

STRATEGIC TAX PLANNING FOR DOCTORS



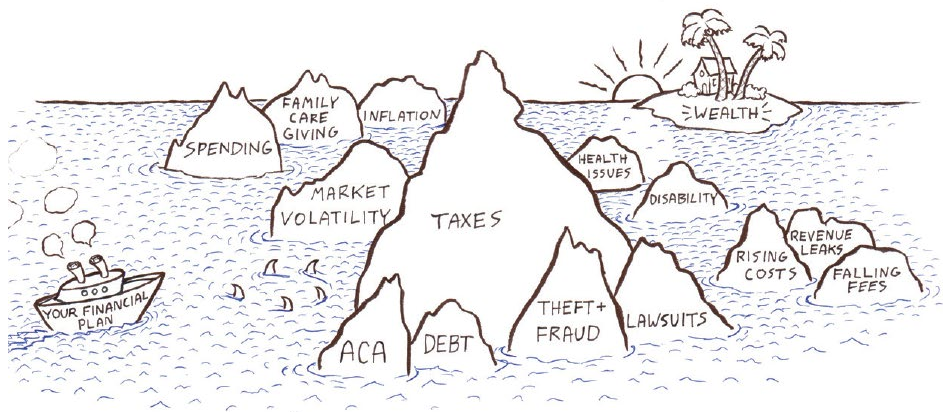
“Due to the code's complexity, your taxes are not a simple calculation of earnings and obligations. Instead, taxes are determined by how well you can take advantage of the hundreds of tax credits, deductions, exclusions, and carve-outs tucked into the code”
– Senator Tom Cobum, MD.

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Why You Need to Pay Attention to Taxes

Taxes are your Biggest Expense.

Sophisticated investors understand that proactively managing taxes is one of the most effective strategies for building wealth.



TAXES ARE THE BIGGEST DRAG ON INVESTMENT RETURNS - MORE THAN INFLATION, THE INSIDE COSTS OF INVESTMENTS, FEES, ETC.

It is imperative that you take a proactive approach to effectively reduce your taxes. You already pay more than you should!

Strategic Tax Planning is the first step to start the process of reducing your tax liability and increasing your cash flow.

Proactive Tax Plan is not based on knowing how much you owe;

It is Knowing How To Pay Less.

The Need for Tax Planning: *“There is nothing wrong with a strategy to avoid the payment of taxes. The Internal Revenue Code doesn’t prevent that”*

-William H. Rehnquist
Former Chief Justice of the Supreme Court

WHEN WAS THE LAST TIME YOUR TAX PRO CALLED YOU UP WITH AN IDEA TO SAVE YOU TAXES?

Isn't that what my CPA's job is?
You might be thinking. "I've got my taxes under control I
work with a CPA who works with lots of doctors."

You may be right!



The reality is most CPA's time is spent on recording the financial activities of the calendar year and calculating taxes.

For the most part CPAs are having to spend more and more of their time keeping up to date with ever changing Tax Laws.

In our field as Tax Planners often referred to as Tax Specialist (a separate discipline from CPAs) our time is spent looking to turn the benefits inside the ever changing tax code into Tax Strategies that can be structured to significantly reduce your taxes.

However, we observe that most doctors are not taking advantage of the tax savings available, for the most part they aren't aware they exist.

Our Second Opinion Tax Diagnosis in the majority of cases has uncovered overlooked tax reduction opportunities. When the tax laws change it opens up opportunities that may not have existed in the past.



How Do We As Tax Strategist Find Tax Savings?

Tax Code Changes Aren't Always Bad, New Opportunities Come About

Code-Based Strategies - The new tax code brings wide-ranging changes. Our team of tax and financial planning professionals look for ways to develop new tax saving strategies using both the new and existing tax codes.

Can your current CPA help you with Tax Code-Based Strategies? Maybe or maybe not.

If your CPA is a true tax planner, he or she would have called you early in 2018 and said, "The new tax law could present an opportunity for you. Let's get together and consider some changes we can make now to reduce your tax bill."

