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Faced with a legislative and regulatory environment that seems to be evolving faster and becoming more complex with each passing year, CPAs are confronting a broader range of accounting and personal finance issues today more than ever before. A trend that is continuing to emerge today is many accountants have gone from tax experts to financial saviors in the eyes of their clients.

While this increased reliance can be good news for the bottom line and referral relationship building, it also puts more pressure on CPAs to provide the most up-to-date, comprehensive advice on stickier, more complex issues. Today, it's imperative to have an understanding of these issues, and to continually develop educational resources, in order to maintain high-caliber, strong relationships with your clients.

Following is an overview of the most commonly utilized tips, tools and strategies that CPAs and their partners are using to assist those clients who have more comprehensive financial planning needs.

All business owners should have a Roth IRA

The primary difference between a Roth IRA and a traditional IRA is Roth IRA contributions are not tax deductible, and qualified distributions are tax-free. While traditional IRAs deliver an up-front tax deduction for money that is contributed to the account, Roth IRAs offer something arguably more valuable. Instead of an immediate tax break in the short-term, a Roth provides tax-free growth for the account. Investors and business owners who follow a few basic rules will benefit from the fact that any money they put into the account will accrue completely and absolutely tax-free.

Also, an IRA is an inherently more flexible investment vehicle than a 401(k) because

One such strategy is the IRA conversion, where an investor without a pre-existing IRA establishes a traditional IRA, makes a non-deductible IRA contribution and then converts those contributions into a Roth.

Roth conversions used to have their own income limit; however, that restriction was lifted in 2010. While they will not incur taxes on the non-deductible contribution, they will pay taxes on any gains; however the tax should be relatively small. For those that have existing traditional IRAs, this strategy can become more complex (and costly), though there is another alternative available that may be practical for some clients through their 401(k).

Even if your 401(k) plan does not offer a qualified Roth contribution option, an after-tax account in your 401(k) plan may offer a potentially tax-efficient way to convert contributions and earnings to a Roth IRA. These strategies are complex and do not make sense for every investor—but used in the right situation, these alternative contribution techniques can help to dramatically reduce your clients' tax bills.

Building three retirement "buckets"

One piece of investment/retirement savings advice that often flies under the radar is to structure retirement plans to include three different types of assets: pre-tax funds, after-tax funds and a tax-free fund. This three-pronged approach confers optimum flexibility with regard to retirement plan distributions. Investors who utilize the three-bucket system generally have more control over their assets and their tax liabilities, and they can take advantage of more sophisticated money-saving asset management strategies.

Stock concentration tools

Stock concentration tools such as pooled asset accounts and Net Unrealized Appreciation (NUA) strategies can be beneficial for certain investors. Pooled asset accounts bring together multiple investors into a single unified portfolio of assets

Gifting of businesses through family limited partnerships

Limited partnerships are an attractive arrow in the financial planning quiver for many, as they can be structured in a way that provides income, asset, estate and gift-tax benefits. Family limited partnerships are especially useful because fractional partnership interest can be easily gifted to multiple family members while keeping the core assets consolidated. Such a strategy can be used to reduce the taxable estate of older family members (by transferring it to their children) while enabling them to retain executive control over decision-making and asset distribution.

Divorcing clients must consider long-term care plans

As the employment and housing markets continue to improve, the divorce rate is also rising—couples who previously could not afford to separate or sell a house now have greater financial freedom to split up, whether they are newlyweds or have been together for decades. While this trend certainly is not good news, it is important to know what kind of guidance to provide clients in this situation.

One consideration that often goes unspoken is that of long-term care—what will the divorcing couple do in the event of future disability or incapacity? It is important to have an action and payment plan outlined, as it could greatly impact how finances are divided and spent. Clients can choose to pay out of pocket, purchase long-term care insurance, use Medicare or Medicaid, VA benefits or other options. The chosen route will depend on the financial situation and collection of assets owned by each client.

Leveraging unneeded RMDs

Under most circumstances, clients who own an IRA will be required by the IRS to begin withdrawing an annual Required Minimum Distribution (RMD) once they reach the age of 70½. This RMD is calculated based on the individual's account

transfer/conversion, their funds will then continue to grow (tax-free) in their Roth IRA account. Individuals who are in good health have another option available to leverage unneeded RMDs after the age of 70½: they can use their RMD to pay a life insurance premium.

Understand donor advised funds for gifting highly appreciated stock

For charitably inclined clients, a simple and convenient way to donate to charitable causes is through a donor advised fund. These funds are asset pools like a private foundation, but with a greatly reduced cost structure. Clients can open an account with cash, securities and/or most importantly, highly appreciated stock. Donor advised funds allow the client the flexibility to determine how much and where to give, on their own time.

Donors will receive an immediate tax deduction, and are able to avoid the capital gains tax of liquidating highly appreciated securities and potentially reduce estate tax through large gifts. Their fund can also be invested for growth based on their risk comfort level, allowing them to make larger payouts to their chosen charities in the future. Not all solutions are perfect, however; there are administrative, investment management and annual fees attached to a donor advised fund account, but for many, the benefits outweigh these fees, considering the alternatives.

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