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The Stevens Advisor

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A NOTE FROM BILL ABOUT TAXES

We're in the midst of tax prep season here at Stevens Foster. It's always an arduous time when our staff, along with extra part-time help, works long hours to complete all the returns. There are as many as ten people at any one time working on returns, and everyone on our staff pitches in and helps in one way or another.

Accordingly, I want to take this opportunity to tell you what makes us at Stevens Foster stand apart in the way we deal with the tax planning and preparation process. Most tax practices look at this process as an historical rendition of what you earned, what you spent that was deductible, and how much you owe the state and federal governments.

We take a much more proactive approach: **we model your earnings and possible deductions throughout the year.** We believe that tax planning is something that can and should be integrated into a complete and holistic financial planning process. This means that, with planning, we can reduce what you pay in taxes and increase your net worth faster than if you simply went through standard tax preparation.

Most of you have gone through our tax planning process, in which **we project income and deductions in advance, and then take advantage of as many possible tax reduction strategies as are available.** We are able to demonstrate over and over that this saves our clients' money, every year.

There is a second part to this process that occurs as we are preparing your tax returns. Most tax preparers gather your information, pop the numbers into the tax software and send you a bill for their work. We complete the first two steps, but then add a third.

We review the preliminary return against the tax pro-forma we completed for you during the tax year, **and we make sure that you have taken advantage of all the tax deductions we projected.** Our tax staff works hand in hand with your Client Account

Manager in this process. I'm sure all of you have received a call from your CAM at some time, requesting some information that makes a difference in the amount of tax you will pay.

Our typical client is in the top federal and state income tax brackets, which means the value of every dollar of deductions is worth almost 50 cents in reduced taxes paid. The difference between ordinary income and capital gains income is 15 to 20 cents. An isolated car license fee is not necessarily meaningful, but when added to all the other parts of your income tax return, it means a significant amount of money that you did not pay in taxes, and that therefore can be added to your balance sheet.

So remember next time you consider your income tax returns and what they mean to you: we at Stevens Foster are paying a great deal of attention to them all year long, and **it is the culmination of this yearlong process of total financial planning that produces the enhanced results you see.**

Please call if you'd like to talk about our approach to tax planning, or any other topics on your mind.

Looking forward to hear from you,

A handwritten signature in cursive script that reads "Bill".

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