

tax & investment newsletter

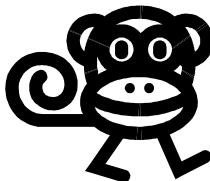
June 2011

MONTGOMERY TAYLOR, CPA, CFP

By the time a man realizes that maybe his father was right, he usually has a son who thinks he's wrong ~Charles Wadsworth

Monty's Opening Thoughts...

Are you like the monkey in a story I recently read? It seems that in Africa, the natives use an ingenious method for catching monkeys.



They hollow out a coconut shell by cutting a small hole at one end. The hole is small enough to barely allow a monkey's hand. Inside the hollowed shell they place a few peanuts. They connect the coconut shell to a thin, strong cord and wait in hiding for the monkeys. When a monkey discovers the nuts inside the shell he reaches in and grasps them in his fist. But the hole is too small to allow the tightly clenched fist to escape. At this precise moment the native pulls on the cord . . . and the monkey, who won't let go of those peanuts to save his life, is caught.

Too often, we hold tightly to our own peanut ideas for fear that we may lose them . . . when all the while, it is these very ideas that hold us captive and prevent the freedom we long for.

Well, what are these false assumptions? And how can we learn to let go of them? Here is a list of nine faulty assumptions about wealth.

1. Having a job is good and leads ultimately to wealth.
2. Saving your money is a good investment.
3. Debt is bad—avoid it like the plague.
4. Security is good.
5. Failure is bad.
6. Wealth is measured in material possessions.
7. The government, my employer, or someone else is responsible for my financial well-being.
8. The acquisition of wealth is a win/lose game.
9. It takes money to make money.

As you read over this list, I imagine you are having difficulty in finding fault. This is the stuff our parents and grandparents taught us. Granted, it isn't easy to let go of our programming.

Much of this list is nothing more than the common sense of past generations taken to extremes. People believe in them just as people used to believe the world was flat.

I bring this up so you can stop and ponder your own mindset about money. You may have limiting beliefs that are holding you back from the wealth you deserve. Certainly something to muse over this summer...

~Monty



WATCH OUT!!!

EMAIL IS COMING!!!

We are in the process of setting up a new email system for the distribution of our weekly investment news and monthly tax tips. When we have this in place, we will send you an email. When you receive it, please "opt-in" so that we can provide you with these timely updates!



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Staff News

The beginning of summer is finally here – warmer, longer days, graduations, summer vacations and the celebration of Father’s Day. They say your dad is someone you look up to no matter how tall you grow.

Monty’s dad, Stephen, graduated from high school in Madera, California, in 1940. He enlisted in the Navy and served aboard the U.S.S. Enterprise aircraft carrier during World War II. After the war, he was hired by the California Highway Patrol where he made his career for 26 years. Eight hours of work



per day was not enough – so he also raised animals on a 100 acre farm in Alexander Valley. Growing up during the Depression meant he knew how to work hard and save his money. He was able to retire young and travel the U.S. for over 20 years in an RV with his wife. Monty has many fond memories of working

alongside his dad and listening to his dad sing while he worked. After work they would have an ice cold beer together – Root Beer.

Barbara’s dad, Curtis, was one of 14 children born on a farm in Indiana. After graduating from high school, he joined the Army and became a career military officer. Because her family relocated every 2 or 3 years, Curtis encouraged Barbara to explore new places and find things to appreciate about each new location. Barbara attributes her love of travel to this upbringing. She also has fond memories of fishing, camping, playing softball, and going to major league baseball games with her father.



Sandy’s dad, Robert, grew up in Seymour, Indiana, and moved to Appleton, Wisconsin as a teenager (where he played varsity basketball and also met Sandy’s mom.) After college at the University of Wisconsin-Madison, he was called up for a brief stint in the Army during the 1961 Berlin Crisis, and after that the family settled for good in the suburbs of Minneapolis, Minnesota. Sandy’s Dad is a soft-spoken guy with amazing patience—always willing to listen. This photo is from Sandy’s wedding—27 years ago this month!



