

Knowledge is Power

June 2023 Question Of The Month?

"I recently completed my tax return for last year. I pay for a service to file my tax return. However, they do not offer any advice on strategies to save tax dollars in the future or how to get my retirement plan at tax efficient as possible. They simply just take my documents and file my return. If my tax preparer does not do this, then where can I find that type of tax savings planning expertise?" Thank you. Don

Hello Don. As everyone know, tax returns are filed for the previous tax year once that year is over. So, for example, most people filed their 2022 tax returns in the early part of 2023. Thus, people who are in the business of filing tax returns do simply that – the file the return based on the information you provide them for that specific year. This makes it too late to do any tax efficiency planning as the tax return is done after the fact.

To do proper tax efficiency planning for a retirement plan, you have to work with a retirement planner and a tax professional with knowledge and experience in 'tax efficient planning'. Of course, this tax efficiency planning will have to be done 'in advance' to help get you more tax efficient for that current year and/or future years. For example, all full fledged retirement planning clients of Hayes Advisory Group have one or two meetings per year to analyze tax planning and look for strategic ways to make moves to get more tax efficient. The goal is to make the proper and strategic moves each year to get the retirement plan as tax efficient as possible for the client's future retirement years.

There are many factors and specifics that go into tax efficiency planning. Three of the biggest factors are:

- Projecting income for current and future years
- Analyzing current and/or future retirement income sources and tax events
- Considering and projecting future tax laws and situations
- Determining the proper balance between the three different tax structures that your specific retirement assets and incomes need to be allocated for optimal tax efficiency

Ultimately, tax efficient retirement planning comes down to doing Macro tax planning instead of Micro tax planning. Join me this weekend on the Retirement Money Matters Radio show where we answer this question in more detail and inform you of the differences between Micro and Macro tax planning. We will also answer many more retirement planning questions that we have received from our readers and listeners over the last few weeks. The show airs on Sunday morning at 8 am on WWKI (100.5 FM), or online at www.theretirementmoneymattersshow.com. You can also obtain this information by reaching out to us at Hayes Advisory Group at 452-PLAN (7526), 800-939-1603 or brian@hayesadvisorygroup.com.