



## 3 Ways Your Advisor Can Help You This Tax Season



As we enter this tax season, you may realize that your situation has changed. Maybe you were affected by the CARES Act, COVID, or went through a life change such as retirement, or became empty nesters. All of these things can affect how you file your taxes and now is the time to consider them. It's also a good time to review your overall finances and make sure you're sticking to your plan - or resolve to update the plan with the help of a financial advisor. There are many ways your advisor can help you this tax season - here are a few.

### Navigate Changes

There are a few reasons to review your tax strategy. For example, the CARES Act allowed penalty-free 401(K) and IRA loans of certain amounts in 2020, allowed for expanded charitable contribution deductions, and suspended Required Minimum Distributions (RMDs) from retirement accounts.<sup>1</sup> The SECURE Act also enacted several changes that could affect you, such as changing the age at which RMDs start to 72 and eliminating the age limit on IRA contributions.<sup>2</sup> Whatever your situation, consider working with a professional to see how changes to the tax code in 2020 might affect you when you file.



## Create a Long Term Tax Minimization Strategy

If you've saved a substantial amount in your 401(k), IRA, or other retirement account, it's important to have a withdrawal strategy. Deciding how much to contribute, which kind of plan is best for you, when to start withdrawing, and whether to utilize a Roth IRA are all important decisions a financial advisor can help you make. Starting at age 72, you will most likely have to take Required Minimum Distributions (RMDs) from your traditional retirement plans. This can cause you to withdraw more than you want to in a year, potentially increasing your tax burden. This is why it's important to have a Strategy for taking RMDs.

## Manage Investments with a Tax-Smart Strategy

Every part of a financial plan is connected, including an investment strategy and a tax minimization strategy. A good advisor invests with tax implications in mind. It's important to factor in your tax burden when realizing investment gains, selling property, and withdrawing from a traditional IRA or 401(k). There are many tax minimization strategies an advisor can help you consider, each unique to your individual situation. Unlike an accountant who tries to reduce your tax burden on a year-to-year basis, an advisor can help you create a long-term tax minimization plan that lasts throughout retirement.

We can help you fit all the pieces of the puzzle together with an income and tax-minimization plan. We can help you figure out which income sources to draw on and when, how new sources of income could affect your tax burden, and how to help reduce taxes. Sign up for a complimentary review where we can assess your tax burden and see if you could potentially pay less in taxes.

Raymond James and its advisors do not offer tax or legal advice. You should discuss any tax or legal matters with the appropriate professional.

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[1] <https://www.irs.gov/newsroom/irs-seniors-retirees-not-required-to-take-distributions-from-retirement-accounts-this-year-under-new-law>

[2] <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-required-minimum-distributions>



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