☺🌟 **Happy Father’s Day!** 🌟☺



Monty Gained Our Confidence Immediately

This is our first experience with a professional advisor who also does our tax return, and it’s been

very satisfactory for us knowing that someone who’s working on our taxes also has first-hand knowledge of our investment strategies.

At our first meeting, there was just something about Monty that made us comfortable. He gained our confidence immediately.

We have a level of confidence in Monty that makes us say. “Here. Do it for us.” We don’t have any concerns. He’s honest with us. He’s doing the best he can for us, and the results have shown that. And the tax preparation was quick and right to the point. He got it done in a few days.

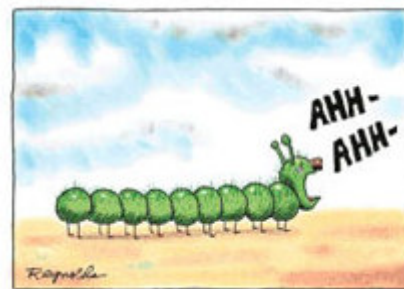
Monty is very knowledgeable and up to speed on tax issues. We tell our friends that if they have any questions at all about the tax service they’re getting, they should sit down with Monty, and listen to what he has to say.

Monty’s customer service is a high priority and we’re getting the services that we need, without question. We always leave here feeling comfortable.

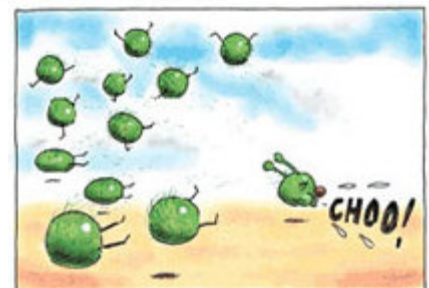
- Pat & Diane McDowell, Retired, Windsor



**Who’s being targeted by the IRS?
Check out Monty’s blog to find out:
<http://blog.taxwiseadvisor.com>**



How are you doing this allergy season?



Tax Strategy of the Month

“Here’s an idea I think will save you money!”

Tax Breaks for Grandparents

Are you a grandparent raising a grandchild? It’s becoming a more common occurrence. You should ensure that you’re claiming all the tax benefits you’re entitled to. Consider the following list.



Head-of-household: This filing status is generally more favorable than single status. It may be available to a single grandparent who supports a “qualifying child.” The tax law defines a qualifying child of a taxpayer as one who:

- Is related to the taxpayer (including grandchildren)
- Has the same abode for more than one-half of the year
- Hasn’t reached age 19 by the end of the year (age 24 for a full-time student)
- Doesn’t provide more than half or his or her own support.

The qualifying child can’t be married by the end of the year or file a joint return.

Child tax credit: A grandparent may be able to claim the child tax credit (CTC) for a qualifying child (as defined above). The child must be under age 17 and a U.S. citizen or resident. For 2011, the CTC is \$1,000, but it begins to phase out for joint filers with a MAGI above \$110,000 (\$75,000 for single filers).

Dependency exemption: A grandparent who provides more than half of a grandchild’s support for the year may claim a dependency exemption for a qualifying child. For 2011, the exemption is \$3,700 (up from \$3,650 for 2010). Note: Dependency exemptions aren’t phased out for high-income taxpayers in 2010 or 2011.

Child care credit: A grandparent may qualify for the dependent care credit (commonly called the “child care credit”) if they, in order to be gainfully employed, pay someone to watch an under-age-13 child. The maximum credit is usually \$600 for one child and \$1,200 for two or more children.



Medical expenses: If a grandparent pays for a dependent grandchild’s medical expenses, the unreimbursed expenses can be added to the grandparent’s annual total, subject to the 7.5%-of-AGI limit.

Education expenses: Finally, a grandparent may be eligible for several education-related tax breaks (see box).



