THE TAX & ACCOUNTING PROFESSIONAL'S PLAYBOOK: FINANCIAL AND TAX PLANNING ESSENTIALS

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Attorney Green is a frequent lecturer on tax topics for many national organizations, including Insightful Accountant, AICPA, CCH, the NAEA, the NATP, the ABA Tax Section and the Connecticut Society of CPAs. Attorney Green has served as adjunct faculty at the University of Connecticut School of Law.He was the creator of the IRS Representation Certificate Program with the University of Connecticut School of Business. Eric is a contributing columnist for Bloomberg Tax and has served as a columnist for CCH's Journal of Practice & Procedure. He is the founder of Tax Rep LLC which coaches accountants and attorneys on building their own IRS Representation practices, and is the host of the weekly Tax Rep Network Podcast.

Mr. Green is the author of How to Build a Million Dollar Tax Representation Practice, The Insider's Guides to: IRS Offers, IRS Collection, Resolving Tax Debts, Resolving Payroll Tax Debts, Reasonable Compensation and IRS Enforcement, Tax Liens and Tax Levies, and Checklists, Letters and Forms. He is a contributing author for Advocating for Low Income Taxpayers: A Clinical Studies Casebook, 3rd Edition, and has also been quoted in USA Today, The Wall Street Journal, Bloomberg, Consumer Reports, The Wall Street Journal's Market Watch, TheStreet.com and CreditCard.com.

Attorney Green is also a member of the Connecticut, Massachusetts and New York Bar Associations, as well as the American Bar Association. Attorney Green is admitted to practice in Massachusetts, New York and Connecticut Superior Courts, the United States Tax Court, The Federal Court of Claims and the Federal District Court for Connecticut. Attorney Green received his Bachelor of Business Administration degree in Accounting with a minor in International Business from Hofstra University and is an honors graduate from New England School of Law. He earned a Masters of Laws in Taxation (LL.M.) from Boston University School of Law.

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As a financial advisor, Dr. Wells brings his service-oriented ethos to helping families, professionals, and organizations build strong financial futures. His expertise in retirement planning and wealth management reflects his dedication to guiding others through challenges to create sustainable solutions that align with their values and goals.

Through his work as a mentor, speaker, and advisor, Dr. Wells shares powerful insights on goal setting, leadership, and wellness. A retired Lieutenant Colonel in the United States Marine Corps Reserve, Dr. Wells spent his military career in both active duty and reserve roles, culminating in his retirement after years of exemplary service. With decades of dedicated service to the community and the country, Dr. Wells continues to lead by example, offering practical strategies to elevate individuals and organizations alike.

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1. WHY THIS PLAYBOOK MATTERS

As tax and accounting professionals, you are in a unique position. For most clients, you are the *trusted financial* advisor in their lives. They may have brokers, bankers, or even attorneys, but few professionals enjoy the same level of trust and year-to-year contact as their tax preparer or accountant.

Yet many practitioners focus primarily on compliance — preparing returns, handling financial statements, and ensuring filings are timely. While these are essential, they do not represent the full spectrum of opportunities to help protect and grow client wealth. The tax code tends to favor entrepreneurs, business owners, and those who engage in proactive planning, rather than W-2 employees who do only the basics.

This playbook is designed to expand your vision beyond compliance. It provides clear, practical strategies for discussing insurance, retirement, and estate planning with clients — not to sell products, but to raise awareness, identify risks, and position yourself as the holistic advisor clients truly need. When clients face financial stress, medical issues, IRS scrutiny, or even family loss, you will likely be the one they trust to guide them.

2. THE BASICS: PROTECTING THE FOUNDATION

Every advanced planning technique rests on a foundation of basic protections. Just as football players must first master blocking and tackling before running complex plays, your clients need these essential protections in place before considering sophisticated strategies.

Life Insurance

Life insurance provides financial protection to a family or business when the insured passes away. The simplest type is term insurance, which covers a set period — typically 10, 20, or 30 years. It is like renting a house: you pay premiums for coverage, but you build no cash value. **Term insurance** is inexpensive and may be best suited for young families who need coverage while children are dependent or there are debts such as mortgage must be taken into consideration.

Permanent insurance — including whole life and universal life, among others — is lifetime coverage, provided premiums are paid. Whole life insurance is like owning a home: it builds cash value over time, creating an asset, and has stable premiums. (However, not all permanent policies guarantee stable premiums). Universal life insurance is more flexible, allowing the policyholder to adjust premiums and death benefits as circumstances change. Permanent policies are more expensive but provide lifetime coverage and can double as a financial tool, particularly when cash value is accumulated.

