

## Checklist Definition

### Income Tax Review Checklist

0	THINK CREATE CHALLENGE
400	Review client's interest income (line 8a) and consider whether appropriate given client's MTB and need for income. (IA)
405	If appropriate, review client 1099s to see if any unusual issues arise when comparing to APG records. (IA)
407	Calculate income tax drag on portfolio returns using the following formula: (Taxable interest x MTB) + (Qualified dividends x 19%) + (Ordinary dividends x MTB) + (Capital gain/loss x 19%) = X/12/31 portfolio balance of prior year
410	Review client's taxable bond portfolio and determine whether to continue in tax-exempt or taxable bonds and make any comments in portfolio considerations to do. (IA)
415	If appropriate, search AdviceFlow for communication with CPA in the past year to update self on taxation issues relating to the portfolio (IA)
430	Does client have passive losses which are suspended from prior years? Form 8582 If so, consider an investment which generates passive income? (IA)
450	Are there any K-1 items on Schedule B which are held in an IRA and should not be reported? (IA)
460	Were children under the age of 18 subject to the Kiddie Tax? Do any children turn 18 this coming year to allow for a less rigorous attention to taxable consequences in their portfolio (IA)
461	Does the client have children in college or about to attend? Is the client receiving full benefit of Hope Scholarship or Lifetime Learning Credits? Consider adjusting income to qualify? (FA/IA)
462	As you review the return, make any notes for additions to the income tax letter in the coming year's income tax letter to do. (IA and FA)
470	Did CPA prepare safe harbour quarterly estimated tax payments? (FA)
480	Compare the Advice Flow IRA contribution records with the income tax return. Did the client have sufficient earned income to contribute (line 7 or 11)? If non-deductible did the CPA file a Form 8606? If the client funded a Roth, was AGI below \$150,000 (married) \$95,000.(single)? If not, need to recharacterize and note such in AF account panel. Did the CPA claim on line 32 if deductible page 1? (FA)
490	Did the client maximize the eligible 401(k); 403(b); 457; SIMPLE IRA, or SEP contributon including catch-up provisions. Verify through Centerpiece or client's W-2. (FA)
500	If client eligible to participates in a 403(b) or 457 plan, is he eligible for a special election and would it be appropriate? (FA)
510	Enter AGI (line 37) on unit details tab. (FA)

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515	If AGI below \$100,000 or no taxable income, consider Roth Conversion for coming year? (FA)
520	If client is subject to the Alternative Minimum Tax (line 45), enter amount on income tax panel. If so, any possible adjustments to timing of deductions to minimize tax? (FA)
522	Did client claim dependent care expenses on form 2441, line 48? If client has child under 18 with day care or summer camp expenses, educate as to this deduction or FSA option. (FA)
525	Calculate client's MTB using Worldox # 25795 for 2005 rates and 54233 for 2006 rates and enter on income tax panel. (FA)
530	Note client's effective tax rate (line 63 from Federal Return plus line 8 from SC State Return divided by AGI, line 37) here. (FA)
550	Did the client receive a significant income tax refund, line 73? If so, do we need to discuss adjusting payroll withholdings? (FA)
560	Did the client pay an underpayment of taxes penalty, line 77? Consider adjusting withholdings? (FA)
570	In reviewing Schedule A, did client include all medical expenses in line 1 such as Long term health care, medigap and Medicare B premiums? (FA) If high, consider giving Worldox which details deductible medical expenses such as mileage, etc. (FA)
580	Does the client's employer offer a Flexible Spending Account? Should the client consider participating? (FA)
585	Should APG recommend the client contribute to a HSA? Is client contributing maximum allowable to HSA? Should APG remind client to not withdraw HSA funds for health care expenses but allow the account to grow. Should APG include HSA on PortfolioCenter and in AdviceFlow?
590	In reviewing Schedule A, do property taxes (real estate and autos), lines 6 and 7, appear reasonable? (FA)
600	Review Schedule A, line 18. Should client consider gifting appreciated stock to CCCF in lieu of cash? Consider \$5,000 a threshold. (FA)
610	Enter charitable gifting carry forward on the income tax panel. Review income tax comparison sheet for information. (FA)
620	Confirm CPA deducted or capitalized APG fees as appropriate? If deducted, it will appear on Schedule A, line 22. If capitalized, CPA will have attached statement. Reconsider payment of fees and whether suitable for other entity to pay all or a portion of fees. (FA)
630	Does the Net Worth Summary include all assets paying interest or dividends on Schedule B? (FA)
640	Did the client file a Schedule C? If so, does the client have sufficient property and liability insurance coverage for the business? Review insurance schedule. (FA)

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650	If the client files a Schedule C or has a K-1 from a partnership, LLC, Subchapter S or other corporate entity and has children, consider employing children under 18? Consider funding a Roth IRA for them? (FA)
660	Enter capital loss carry forward from Schedule D (line 16 less line 21) on the income tax return panel for this return. If line 13 of page 1 of the 1040 is less than \$3,000, there is no capital loss carry forward. (FA)
670	If an asset is listed as sold on Schedule D that is not tracked through Centerpiece, add to the Net Worth Summary to do tab to remove from Net Worth. (FA)
680	Does the Net Worth Summary include all holdings detailed on Schedule E? (FA)
690	Did the client make a 529 or SC Pre-paid Tuition Plan contributions? If so, did the CPA take the appropriate deduction on line 41 of the SC income tax return. (FA)
700	Is the client utilizing the appropriate tax savings strategy for accumulating assets for or current expenses for education funding? (FA)
710	Did CPA capture U.S. Treasury Income on line 42 of the SC 1040?
720	Was the appropriate retirement deduction taken on line 44 of the SC income tax return? (FA)
730	Any unique schedules or information on the income tax return which needs highlighting for principal, IA or client? (FA)
740	Did CPA capture deduction for income with respect of a decedent for flows from inherited IRAs or annuities from taxable estates? Typically via a K-1 from an estate. (FA)
750	Is income tax return and all appropriate data entered on income tax tab in AF? (FA)
755	If appropriate, ask PP to scrub identification numbers and post to client's private client web page.
760	Reassign IA as leader of the Income Tax Review to do. (FA)