ABCs of Education Tax Breaks

Grandparents may receive tax relief for education expenses, but there are certain restrictions and phase-out rules.

Higher-education credits: A grandparent may take one of two credits. For 2011, the maximum American Opportunity Tax Credit (AOTC) is \$2,500. It is potentially available for the first four years of undergraduate study. The AOTC begins to phase out for joint filers with a MAGI above \$160,000 (\$80,000 for single filers).

For 2011, the maximum Lifetime Learning Credit is \$2,000, based on 20% of qualifying education expenses of up to \$10,000. The \$2,000 limit on the Lifetime Learning Credit applies even if the taxpayer has several eligible students in the family. In 2011, it begins to phase out for a MAGI above \$102,000 for joint filers (\$51,000 for single filers).

Tuition deduction: In lieu of an education credit, a grandparent may deduct college tuition and qualified fees. The maximum deduction is \$4,000. A reduced deduction of \$2,000 is available to joint filers with a MAGI up to \$160,000 (\$80,000 for single filers).

Coverdell Education Savings: Distributions from a Coverdell Education Savings Account (CESA) are tax-free if used for qualified education expenses of a grandchild under age 18. But the maximum annual contribution is only \$2,000. Availability begins to phase out for a MAGI of \$190,000 for joint filers (\$95,000 for single filers).

Student loan interest: A maximum annual deduction of up to \$2,500 is allowed for interest paid on student loans. For 2011, the deduction begins to phase out for a MAGI above \$120,000 for joint filers (\$60,000 for single filers).

U.S. Savings Bond interest: Interest from Series EE Bonds may be tax-free if the bonds are used to pay for qualified higher-education expenses. For 2011, the exemption phases out for a MAGI above \$106,100 for joint filers (\$71,100 for single filers).



Tax News You Can Use...



Reminder: Second estimated tax payment due June 15

June 15, 2011, is the due date for making your second installment of 2011 individual estimated tax. Your check to the United States Treasury should be accompanied by Form 1040-ES. June 15 is also the due date for calendar-year corporations to make their second quarter 2011 estimated tax payment.

IRS raises threshold for imposing tax liens

The IRS recently announced that it will adjust its use of tax liens to collect back taxes. A federal tax lien gives the IRS a claim on a delinquent taxpayer's property for unpaid taxes.

This change means the IRS won't use a tax lien unless at least \$10,000 in back taxes is owed; the previous threshold had been \$5,000.

In addition, the IRS says it will "withdraw" more tax liens once the back taxes have been paid. A withdrawal removes the lien from the taxpayer's credit record, whereas a lien "release" as previously used left the lien on the credit record for at least seven years. Having a tax lien on a taxpayer's credit record can knock 100 points off the individual's credit score.

The IRS estimates that the new rules mean that "tens of thousands of people won't be burdened by liens."



"Tax Freedom Day" came later in 2011



"Tax Freedom Day" fell on April 12 in 2011, three days later than in 2010. According to the Tax

Foundation, all the money earned by taxpayers in the first 102 days of 2011 will go to pay their federal, state, and local taxes.

Another statistic from the Tax Foundation: If the government were to collect enough taxes to fund all spending for 2011 (with no deficit), Tax Freedom Day would be May 23, 2011. That's 41 more days of work to provide the additional \$1.48 trillion of revenue needed.

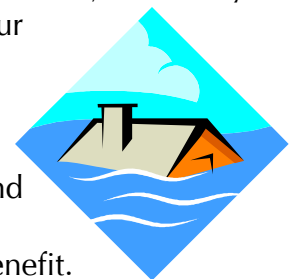
Tax breaks can help when disaster strikes



Recent events here and abroad are reminders that disasters can occur at any time - often with staggering human and financial costs. If you're an unlucky victim of a disaster, you may receive help from insurance and federal disaster aid. But **the tax code also offers some relief.** You may be able to take an itemized deduction for part of your loss. In tax terms, it's a "**casualty loss,**" and it can also apply to events such as a car crash, a house fire, or theft. Here are the basics.