As a CPA or Tax advisor, you don’t need to sell insurance yourself, but you should ask clients whether they have sufficient protection, whether coverage has expired, and whether their circumstances warrant converting temporary policies into permanent ones.

Disability Insurance

While most people think first of life insurance, the greater risk to income is disability. Just over 1 in 4 of today’s 20-year0olds will become disabled before they retire (US Social Security Administration Fact Sheet, 2023).

Disability insurance protects your ability to earn an income and replaces a portion of income when illness or injury prevents someone from performing the job they were trained for. This definition is critical: being unable to practice as a tax attorney or accountant does not mean one could not take another job, but disability insurance is designed to help protect the loss of professional income. Individual policies often include own occupation definitions tailored to medical specialties, while group policies typically use broader, less protective definitions like any occupation.

Many employers provide some disability coverage through group coverage, but policies vary widely in how “disability” is defined. It is essential to review whether clients’ coverage is sufficient and whether supplemental policies are appropriate. A simple but powerful question to ask clients is: *“If you lost your income today, how long could you support your family?”* For most, the answer is only a few months.

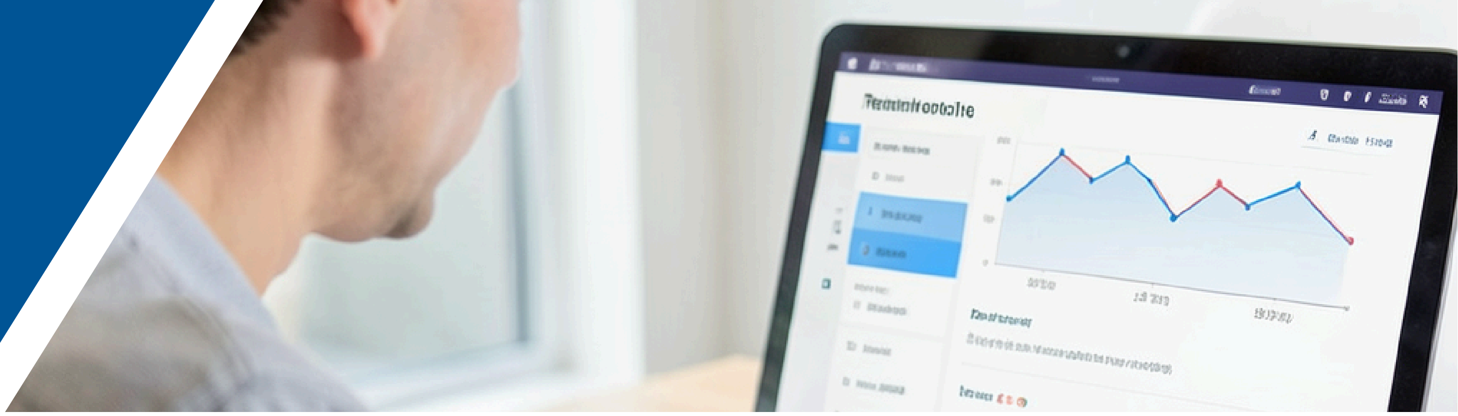
3. ADVANCED INSURANCE STRATEGY: THE "SUPER ROTH"

For high-income clients, traditional Roth IRAs are off the table due to income limits. Yet the benefits of Roth-style savings — after-tax contributions, tax-deferred growth, and tax-free withdrawals — are too powerful to ignore. Wealthy clients and business owners often turn to an advanced insurance strategy sometimes called a **"Super Roth".**

The mechanics are straightforward. A client purchases a whole life or universal life policy and funds it beyond the minimum required for insurance coverage. For example, if the premium is $1,000 per month, only $350 may be needed for the insurance portion; the other $650 builds cash value. By intentionally "overfunding" the policy, the client can often add several thousand more per month, creating a powerful investment vehicle inside the insurance wrapper.

How does this work? The cash value inside life insurance grows tax-deferred. Over decades, this allows exponential compounding. At retirement, the client can access the funds through policy loans, which are not taxable. However, be aware that access to cash values through borrowing or partial surrenders will reduce the policy's cash value and death benefit, increase the chance the policy will lapse, and may result in a tax liability if the policy terminates before the death of the insured. When the insured dies, the outstanding loans simply reduce the death benefit, and the remaining proceeds are generally paid out income-tax free.

The key caution is avoiding a **Modified Endowment Contract (MEC)**, which occurs when too much is contributed relative to the death benefit.



A policy which becomes a MEC loses the tax advantages, so an insurance professional must calculate contributions to ensure they don't exceed IRS limits. A MEC retains key tax benefits, including tax-free death proceeds and tax-deferred growth if values remain in the policy. However, distributions are taxable to the extent of gain and may incur a 10% tax penalty if made before age 59½. Properly structured, however, the Super Roth can provide wealthy clients with a Roth-like strategy even when their income disqualifies them from contributing to a Roth IRA.

