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**PRODUCT & SERVICE GUIDE**

# It's Time for a 4th Quarter Income Tax Tuneup

With summer vacation over and school back in session, it's time to help those extreme tax procrastinators get their returns filed. But what about the rest of your clients – the “good” ones whose taxes you completed way back in April?

**Dave DuVal, EA** • Sep. 29, 2015



With summer vacation over and school back in session, it's time to help those extreme tax procrastinators get their returns filed. But what about the rest of your clients – the “good” ones whose taxes you completed way back in April? Would it be helpful to check in with them, too, for a little Fourth Quarter Tax Tune-Up? Here are a few ideas about what you might discuss.

### **Check Withholdings**

Check your clients' withholdings to see if they need to make an adjustment. If they had a large tax bill last year and their situation is relatively the same, remind them to start having more taken out of their checks now if they never got around to it when you advised them to do it back in April. And if they had a large tax refund and their situation is the relatively the same, they may want to reduce the amount they're having withheld (i.e., don't give an “interest free loan” to the government!).

### **Business Check-In**

If you have self-employed clients, do a check-in on their businesses. Get a rough idea of their current taxable net income, and then do a projection for the final months of

the year to come up with an estimate of what they might end up owing or receiving as a refund. If it looks like they're going to owe you can start having them make estimated payments now – or increase the amounts of their estimated payments if they are currently making them.

## **Recordkeeping**

Tactfully inquire about their recordkeeping habits to make sure they are keeping their required documentation up-to-date. Remind your clients about the importance of keeping receipts for deductible child care and school expenses, and that certain school expenses might be considered charitable donations.

## **Charitable Donations**

While you are on the subject of donations, it might be a good idea to advise your clients to make their charitable contributions for the year now rather than wait until the holidays when they might be stretched thin with regard to both time and money.

## **Retirement Distribution Planning**

If you have clients who are retired, discuss their cash needs for the rest of the year. Remind them to take out only what they need from their non-Roth accounts to minimize the amount they will owe and to keep their tax bracket as low as possible. Don't forget to review the RMD (required minimum distributions) that are necessary to avoid the 50% tax penalty they will incur if they fail to take out the required amount out of any non-Roth accounts.

## **Retirement Saving**

If your clients haven't been contributing the max to their retirement plans, review their income and expenses to see if they can increase the amounts they've been putting in. Retirement will happen to all of us, eventually, and giving your clients a little push to save now could help them quite a bit in the long run.

If you do still have clients whose tax returns you haven't filed at this late date, it's time for some tough love. Don't wait until the eleventh hour to find out that you're still missing a document or a vital piece of information that you absolutely need in order to file a complete and correct tax return for them. And make sure they understand that failure to file a tax return could result in losing their health care insurance subsidies and tax credits for last year and this year.

These last minute procrastinators are the clients who are likely to need your Fourth Quarter Tax Tune-up even more than your “good” clients do. So plan to meet with them soon– after you get their 2014 returns filed, of course.

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