- ♦ The loss or damage must be due to an unexpected and sudden event. Losses due to slow deterioration over the years, such as rot, rust, or insect damage, don't qualify.
- ♦ Your tax deduction won't equal your total loss. You must subtract any insurance or other reimbursement. Then you must also deduct \$100 for each loss and 10% of your adjusted gross income.
- ♦ Your loss may also be limited by your adjusted basis in the property. That's generally what you paid for it, plus or minus any improvements or previous losses.
- ♦ In a widespread disaster, the area may be classified a "Presidentially declared disaster area." If that happens, you have a special option. You can claim your casualty loss against the current year's taxes. Or you can amend the previous year's return and claim your loss against that year's taxes. That usually generates a faster refund, but it may change the amount of your deduction.

If you suffer a casualty loss, please contact us. We'll explain the rules and help you claim the maximum possible tax benefit.



Tax tips for your vacation home

Planning to rent out your vacation getaway? When it comes to taking advantage of the tax benefits, timing is an important factor. Here are two points to remember:



1) The fourteen-day-or-ten-percent test. The IRS applies this test to determine if you use your vacation home as a personal residence. If you stay in the home more than 14 days or 10% of the total days it's rented in a calendar year (whichever is greater), the general rule is you're using it as your home.

Why does it matter? Because treating a vacation home as your personal residence affects your rental deductions. You'd include all the rent you receive as income on your tax return. But related expenses are generally limited to the amount of that income, meaning you can't offset other income with a loss. Note that time spent in your vacation home by family members and certain others can count as personal use.

2) The less-than-fifteen exception. Rent out your vacation home for less than 15 days during the taxable year, and the income is yours, tax-free. You don't even have to report it on your return. Just be aware that any expenses related to the rental are nondeductible. If you itemize, you can still deduct qualified mortgage interest and real estate taxes on your vacation home.

Other tax rules, such as passive activity and capital gains reporting, can also impact the decision to rent out your vacation home. Give us a call before you put up that "For Rent" sign. We'll be happy to review your options under the tax rules.

Tax Advice Disclosure: To ensure compliance with requirements imposed by the IRS under Circular 230, we inform you that any U.S. federal tax advice contained in this communication (including any attachments), unless specifically stated otherwise, is not intended or written to be used, and cannot be used, for the purpose of (i) avoiding tax-related penalties or (ii) promoting, marketing or recommending to another party any tax-related transaction(s) or matter(s) addressed herein. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us. Tax preparation and consultation services are offered through the office of Montgomery Taylor, CPA, with professional memberships in the California Society of CPAs and the American Institute of CPAs.

College Strategist

Paying for College Without Going Broke

Choosing a College Major

At some point in college, the time will come to make a life-framing decision – choosing a major. What are the best majors for you? What should you consider in selecting a major? Here are a few suggestions that might help.

Take an Assessment Test which matches your abilities and interests with possible career and major choices. And be aware of your strengths and weaknesses. If you know you have trouble with math, don't choose a major that requires advanced math courses.

Examine what you value in work. Do you want to help society? Do you prefer working alone or with groups? Do you prefer working outdoors or inside? Do you want job security? And how important is salary? The "return on investment" of your degree can vary greatly depending on your major.



Where do you want to live after graduation? Will there be jobs available in your chosen field? Investigate the fastest growing industries and the job market for the occupations which interest you.

Do Your Research. Your school's course catalog, web site, and the web in general are helpful resources that you can use. Some college majors are designed to point you to a specific career, while others are more open-ended. Go to your school's Career Planning Center to find out about the careers for which different majors can prepare you.

Are you planning to transfer? If you are attending a Community College, and planning to transfer to a 4-year institution, be sure to choose a major that will allow you to transfer successfully.