4. RETIREMENT PLANNING OPTIONS

Beyond insurance, retirement savings vehicles offer multiple ways to help clients to reduce taxes and build wealth. Each has advantages and pitfalls.

Traditional and Roth IRAs are familiar but limited. Contributions are capped (generally $6,500–$7,500 annually), and Roth IRAs phase out for high earners.

401(k) plans allow higher contributions and may include employer matching. For business owners, offering a 401(k) can help attract employees, but it requires nondiscrimination testing and administrative oversight.

For the self-employed, **SEP IRAs and Solo 401(k)s** allow larger contributions with relatively little overhead. They tend to be suited to sole proprietors or partnerships without employees.

The most underused option is the **Defined Benefit (DB) Plan**. Once the standard pension vehicle, DB plans allow significant contributions based on actuarial calculations of future benefits. For an eligible, wealthy client in their 50s, annual contributions can exceed six figures — typically tax-deferred.

The challenge is that DB plans must cover all employees if “common ownership” thresholds are met. Creative structuring could potentially help reduce common ownership below 50% and allow DB plans without covering every employee, however, this would require careful evaluation with qualified tax and legal professionals to ensure compliance with the applicable regulations. Correctly structured, this tool can be a powerful way to help shelter income and accelerate retirement savings.

5. ESTATE PLANNING ESSENTIALS

Estate planning is not only for the ultra-wealthy. Every client should work with their attorney or legal counsel to have the following documents:

- **A Will** to designate who will handle affairs and where property will go.
- **A Revocable Living Trust** to avoid probate and manage distributions to heirs.
- **A Healthcare Proxy and Living Will** to ensure medical wishes are respected.
- **A Durable Power of Attorney** to allow financial management in case of incapacity.

For business owners and high-net-worth clients, more advanced strategies may be appropriate:

- **Irrevocable Life Insurance Trusts (ILITs):** May help keep death benefits outside the estate and provide liquidity for estate taxes.
- **Qualified Personal Residence Trusts (QPRTs):** May allow transfer of a home to heirs at a discounted value while retaining use during life.
- **Grantor Retained Annuity Trusts (GRATs):** May be used to shift future appreciation out of the estate while minimizing gift tax.
- **Charitable Lead and Remainder Trusts:** May combine philanthropy with estate tax reduction.
- **Private Foundations:** Allow clients to create a legacy vehicle with tax benefits.

These strategies involve complex legal and tax considerations and may not be suitable for all clients. Individuals should consult qualified tax and legal professionals before implementing any trust-based planning strategy.

Even clients of modest means benefit from the basics. Without them, families may face confusion, legal battles, and unnecessary expense. For wealthier families, the right structures have the potential to help preserve significant assets across generations.

6. PRACTICE GROWTH THROUGH ADVISORY SERVICES

These topics do more than protect clients — they can help grow your practice. Many accountants and EAs are adopting **relationship pricing**, moving away from one-off compliance work toward ongoing advisory relationships.

For example, instead of charging per return, advisors bundle services into a monthly subscription: bookkeeping reviews, quarterly planning meetings, tax preparation, and basic financial reviews, adjusting pricing based on the overall value of the client relationship. It can be used to reward clients who consolidate services with one advisor, simplify billing and encourage long-term engagement.

By raising questions about insurance, retirement, and estate planning, you open conversations that deepen trust. You don’t need to execute every strategy yourself. Instead, build a referral network of reliable financial advisors, insurance specialists, and estate attorneys. When clients know you are coordinating their team, they see you as indispensable.

7. ACTION PLAN FOR PROFESSIONALS

1. **Start with Yourself.** Ensure your own protections — life and disability insurance, will, power of attorney — are in place.

2. **Select 5 Clients.** Identify who could immediately benefit from a conversation about protection or financial planning.

3. **Schedule Reviews.** Offer quarterly or semi-annual “financial health check-ups.”

4. **Build Partnerships.** Establish referral relationships with professionals you trust.

5. **Educate, Don’t Sell.** Frame these conversations as part of holistic planning, not product pushing.

8. CLOSING THOUGHT

As Eric Green noted in the webinar, *"The tax code is written by the wealthy, for the wealthy. Let's use the same tools they do."* By mastering both the basics and the advanced strategies in this playbook, you can empower clients to protect their families and help to reduce their taxes, and build long-term wealth. And in doing so, you transform your role from compliance worker to trusted advisor — the professional every client wants at their side.

Want help sorting through your or your client's financial needs and creating a solid plan? Contact Dr. Rick Wells at rwells@baystatefinancial.com

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