The Perfect RIA, Episode 81: The Rosetta Stone to Delivering Massive Value

"I have a tax preparer, you're my investment guy in the investment bucket. Why do you need to see the taxes?"

Action Items

1. **Up your game in taxes.** Do you know your plan for every year? What is your training program to help you with your taxes? Check out Gear Up, if you have a decent understanding of taxes, that is something you should definitely try. If not, take a look at Thomson Reuters 101 class or H&R Block tax class.

2. **Put an item delivering massive value on your calendar every year to get with clients.** Make your clients happy by bringing up taxes as often as possible, at least once a year.

3. **Sign up for the Backstage Pass.** We would love to share our experience and resources, but you need to come and join us! If for some reason you don't love it, we are going to give you money back. We have a lot of content that will help you with understanding the processes.

4. **Give us five stars on the podcast**. We really appreciate your feedback but what we would love even more is if you sent a quick message to Michael Kitces asking him to start featuring our podcast on his weekend reads.

In today's episode Micah and Matt take a minute to tell their audience that today's podcast will most likely be approved for CFP credit. There will also be a quiz for members of the backstage pass and for the

TPR nation. Don't miss out! Listen closely, they cannot promise anything yet because it still needs to be approved but stay tuned for details on CFP credit for this podcast.

Delivery massive value to a client is very important and the part of it our hosts want to focus today are taxes. A lot of financial advisors don't ask their clients for the copy of their tax return. Matt points out that it is a big mistake as one of the biggest expenses in retirement are taxes. The financial advisor's job is to make sure the clients don't overpay the IRS. If they don't have the copy, they might miss it. The clients will not do it on their own, someone needs to tell them what is happening around it and how to deal with it. If you don't know the tax information, you cannot deliver the information back to the client. They cannot understand it so they will not listen to your advice.

Another thing is, if your client hires a CPA, they might be confused about why they should show you their tax information. CPA's job is to report what already happened while the financial advisor helps with what will happen in five, ten or twenty years. Micah compared it to driving a car – the driver is looking out through the windshield, that's the future.

While asking for the tax copy, Micah tries not to ask too many rhetorical questions. The client needs to engage in the conversation, not just sit back and enjoy.

There are a few things you should look at very carefully while going through tax returns. You want to have CARES Act in mind, you don't want your clients to get disqualified from getting their stimulus check. Another thing to check is what is the Medicare income limit. This is more important for those over the age of 65 and are collecting Medicare. Understanding your client's tax tolerance is really important. Some of them might want to get refunds and that's good for you to know. But there are clients who don't like to do that so keep that in mind while doing their taxes.

Micah likes to go through the tax return together with his clients. That way he can explain everything during the meeting, so his clients understand everything. You can also ask if they are okay with you making a copy of the documents just so you can write on it and reassure them that you will destroy it once you're done. It is crucial to explain everything in a simple, understandable language so there is no confusion. You want your clients to see that they can rely on you and that you are doing your job. Micah has a dishwasher rule – when he does the dishes, he wants his wife to see it because only then he will get a credit for it. If she doesn't see it, she won't know what he did.