Changing Your Mind. If you select a major and then decide to change it, you're not alone. Studies indicate that anywhere from 50% to 75% of students change their major at least once before graduating. But remember, the impact of selecting a major will ripple into how long you stay in school and how much it will cost to complete your college degree.



If you'd like more information about paying for the cost of college, contact our office at 576-8700 to schedule a free initial consultation.

College planning services are offered through our College Plan Advisors, LLC, company and its affiliation with College Planning Network and the National Association of College Funding Advisors.

Financial Strategy of the Month

“Here’s an idea I think will save you money!”



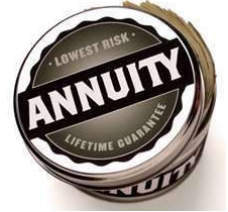
Many People are Interested in Annuities. How About You?

What are some advantages of annuities?

Tax advantages and the need for baby boomers to save more efficiently for retirement are the main reasons the sales of annuity products have skyrocketed. Qualified plans have a ceiling for contributions, built-in “reverse discrimination” because of coverage requirements, and complex red tape. Many individuals, retirees, and employers have turned to tax-deferred annuities to supplement their retirement savings and to lower their annual exposure to taxable interest and investment gain. Here are some of the advantages of annuities:

1. Unless an annuity is owned by a for-profit corporation or other entity, all income and growth is tax-deferred until it is withdrawn.
2. By reallocating taxable investments to deferred annuity investments, it is possible for an individual to lower taxable income each year and thus the taxes he or she pays. A retiree with a large amount of taxable interest income can reallocate assets to annuities and potentially reduce or eliminate the tax liability he or she pays on Social Security benefits. Why? Because a person with lower taxable income pays less tax on Social Security benefits.
3. When distributions are made, taxable interest or gain comes out on a pro rata basis.
4. The beneficiary designation on the annuity allows the proceeds or death benefit to be paid directly to the designated beneficiary without having to go through probate.
5. On the death of the annuity owner, the owner’s spouse, if he or she is the beneficiary, can roll the annuity contract over into his or her own name and the tax deferral will be retained. All other beneficiaries must elect to annuitize the benefit within 1 year of the owner’s date of death or to take the total amount in one distribution or in a series of even or uneven distributions within 5 years from the date of death of the deceased.

6. The owner of the annuity can choose between guaranteed investment accounts or the many types of variable subaccounts. The subaccounts include, but are not limited to, stock, bond, balanced, specialty, and international investments. The insurer behind the annuity offers professional management of the subaccounts. The owner can transfer between these accounts at will without incurring a taxable event.
7. About two-thirds of the states offer at least some creditor protection for annuities. California provides a complete exemption from creditors for unmaturing policies. An unmaturing policy is a policy which has not reached the end of its policy contract term.



What are some disadvantages of annuities?

Some disadvantages of annuities are:

1. Compared with other investment vehicles, none of the taxable income or growth from an annuity is taxed at the favorable capital gain rate.
2. Annuities have higher administration costs compared with other investment vehicles, as well as mortality and expense charges, which can offset the performance of the subaccounts considerably, especially in down markets.
3. All taxable distributions taken before the age of 59½ are subject to a 10 percent tax penalty, unless the taxpayer has some qualifying event, such as disability or death.
4. At the death of the annuity owner, all the profit is subject to ordinary-income tax in the beneficiaries’ hands, since there is no stepped-up cost basis as there is with stock or mutual funds.



Yes, we can help you obtain an annuity. Just give us a call.

