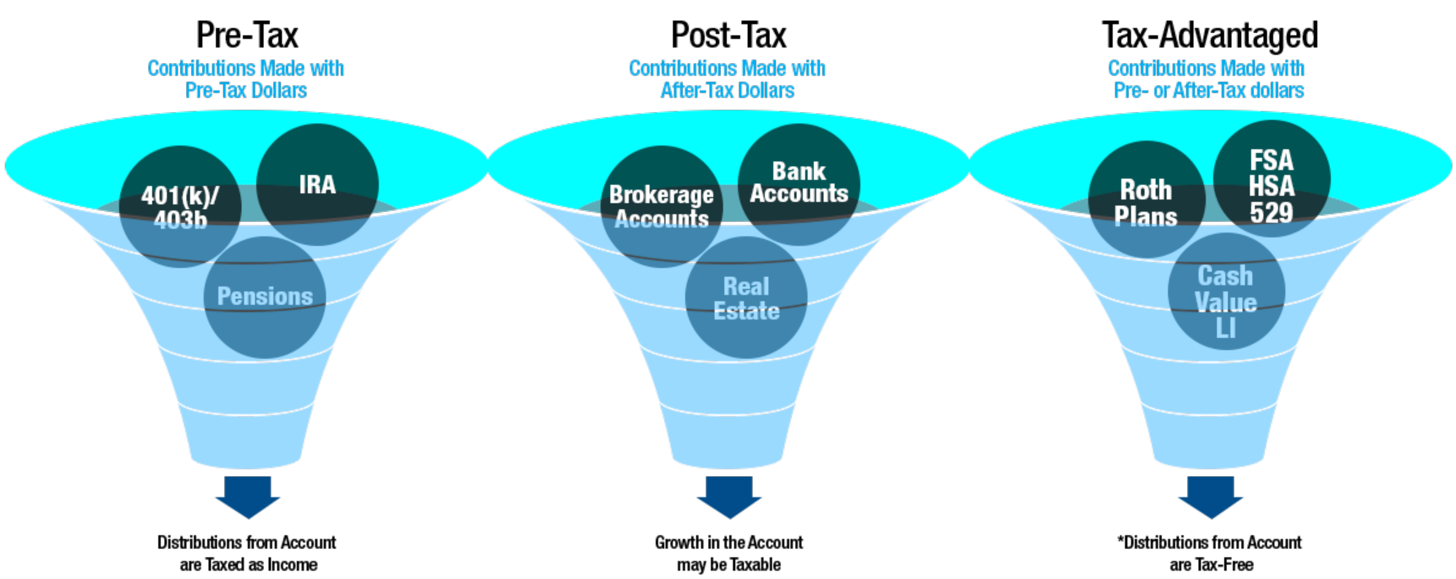
At C2P, we teach several ways that advisors can use taxes to expand their business, including—building a tax preparation business, creating strategic relationships with CPAs or tax professionals to borrow their clients, and acquiring established tax practices.

A tax preparation business is one of the easiest ways to gain new prospects. If you can get clients in the door to file their annual taxes, it will be easier to sell them on wealth planning and retirement products.

Tax preparation is a reactive process—the CPA is signing off on something that can't be changed. But tax planning is a proactive process used to mitigate future losses and increase potential gains.

TAX EFFICIENT FUNNELS

Leverage the Order of Money to Help Increase Cash Flow



> "A competent financial planner can evaluate multiple years of prior 1040s and supporting documents to inform present tax-planning decision and identify planning opportunities and areas of concern for the current and future periods."
> **– Certified Financial Planner Board of Standards**

Even if you want nothing to do with preparing returns, you can still use tax planning to set yourself apart from other wealth managers.

DIFFERENTIATE YOURSELF FROM THE COMPETITION

According to a study from the Spectrum Group, 92% of wealthy investors expect their financial advisor to provide tax management services. But only 25% of investors are receiving tax advice.

"In my personal opinion—and I know I share this with some of my colleagues—it's very hard to be a holistic advisor if you're not talking about taxes."

-Dave Alison, CRP®, EA, BPC

If you can delight the client by meeting all their needs in-house, they will have no reason to seek out additional financial advice from someone who could potentially sabotage your customer relationship.

