

Tax Strategy Checklist

FINANCIAL PLANNING

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“Anyone may arrange his affairs so that his taxes shall be as low as possible; he is not bound to choose that pattern which best pays the treasury. There is not even a patriotic duty to increase one’s taxes. Over and over again the Courts have said that there is nothing sinister in so arranging affairs as to keep taxes as low as possible. Everyone does it, rich and poor alike and all do right, for nobody owes any public duty to pay more than the law demands.”

— Judge Learned Hand

The individual investor has many opportunities to put their investments in a tax efficient mode. This checklist will help you identify tax strategies that individual investors can pursue to reduce their tax obligations:

TAX STRATEGY CHECKLIST

- Tax-Efficient Investment Strategies:**
 - Asset location
 - Selecting tax-efficient investment managers:
 - Low turnover passive index strategies
 - Direct indexing
 - Tax loss harvesting
 - Managing concentrated investments—stocks, mutual funds, ETFs, etc.
 - Gifting appreciated securities to charity
 - Exchange funds
- Tax-Preferred (Tax-Advantaged, Tax-Deferred, Tax-Free) Investments:**
 - Single tax-preferred accounts: Tax-deferred annuities, tax-free municipal bonds
 - Double tax-preferred accounts: Retirement accounts, Roth IRAs, 529 Plans
 - Triple tax-preferred accounts: Health savings accounts
 - Tax deductible retirement plan contributions: 401(k), 403(b), IRA, HSA, etc.
- Retirement Plan Withdrawal Strategies**
 - Optimal IRA distribution timing and withdrawal order
 - Roth conversions and partial Roth conversions
 - Qualified charitable distribution (QCD) at age 70½
- Tax Deductible Interest Expense Strategies:**
 - Investment interest deduction and mortgage interest deduction
- Tax Deductible Charitable Contributions**
 - Charitable contribution for an immediate income tax deduction
 - Donor advised funds for enhanced income tax management
 - Bunching charitable contributions
 - Donating appreciated securities
- Employee Benefit Plan Strategies**
- Insurance Strategies:**
 - Life insurance cash value withdrawals and loans
- Income Tax Return Review**
- Estate Tax Planning Strategies**
 - Charitable contribution to avoid future estate tax liability
 - Annual gift exclusion
 - Asset equalization
 - Revocable and irrevocable trusts

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