

Your Financial Life - Part 2

On a daily basis, we receive questions about one's financial health beyond retirement income planning. So this summer, we're taking the opportunity to highlight 3 areas of financial planning beyond investing. In last month's article, we focused on auto and home insurance. This month, we're focusing on the importance of understanding tax implications. We'll end the summer series highlighting the importance of legal documentation.

The Harrison Financial Center (HFC): home to Conservative Financial Solutions (CFS), Trenz & Knabe Co., LPA, Harrison Tax Advisors (HTA), Darren R. Bowman, CPA, LLC., and Siefferman Insurance is able to provide a one stop shop for one's financial needs. When it comes to taxes, HTA and Darren R. Bowman, CPA, LLC have been at the forefront of tax policy. Darren has been a Certified Public Accountant (CPA) since 1991 and works directly with many in the area providing experienced tax planning and tax preparing.

Though themes are universal, tax laws have been varied and have changed throughout our history. It is important to consult a tax professional who knows your unique scenario. From seniors selling

property to the tax issues of the Affordable Care Act, Mr. Bowman is a great asset to our clients. For this reason, I have asked Darren to share some basic tax tips.

1. Know Your Taxes

Do you know what taxes you can avoid? For instance, colonists avoided paying taxes by not purchasing sugar when Parliament passed the Sugar Act of 1764. For us today, as taxes can vary from state to state, it could save you money by making certain purchases in one state versus another. As we live in a tristate area, it pays to know your taxes.

2. Know Your Calendar

Are you purchasing a house? Getting ready for a medical procedure? Running a small business? When it comes to big life events, it is important that you factor in the calendar and the tax consequences. For instance, once your medical expenses are 10% of your adjusted gross income, try to schedule any further medical procedures in the same calendar year. If you are running a small business, use the calendar to your advantage. Plan out



"... as taxes can vary from state to state it could save you money by making certain purchases in one state versus another." — Roger Ford

your purchase orders and payments to assist with cash flow and minimize your taxes.

3. Know Your History

From 1951-1963, the top marginal tax bracket, those making \$200,000, spent a decade at a 91% tax rate! If you factor in inflation, this amount would be equivalent to \$12.5M. Though the rich paid a lot in taxes, so did everyone during this period. Can taxes go up? Absolutely. As a matter of fact, your current tax rate is probably the lowest it has been for decades. So how can you take advantage of this? Pay the current "tax man". Fund a retirement account like a Roth IRA over an IRA. For retirees, tax harvesting may not be a bad idea.

For our clients, the tax system is a double edged sword. To quote US Justice Learned Hand, "Nobody owes a public duty to pay more than the law demands." Don't throw your money away. Planning your taxes is vital to a healthy financial strategy.

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