



## Trusted Financial and Tax Planning from Your Local CPA

CPA

PCPS

Private Companies Practice Section



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The road to financial security rarely is a smooth and easy journey. Creating and following financial-management and tax-planning strategies that respond to today's needs and tomorrow's uncertainties can be daunting and overwhelming – even during the most stable and prosperous of times. However, in an environment where financial rules and regulations are in constant flux, lifestyle changes create complexities and an economic recovery is sputtering at best, staying on top of your finances and tax issues is more important than ever.

How can you successfully address your financial future with confidence? The go-to professional for trusted financial guidance is the Certified Public Accountant (CPA), whose unparalleled knowledge, expertise and breadth of experience enable you to plan, manage and grow your personal finances or small business.

### Benefiting From the Services of a CPA

CPAs have ranked among the most valued and respected professionals for more than 125 years, and are second only to physicians in terms of winning consumer trust and confidence. CPAs provide a full range of services that are needed for financial security and success. Although all CPAs do not offer every service discussed here, they each offer their own specialized combination of services that can be customized to your own unique needs and specific goals.



### Meeting Your Personal Financial Goals

Whether you're thinking of purchasing a new home, saving for retirement, eliminating debt or funding a college education, a CPA can help you achieve financial milestones with a realistic budget designed around your resources, responsibilities and goals. Your CPA can:

- Devise practical savings and investment strategies that help you stay on budget, capitalize on your fiscal strengths and address your financial weaknesses
- Ensure that your budget is flexible enough to accommodate the good, the bad and the unexpected in your personal and professional lives
- Help monitor and revise your budget as necessary so you can create a savings system that meets your goals as well as your lifestyle

#### INCOME TAX PLANNING AND PREPARATION

A continuing education requirement keeps CPAs up-to-date about constantly changing tax laws so they can provide prudent, year-round tax-management counsel. Your CPA can:

- Design strategies you can follow throughout the year to reduce your taxes, save money and achieve a smoother tax-preparation process
- Clarify the impact of the latest tax laws, legislation and IRS rules on your tax liability
- Identify the long- and short-term tax consequences of your spending, investment and other financial decisions, and advise you on the steps you can take to reduce your future tax liability
- Counsel you through tax-return issues, complete all required forms and compile necessary back-up materials
- Most importantly, keep the IRS satisfied

#### ESTATE PLANNING

For most of us, planning for the distribution of our financial resources and personal property can be a difficult and emotionally charged issue. However, with a CPA's professional and comprehensive approach to estate planning, you can be assured that your wishes will be honored. Your CPA can:

- Review wills, trusts, retirement plans and other estate-planning documents and ensure that they remain up-to-date
- Develop a strategy that fulfills your goals while preserving assets, reducing estate-tax liability and providing for sufficient liquidity



#### THE CPA/PFS CREDENTIAL HOLDER

All areas of personal financial planning – including estate, retirement, investment, insurance and education planning – have complicated tax implications. A Personal Financial Specialist (PFS) is a CPA who specializes in personal financial planning and combines it with extensive tax expertise – plus a commitment to the highest ethics – to provide valuable, objective advice.



- Explain different methods of property transfers, estate-tax rules, the impact of the most current estate-planning legislation and possible future changes in rules and regulations
- Collaborate with other team members – attorneys, investment advisors, appraisers and insurance agents, among others – to ensure that every issue is properly addressed by the appropriate expert

#### RETIREMENT PLANNING

It is never too late to plan for retirement; however, the sooner planning starts, the more financially prepared you are likely to feel when the time arrives. Specialized guidance and support from a CPA can help you develop a plan that delivers a secure and comfortable retirement and peace of mind during your pre-retirement years. Your CPA can:

- Review expenses that will be, or are likely to be, incurred during your retirement and create a plan to eliminate any shortfall between income and expenses
- Identify the primary sources of retirement income that you have or should have and calculate the savings required for you to retire at a specific age and achieve your desired lifestyle
- Create strategies for preserving and growing retirement account balances and distribution amounts
- Recommend a diverse range of tax-efficient financial tools – IRAs, 401(k)s, investments and tax-sheltered opportunities – that are best suited to your age and retirement time frame
- Develop a back-up plan that responds to unpredictable and unfortunate events, such as the death or disability of an income-generating spouse, that can undermine even the best-laid retirement plans

#### INVESTMENT PLANNING

Creating and growing the resources needed to reach your financial and lifestyle goals starts with a well-crafted investment strategy. A qualified\* CPA's expert insight provides the foundation on which you can build a sound investment plan. Your CPA can:

- Evaluate your assets, liabilities and cash flow, and determine how you can best meet your current financial needs
- Explain the advantages and disadvantages of the full range of investment options, from annuities, Treasury bills and insured certificates of deposit to life insurance, stocks and mutual funds

\* Only professionals who are registered with the SEC or with their state securities agency to provide investment advice are eligible to do so. Check with your CPA to be sure he/she is an "investment adviser" under Federal securities regulations.