Montgomery Taylor, CPA

Client Benefits:

1. Expert tax-saving advice as a regular part of your income tax preparation
2. Professional Service Warranty that guarantees you the largest tax refund possible with the lowest tax liability
3. Your tax returns completed within eight business days of when you provide all necessary data
4. Your phone calls returned promptly (any time of year), always within 24 hours
5. Help with allocating your 401(k) investment funds
6. Monthly ClientAdvisor Newsletter
7. Professional online tax advice anytime ~ mtaylor@taxwiseadvisor.com

**Platinum Tax Maintenance Program
2010 Member Benefits:**

1. ALL CPA Client Benefits listed above, **AND**
2. Three phone consultations (20 minutes each or a total of 60 minutes) during the tax year scheduled through our appointment desk
3. W-4 review to be sure your withholding is correct
4. Audit assistance in the event you are subject to an audit for the 2010 year, limited to four hours of service at no additional expense
5. Answer all IRS notices and correspondence you receive for 2010 tax year
6. Answer FTB notices and correspondence including Head of Household Audit Letter for 2010
7. 1 additional copy of tax year 2010 tax return
8. \$50 discount on our fall tax planning appointments scheduled through our appointment desk

**Montgomery Taylor & Company, LLC,
Registered Investment Advisor
Client Benefits:**

1. Independent, unbiased, investment advice on a fee-only basis (no commissions)
2. Investment management for any account size (no minimums)
3. Monthly account statements directly from Fidelity Investments
4. Quarterly performance reports and consultation meetings
5. Tax-sensitive investing strategies integrated with your financial planning
6. Monthly ClientAdvisor Newsletter
7. Weekly Economic Update e-mail communication

**College Plan Advisors, LLC
Client Benefits:**

1. Student Counseling and Assessment
2. Calculate Expected Family Contribution
3. College Funding Strategies & Planning
4. Complete your FAFSA Forms
5. Complete your CSS Profile Forms
6. Appeal/Negotiate Better Awards
7. Monthly Cash for College Newsletter
8. Monthly ClientAdvisor Newsletter
9. Weekly "Tip of the Week" E-Mails



Notes from Monty's private money management file...

The price action in precious metals and oil in early May was breathtaking. Margin requirement changes in silver futures have been fingered as the primary catalyst for the nasty sell off. Silver was down about 35% at one point. As of May 26, silver was back up about 6% from its low.

The **Green Label Portfolio** only holds a 5% position in silver (SLV). So, this doesn't have a huge percentage impact on the whole portfolio. For those in on the original purchase of silver back on July 8, 2010, we are currently (still) up about 94%.

Yes, there is volatility in the short-term; however, I believe that precious metals are a good long term investment. Especially when considering the global economy and the strong likelihood of inflation ahead. However, this month has caused me to rethink my position exit strategy and I'm looking to add a "profit-taking" component to this strategy which would ease the pain of a drop in any one particular position.

Bernanke is confident their quantitative easing has prevented a double dip recession, and the June 30th end of QE2 has been factored into stock prices and interest rates. A maintenance program of reinvesting maturing securities will keep the Fed Balance Sheet constant going forward, thus no Fed tightening. If everything goes according to the script, all should be well on the immediate investment horizon.

Not without the usual bumps however. So far this month, the dollar has been rebounding and this puts downward pressure on stocks and commodities. An analyst I follow believes we could have a further dip in stocks and commodities before they bounce back and continue in the otherwise upward trend.



Market dips are normal. The thing I am watching for is a real turn in the long term trend of the market. I don't want to be whip-sawed around by short term ups and downs in the market. As an example, commodities have been hit hard recently. However, the fundamental picture has not changed as central bankers continue to debase their currencies as debt and deficits weigh on the developed countries, which should be positive for gold and silver.

Sovereign-debt worries moved back into the spotlight in Europe, causing stock market declines globally. We are at a pivot point, with analysts saying the market could go either way from here. Some pointing up, while others point down.

I like to use these dips in the market as a buying opportunity or to do some reallocations. I'm evaluating the opportunity and client accounts to see what improvements can be made.

Wealth management services are offered through Montgomery Taylor & Company, LLC, a Registered Investment Advisor. Fidelity Investments is the custodian of our client accounts. While accounts are protected by the SIPC up to \$500,000, including cash claims limited to \$100,000, Fidelity provides supplemental protection that covers accounts over and above this SIPC coverage.