This rarely happens, they don't have the time or resources we have as Tax Planners/Strategist.

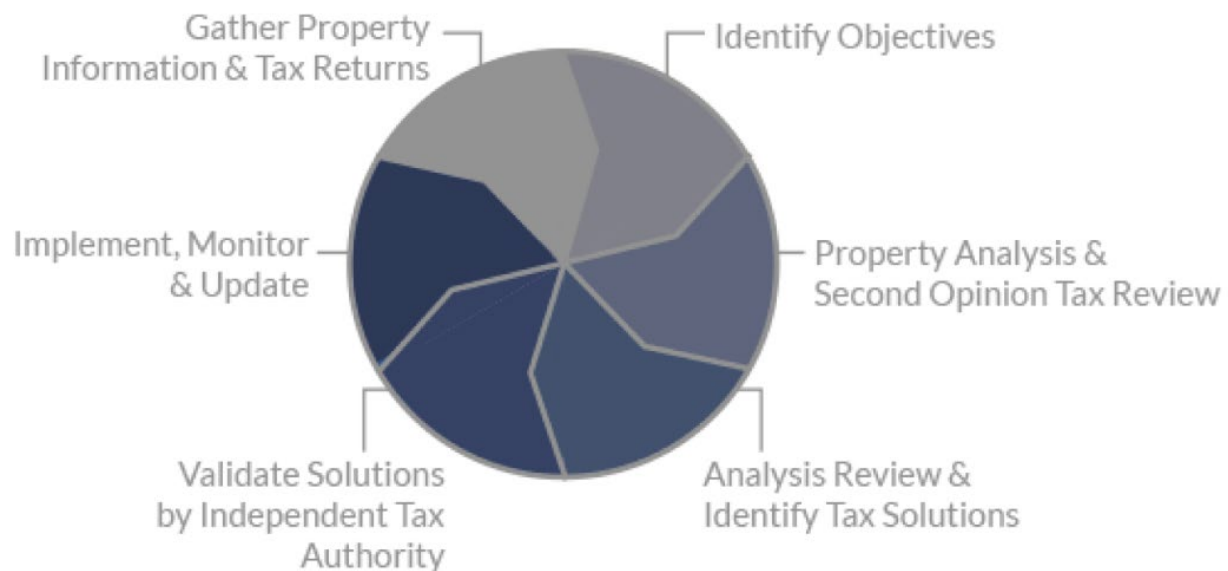
We would like to offer you a no cost Second Opinion Tax Diagnosis. More than likely you are wasting your hard-earned money paying more in taxes than you should. Hopefully, you're one of the few that aren't, our Process will let us know what you're doing right and if your tax liability can be minimized. Don't leave tax savings on the table!

"There is not even a patriotic duty to increase one's taxes. Over and over again, the Courts have said that there is nothing sinister in so-arranging affairs as to keep taxes as low as possible. Everyone does it, rich and poor alike and all do right, for nobody owes any public duty to pay more than the law demands."

- **Judge Learned Hand**

INNOVATIVE TAX SOLUTIONS

Every client has their own unique tax planning problems to solve. The difference lies in how you proactively approach solving the problem. With over 77,000 pages in the active tax code, navigating the saving options is daunting and many types of benefits are often overlooked in traditional tax planning. Kelm Financial Services is a collaboration of tax planning specialists united to provide insightful strategies that solve income, capital gains and tax challenges for professionals, business owners and higher net worth individuals and their families.



