TRN
TAX REP NETWORK

Basic Tax and Financial Planning Every Tax Pro (Should) Know!

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Speakers

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Housekeeping

- 1 ce/cpe credit for today's program for CPAs and EAs
- Do the attendance checks that pop up on your screen
- Have an issue? Comment in the Q&A so we can prove you're there
- Look for a link to come out later to claim your certificate (EAs this is where you add your PTIN)
- Any issues email us at team@taxrepllc.com

Agenda

- Life, Health and Disability

  ~ The real "play" with life insurance

- Retirement Planning Options: The Power of Compounding

  ~ The Defined Benefit angle you may have missed….

- Estate Planning

  ~ Nail down the basics

  ~ Freeze future appreciation

Insurance

- Life

    a. Term

    b. Whole Life

    c. Universal

- Disability – how long can you live without your income?
- Health Insurance

The “Super” Roth

- Roth IRA is phased out for single taxpayers making more than $165,000 and $246,000 for MFJ in 2025
- You can over-fund a whole life or universal policy
- Avoid the MEC rules (Modified Endowment Contract)
- Tax advantages: like a ROTH it is funded with after tax dollars, can be invested and grows tax deferred inside the insurance policy, and if taken out in retirement as policy loans the gains will never be taxed

Retirement Planning Options

- Traditional IRA
- Roth IRA
- Self-Employed Pension (SEP)
- Defined Contribution Plans - 401(k)
- Defined Benefit Plan – determined by actuarial formula, heavily regulated

Retirement Plan Options

- Issues with SEPs and DB plans: Expensive
- Must put in for all employees equally
- Airlines have had this issue because they discriminated for highly compensated employees
- Common ownership (50% or more)

The Defined Benefit Angle

- Dave and Tom own a manufacturing firm with 3 other equity partners (35%, 35%, 10% each for the others). Has 20 employees
- Dave and Tom also own a consulting business with 3 employees (Dave and Tom own 50% each)
- Dave and Tom would like to fund a DB plan, but ridiculously expensive, as the 50% or more common ownership means they would need to fund it for all the employees across both entities

The Defined Benefit Angle

- If Dave and Tom gave one of their key employees in the consulting business 5% equity, they would then only own 47.5% each
- If Dave and Tom then set up their own equipment rental companies, buy the new equipment and lease it to the manufacturing company
- They could each then set-up a DB plan in their equipment leasing company as there would be no common ownership: each owns 100% of the leasing co and less than 50% of the other companies.

Estate Planning

- Will
- Revocable Living Trust
- Health Care Proxy and Living Will
- Durable Power of Attorney

Advanced Planning

- Irrevocable Life Insurance Trusts (ILITs)
- Qualified Personal Residence Trusts (QPRTs)
- Grantor Retained Trusts (GRATs, GRUTs and GRITs)
- Charitable Trusts (Charitable Lead and Charitable Retained)
- Private Foundations

Questions?

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