

WHO WANTS A 40.85% SAFE RETURN GUARANTEED?

No, it's not the next Apple. But stay with me anyway.

I've mentioned in previous blogs the wide range of areas reviewed when creating and implementing a long term comprehensive financial life plan, most recently the challenge of education funding. And social security planning before that.

But central to any plan is tax planning. Tax planning is a gold mine that most people ignore. And it's a gold mine that could ultimately be the basis for a long, fulfilling, and happy retirement.

Consider two couples I have worked with.

Joe and Cass were making about \$300,000 a year, both self-employed. I created a plan for them that would reduce their taxes by \$16,000 per year and enhance their long term financial security. Cass rejected the plan because it would require her to save, something she was vehemently opposed to doing.

Jack and Barb were making about \$250,000 per year. We created and implemented a long term comprehensive financial life plan for them, the starting point being tax planning. Through a combination of 401Ks, Roth IRAs, and HSAs, they were able to contribute \$65,000 per year to tax-favored accounts.

Joe and Cass paid 21.31% of their income in federal income tax. Jack and Barb paid just 12.86% of their income in federal income tax.

Granted, these are extremes. Few people who make \$300,000 per year save nothing at all. And most people don't make \$250,000 per year or have the savings options that Joe and Cass have.

But everyone has some options to reduce taxes - especially self-employed people and people in their high earning years – as part of a long term comprehensive financial life plan.

Where do you fall on this continuum? Are you standing on a gold mine but declining to dig up any gold? Or are you working with a true financial life planner who understands that buying the next Apple is risky and uncertain, while taking full advantage of the tax laws is not?

What's that? Where did I come up with the 40.85% safe guaranteed return on an investment, you ask? If you contribute \$1,000 to a 401K and you are in the 29% tax bracket (combined federal and Utah), you will have a tax savings of \$290. So your \$1,000 investment actually cost only \$710. That's a return of 40.85%. Safe. Risk free. Guaranteed. That's a lot of gold for Jack and Barb, paid for by Joe and Cass and all the other people who willingly overpay their taxes.

And that doesn't even include the employer's match!

Would you be interested in working with someone to help you dig up and store hundreds of thousands of dollars of gold so that you can retire more comfortably?