MAKING A DIFFERENCE

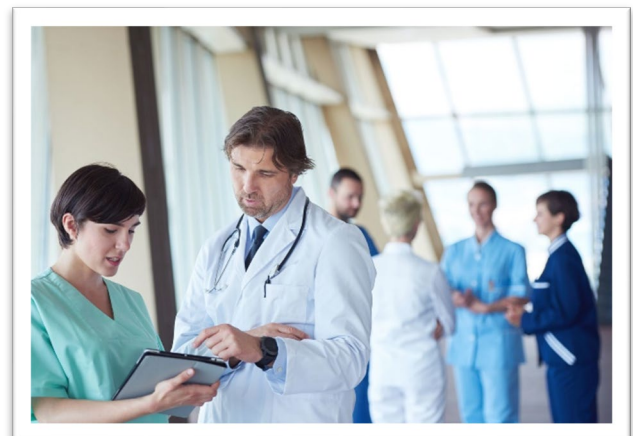
Our team-coordinated approach (with checks and balances in place) maximizes the savings potential and protects you from the beginning of the planning process through to its conclusion. For example, we create tax strategies that will provide you with significant savings and then work with other tax specialist and your CPA or accountant to provide tax law validation and deal structure. For example, if a property or business is to be sold, we structure tax savings strategy while working closely with the real estate or business brokerage professional who guides the sale. By working together, we help you feel comfortable throughout a sophisticated process that results in maximizing your benefits.

Taxes are a Form of Social Engineering

In general, paying taxes later instead of paying now is generally a good idea. However, this strategy comes with the uncertainty. What will the future tax rates be? Most economists agree that the tax rate you will pay when you withdraw money from your retirement plan will almost certainly be higher than the historically low tax rate you pay today. Chances are good that your expenses in retirement will go up-not down. TAXES do not go away when you retire.

"For Retirement Income, we must step away from either or the notion that either investments or insurance alone will best serve retirees. More emphasis is needed on the basic forms of insurance products, and how they may behave as part of an integrated retirement income plan."

- Wade D. Pfau, Ph.D., CFA



How To Plan For Tax-Efficient Retirement Income

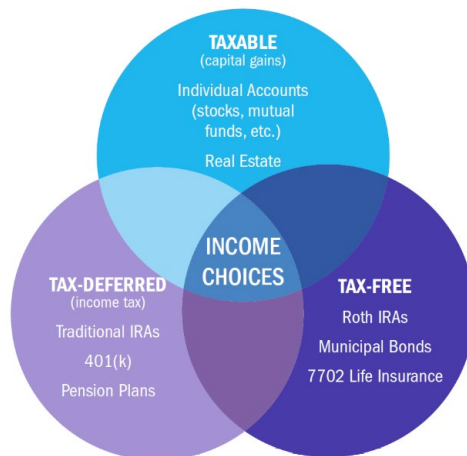
Three Types of Tax Buckets

When you're talking about taxes, there are three buckets or types of investments – tax-deferred accounts, taxable holdings and those that generate tax-free income at retirement.

Getting The “Right” Retirement Income Mix

Taxable Investments

Taxable investments include assets such as stocks and mutual funds, as well as real estate, including the primary residence. There is no tax deduction up front and when the assets are sold, they are generally subject to capital gains tax.



Tax-Deferred Investments

Tax-deferred investments include defined benefit (pension) and defined contribution plans, plus other traditional retirement savings vehicles such as 401(k)s and IRAs. You may receive a tax deduction when contributions are made, and the assets grow tax-deferred but are subject to ordinary income tax when withdrawals are made at retirement. There is also a possible 10% IRS penalty on any withdrawals before owners turn age 59 ½.

Tax-Free Assets

Tax-free assets include Roth IRAs, municipal bonds, and cash value life insurance. A properly designed and funded Index Universal Life cash value policy provides benefits that no other financial vehicle can match. **Withdrawals using loans from a cash value of a life insurance policy are not subject to either income or capital gains tax.**

Doctor, Stop Overpaying Your Taxes

Doctor if you do not have a tax planner or tax plan in place chances are, you're leaving thousands of dollars on the table. Tax planning is the cornerstone to an effective wealth/retirement plan.

Proactively managing your tax bracket is an effective way to boost your Retirement and Pre-Retirement accounts on a tax favored basis.

WHAT MAKES US DIFFERENT

Creating Better Financial Outcomes:

Since 1987 we have consistently improved the financial outcomes of our clients by minimizing their taxes, maximizing their assets with the least amount of expense and risk while increasing their net spendable income during retirement.



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