



CPA

# Client Bulletin

Smart Tax, Business & Planning Ideas *from your Trusted Business Advisor*<sup>SM</sup>

January 2018

## Citation and Resource Guide

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### Investing In 2018: Dividend Stocks

- The IRS explains the rules for qualified dividends in Publication 550, "Investment Income and Expenses," p. 20, at [www.irs.gov/pub/irs-pdf/p550.pdf](http://www.irs.gov/pub/irs-pdf/p550.pdf).

### Investing In 2018: Defensive Funds

- "Playing defense" is one of the tactics suggested by the AICPA for "Staying Sane in a Crazy Market," at [www.aicpa.org/InterestAreas/PersonalFinancialPlanning/Resources/PracticeCenter/ForefieldAdvisor/DownloadableDocuments/FF11waystostaysaneinacrazymarketconceptpiece.pdf](http://www.aicpa.org/InterestAreas/PersonalFinancialPlanning/Resources/PracticeCenter/ForefieldAdvisor/DownloadableDocuments/FF11waystostaysaneinacrazymarketconceptpiece.pdf).

### Small Companies Need Plans for Natural Disasters

- The AICPA's 360 Degrees of Financial Literacy Program offers tips on natural disaster planning disaster for small businesses at [www.360financialliteracy.org/Topics/Owning-a-Business/Business-Planning-Basics/Natural-Disaster-Planning-for-Small-Businesses](http://www.360financialliteracy.org/Topics/Owning-a-Business/Business-Planning-Basics/Natural-Disaster-Planning-for-Small-Businesses).

## Practice Development Tip

### Help Clients Make Double IRA Choices

We're heading into tax preparation season, but the beginning of the year might also be known as "double IRA season." From now until April 17, most workers and their spouses can still contribute to an IRA for 2017. Meanwhile, they also can contribute to IRAs for 2018 to get a jumpstart on tax-advantaged investment buildup.

Putting money into an IRA is probably a good choice for many clients, one that you might encourage. That said, you also might help them choose between contributing to a traditional IRA or to a Roth IRA.

Often, the choice comes down to tax deductibility and tax brackets. Eligible individuals can deduct traditional IRA contributions if they're not covered by an employer's retirement plan. The same is true for individuals who are covered but have moderate incomes. Clients who can deduct traditional IRA contributions may want to do so.

However, people in low tax brackets will get little tax savings from a traditional IRA deduction. They might be better off making after-tax contributions to a Roth IRA if they think they'll have a higher tax rate in the future because Roth IRA distributions can be tax-free.

Clients who don't qualify for a traditional IRA deduction might prefer the Roth side, where all distributions will be untaxed after 5 years and after age 59½. Unfortunately, people with high incomes (for 2017, taxpayers with modified adjusted gross income of \$196,000 or more if filing married or filing jointly, and \$133,000 or more if filing single) are prohibited from Roth IRA contributions. In this situation, you can discuss the possibility of contributing after-tax dollars to a traditional IRA and converting those dollars to a Roth, perhaps with little or no tax obligation.

Your IRA recommendation can result from each client's individual tax situation, demonstrating your concern with his or her retirement finances. In fact, for some clients, this is actually "triple IRA season." People who had self-employment income in 2017 not only can contribute to IRAs for 2017 and for 2018, they also can contribute to a SEP-IRA for 2017 until the tax filing deadline for 2017 returns, including extensions to this October 15.



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## Practice Development and Management Resources

from the AICPA

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### The CPA's Guide to Financial and Estate Planning

■ This comprehensive, four-volume, downloadable publication provides guidance to planners who advise clients in estate, tax, retirement, investment, and risk management matters. This guide explains all of the important planning concepts, and examines the techniques used to set and meet the financial goals of clients and their families.

[Item no. PPF1702D—AICPA Member \$79.00, Nonmember \$99.00]

### Fundamentals of Income Taxation, 12th Edition

■ This publication addresses specific areas in the tax process that are needed for financial planning. Learn about taxation of specific items like annuities, life insurance, and modified endowment contracts; specific tax deductions and credits such as charitable deductions and education related credit; the nuances of pass activity losses and how to determine when they apply; and the impact of entity selection and the related tax considerations for owners, partners, and shareholders.

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### AICPA PCPS/CPA.com MAP Survey National Summary

■ AICPA's Private Companies Practice Section (PCPS) partnered with CPA.com on the National MAP (Management of an Accounting Practice) Survey, which was fielded from mid-May through July 2016. This summary provides financial and other key benchmarking data from the survey. This product will provide you with comparative benchmarking data relative to firm size and region that can help you create strategic goals and maximize your firm's performance.

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■ This is your go-to resource for all things practice management. Streamlined online guidance for easy reading and quick reference on the topics you care about: employee compensation and benefits, staffing, disaster recovery, firm organization, benchmarking, strategic planning, and more!

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### MAP On Track

■ Often, practitioners and small- to medium-sized firms find it challenging to stay on top of firm management responsibilities. The new *Management of an Accounting Practice On Track* (MAP On Track) will help keep you organized. This new scheduler is easy to download and functions as an add-in to Microsoft Outlook, adding tasks to keep your firm running throughout the year. As an added bonus, within the automatically scheduled tasks, you'll find useful links to relevant content within the comprehensive MAP eHandbook as well as PCPS tools that can inform your next steps.

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