- Develop a plan that meets your short- and long-term financial goals, is consistent with your risk tolerance and has the potential to generate optimum returns during the time you have to invest
- Provide strategies for managing a sudden financial setback or windfall, including the best ways to use, manage and protect your resources

#### EDUCATION PLANNING

You and your family can look to the future far more positively when you have a well-planned strategy for education costs. With a plan that features a CPA's tax-savvy investment advice and guidance, you can realize your education-funding goals and reap the benefits they deliver. Your CPA can:

- Create a timely, diverse college-investment strategy designed around your financial resources, child's age, risk tolerance and projected educational costs
- Explain tax credits and deductions that can defray education costs, and the tax implications of education-related investment and savings decisions
- Recommend ways for the student to become involved in the planning process and contribute to the education fund
- Keep your plan updated to reflect changes in your employment situation, investment options, savings plans, financial-aid requirements and tax laws



## CPAS' FOCUSED KNOWLEDGE FOR BUSINESS

CPAs with additional credentials are trained to help businesses in specialized areas:

- **A CPA/CITP (Certified Information Technology Professional)** has the unique ability to leverage his/her knowledge of information relationships and supporting technologies to provide businesses with insight and skills that help owners make the best IT-related decisions.
- **A CPA/CFF (Certified in Financial Forensics)** provides forensic accounting services to businesses for a variety of needs, including: bankruptcy, insolvency and reorganization; computer forensic analysis; economic damages calculations; family law; fraud prevention, detection and response; and valuations.
- **A CPA/ABV (Accredited in Business Valuation)** has the specialized skills and experience to analyze business financial information, investments, real property and the business environment to provide a conclusion of value for a variety of purposes, including but not limited to, selling or buying a business; mergers and acquisitions; employee stock ownership plan valuations; marital dissolution; and for financing purposes.

## STRATEGIC BUSINESS PLANNING AND CONSULTING

Business owners have a different set of needs than individuals and families. In many cases, however, a small-business owner's personal tax issues are intertwined and directly connected with those of their business. CPAs act as independent advisors who can work with business owners to help them meet day-to-day and long-term goals. Your CPA can:

- Create a realistic business plan, and help you select an organizational structure that meets your needs
- Help identify financing, and negotiate financing terms and conditions
- Manage finances and accounting processes:
  - Balance budgets
  - Oversee taxes and payroll
  - Determine sales tax liability
  - Value products and inventory
  - Track performance
  - Monitor costs
  - Develop marketing and pricing strategies
  - Explain government, environmental and economic regulations and ensure compliance
- Advise on day-to-day operations, including salaries and benefits, IT system requirements, internal controls, fraud mitigation and risk management, retirement-plan and health-care options and insurance-provider selection



## Meeting with Your CPA

Creating a relationship with your CPA is similar to establishing a trusting relationship with other professionals on whom you rely for sound, objective advice, such as a doctor or attorney. You will want to find a CPA who can best protect your interests, listen to and address your concerns and, equally important, make you feel comfortable and valued. It all begins with your first meeting. Here is what you can expect:

- **Scope of Services.** When you schedule an appointment with a CPA, he or she will ask you to explain the type of services you need – your scope of services, also called an engagement. Examples include, tax preparation, financial planning and customized business consulting.
- **Required Paperwork.** Your CPA will ask that you bring specific records and other documents with you to the meeting. The type of documents will depend on the engagement. Providing the proper paperwork will allow your CPA to better understand your situation, and ensure a productive meeting.
- **Cost of Services.** Once you have met and discussed the engagement, your CPA will provide you with an engagement letter summarizing the services and the scope of work to be performed. It also will discuss the terms of payment – flat or hourly rate, depending on the type of engagement.

CPAs provide expert guidance and are available year-round in practices throughout your community. They want to understand your financial goals and are uniquely qualified to recommend sound strategies to help make them a reality. To find the CPA who is right for you, visit: [aicpa.org/FindACPA](http://aicpa.org/FindACPA).



## WHAT ARE A CPA'S QUALIFICATIONS?

CPAs' qualifications make them the trusted professionals who are best prepared to meet all of your personal or business financial-management and tax-planning needs. CPAs must:

- Hold an undergraduate degree
- Complete, generally, up to 150 hours of career-focused education
- Pass a comprehensive, rigorous four-section, qualifying examination
- Meet strict state-licensing guidelines
- Fulfill 40 hours of continuing professional education each year
- Abide by a code of professional ethics

Also, like all paid tax-return preparers, CPAs must register with the Internal Revenue Service and obtain a Preparer Tax Identification Number (PTIN). However, not all paid tax preparers have a CPA's qualifications, rigorous training and specialized professional background. Before you seek financial advice from a tax preparer, be sure to ask about their qualifications to ensure they are capable of meeting your unique needs.