Monty's Money Message

Monty started his career in financial services about 30 years ago as a Stockbroker. He then became a Certified Public Accountant, Certified Financial Planner, Certified IRA Distribution Specialist and Registered Investment Advisor. With all these years of experience, he has a wealth of information to share with you about money and how you can prosper. Monty recently received the "America's Top Financial Planners" award of excellence from the Consumers' Research Council of America. Monty was selected from among his peers based upon years of experience, formal education and specialized professional certifications and designations achieved. In 2010, KZST Radio named Monty "The Only CPA We Trust" and chose him to be the tax expert for KZST listeners.

What Do You Expect From Your Advisor?

I was recently reading in **InvestmentNews** about a survey of investors done by the **Luxury Institute**. What scored the highest, in terms of client expectations, was "that their advisor be responsive to their requests." Following on the list of client expectations was: a) that their advisor have a "deep understanding of the family's goals," b) that their advisor spend sufficient time with them, and c) that their advisor have open, transparent and fair fees.

Jack Markwalter, chairman and chief executive of **Atlantic Trust** was interviewed as part of the survey and analysis. Mr. Markwalter said that clients seemed to favor a small boutique-natured firm offering comprehensive service. "**Some firms manage money, some do tax or estate planning, but very few firms tie it all together with the right philosophy of being a fiduciary,**" he said.



Some financial advisors operate as a fiduciary and others do not. With advisors like **Madoff** and **Armitage** out there, industry regulators are putting more and more pressure on advisors to apply a Fiduciary Standard. A financial advisor held to a fiduciary standard occupies a position of special trust and confidence when working with a client. As a Fiduciary, the financial advisor is required to act with undivided loyalty to the client. This includes disclosure of how the financial advisor is to be compensated and any corresponding conflicts of interest.

Here are just a few actual situations I've learned about from new clients, who shared what their prior advisor(s) did:



1. Client asked their stock broker if he could reduce the number of stocks being held. *Result:* the stock broker sold a lot of stocks, realizing over \$100,000 in capital gains and costing the client about \$25,000 in extra taxes.
2. Client was a company with many executives. They asked a "financial advisor" to review their executives' financial situations and make recommendations. *Result:* advisor (really an insurance guy) recommended that every single one of the executives needed a new, and bigger, life insurance policy. Any surprise?
3. Client asked their stock broker to transfer an inherited IRA to a new custodian. *Result:* the stock broker transferred the "Inherited IRA" into just an "IRA" account. This is technical, but the IRS doesn't allow such a transfer and would deem this to be a fully taxable event—costing the client about \$13,000 in unnecessary taxes.
4. Client asked their financial advisor to fill out beneficiary designation forms on retirement accounts. *Result:* advisor fills out the form designating the client's family trust as the beneficiary. Nine times out of ten, this is the wrong thing to do! Most trusts are not written in such a way as to allow for the continued tax-deferral of a retirement account. The client's heir would have had to pay up about \$115,000 immediately upon inheritance.
5. Client asked their CPA to prepare their income tax returns. *Result:* apparently, the CPA was unfamiliar with the client's investment accounts. He reported all the stock sales within the client's IRA account as being taxable transactions. Oops! This cost the client thousands in taxes—needlessly.
6. Client asked their financial advisor to invest their nest-egg into an appropriate portfolio for a retiree. *Result:* advisor invested all the money into various real estate deals. Sleepless nights and anxiety ensue...
7. Client asked their CPA to prepare their income tax returns. *Result:* apparently, the CPA was unfamiliar with the client's investment accounts. He reported all of an annuity distribution as being taxable. In this case, part of the distribution was a nontaxable return of basis. Client paid thousands too much in tax.

These stories go on and on. Fortunately, in many cases we've been able to resolve the problem before it became financially disastrous. Actually, I really like our approach to serving clients, utilizing a more holistic or multi-disciplinary review and analysis. We truly do try to look after our client's best interest. Moving forward, I am even looking to expand our capabilities in-house, perhaps with an Attorney and other specialists.