When you approach wealth management with a holistic view—estate planning, health care, Medicare, long-term care, investments, insurance, social security, and taxes—you will differentiate yourself from the competition.

Most advisors have a disclaimer stating that they don't provide any tax or legal advice, opening the door for you to fill that need and become a one-stop financial planning shop.

According to Intuit:

- 38% of tax offices perform tax planning services for 0-15% of their clients
- 62% of tax offices are doing no tax planning at all
- 80% of tax offices perform tax planning for less than 50% of their client base

CHARGE LARGER PLANNING FEES

Tax management is one of the most significant opportunities for advisors. It will increase your value to existing clients and prospects and create additional revenue lines when you charge fees for your tax advice.

Use the client's annual tax returns to find areas where you can save them money, go above and beyond to offer additional retirement, legacy planning benefits, and tax diversification.

By putting solutions and strategies in place to anticipate tax and life changes, you will separate yourself from other advisors and tax professionals, allowing you to charge more considerable planning fees.

"The majority of the clients that we've brought on have come to us through tax planning."

-Dave Alison, CRP®, EA, BPC

THE TAX MANAGEMENT JOURNEY

So, how do you describe the differences in taxation without putting your clients to sleep? In The Tax Management Journey, we've outlined seven critical checkpoints you can use in your annual client meetings to review and simplify the tax planning process:

1. Understanding the Order of Money
2. Measuring Your Tax Bracket
3. Avoiding Marginal Tax Traps
4. Allocating Tax Sensitive Assets

"Going through The Tax Management Journey has opened up so many new opportunities for me to serve my clients. The information was invaluable."

-Tony Engrassia, Owner of Wealth Management Strategies

5. Gifting Strategies
6. Pay Now vs. Pay Later
7. Managing Your Dynamic Bracket

"When I saw The Tax Management Journey, it was love at first sight."

-Christopher P. Woehrle, Professor and Chair, Department of Insurance, Tax, and Estate Planning, College for Financial Planning, a Kaplan Company

Understanding the Order of Money: There is an order to how clients should accumulate money and how they should take distribution upon retirement. Leverage this to help increase cash flow for your clients.

Measuring Your Tax Bracket: You should measure which tax bracket would be most beneficial to your client annually. Look for opportunities to get them into a higher or lower bracket depending on what's in their best interests that year.

Avoiding Marginal Tax Traps: Explain and educate clients on what real marginal tax is versus what they perceive it to be. This will help your clients avoid unnecessary taxes and traps written into the IRS code.

Allocating Tax Sensitive Assets: Show the importance of strategically holding certain investments inside certain account types.

Gifting Strategies: Analyze different gifting strategies to minimize your clients RMDs and minimize capital gains. This includes charitable donations and gifts to family members.

Pay Now vs. Pay Later: Analyze investment opportunities for taxation options to decide on paying taxes now or later. Consider the economy, political environment and family situation when making these decisions.

Managing Your Dynamic Bracket: Tax management is not a one-time event; you should be reviewing and optimizing annually. Keeping up with their dynamic bracket provides ongoing value for your clients.

Do you want to be more confident while engaging in tax planning with your prospects and clients? We provide in-depth training through our Tax Management Journey one-day training course. ■

SCHEDULE A TIME TO SPEAK WITH US TODAY FOR MORE INFORMATION ABOUT INCORPORATING TAX MANAGEMENT INTO YOUR FINANCIAL FIRM. DON'T FORGET TO ASK ABOUT THE UPCOMING TAX MANAGEMENT JOURNEY TRAINING!

C2P ENTERPRISES

ABOUT C2P ENTERPRISES

Simplifying financial planning for financial advisors and their clients
C2P Enterprises is a holding company comprised for four distinct brands, each designed to simplify financial planning for advisors and the clients they serve. United by the vision to provide planning and financial products and solutions in the best interest of the client, each company offers education, training, resources and tools to meet a client's unique financial situation, along with access to an array of investment and insurance vehicles to help accomplish their goals. Each organization is committed to fiduciary best interest practices and raising industry standards for a higher quality of holistic financial planning services to families nation and worldwide.