



Tax Return Review Commentary

Client Name: _____ Date: _____ 20__

Risk Profile:

1. Do current or prior years' return intake taking aggressive tax return positions? _____
2. Is the client's tax return posture consistent with other evidence of the client's risk profile? _____
3. How does client feel about a tax audit? _____

Home Address:

1. Does location of client's home indicate anything about the following factor?
 - a. Property Taxes _____
 - b. Change in Value of Residence _____
 - c. Hazards to Property (insurance limits) _____
 - d. Amount of Equity in Home _____
 - e. How long does client plan on staying in home? _____

Sources of Investment Income (Schedule B & D):

1. Does investment income indicate the client has had his financial portfolio successfully managed? _____
2. Does the current mix of investment income say anything about:
 - a. Client's risk tolerance level? _____
 - b. Marketability of portfolio? _____
 - c. Use of Money Managers? _____
 - d. Self-directed Investments? _____
 - e. Diversification? _____
 - f. Appropriateness considering stage of lifecycle and capacity for risk? _____
 - g. Adequacy of liquid fund for emergency? _____
 - h. Do prior years show fluctuation in investment income? _____
 - i. Is there grantor trust income? _____

Alimony Received or Paid (1040 lines 11 and 31):

1. If the client is paying alimony, has the time frame been factored into client's plans? _____
2. If client is receiving alimony, has the effect of cessation been considered? _____
3. If client faces prospects of paying alimony, has the ability to make payments been considered? _____
4. Does the current relationship of income to alimony payments the client making seem appropriate and qualify for reduction by court order? _____

IRA Distributions, Pensions and Social Security Benefits (1040 lines 15, 16 and 20):

1. Are the distributions of retirement funds being managed effectively? _____
2. Is the level of client's income sufficient to pay for living expenses? _____
3. What is the rate of spend down if there is an income shortfall? _____
4. Is client entitled to receive Social Security Retirement Benefits? _____
5. Are there advantages to defer Social Security Retirement Benefits? _____

Contributions to IRAs, Keoghs, SEPP (1040 lines 28 and 31):

1. Is the client covered by a retirement plan with maximum contributions and deferrals? _____
2. Have the client's retirement goals been established? _____
3. Are the investment vehicles used for the client's retirement funds appropriate given age, risk tolerance and time horizon? _____
4. Considering age, current accumulated investments and level of debts is client on track towards funding retirement income requirements? _____

Itemized Deductions (Schedule A):

1. Medical and Dental: (line 1)

- a. Does client have extraordinary medical expenses? _____
- b. Does client have adequate insurance deductibles? _____
- c. Can a Healthcare Spending Account make sense? _____
- d. Do chronic healthcare needs make spend down likely? _____

2. Interest Expense (lines 10-15):

- a. What types of interest expense does client have? _____
- b. Does client interest expenses indicate debt structure? _____
- c. Does client seem to be adequately managing debt? _____

3. Charitable Deductions (lines 16-18):

- a. What type of charitable organization does client support? _____
- b. How are charitable contributions made? _____
- c. Does client have long-term charitable giving goals? _____
- d. Has client considered a charitable lead or remainder trust? _____

4. Misc. Itemized Deductions (line 28):

- a. Accounting and consulting fees paid by client? _____
- b. Fiduciary and trustee fees paid by client? _____
- c. Does the client currently pay for financial advice? _____

Capital Gains (Schedule D):

1. Does the number of transactions indicate excessive trading? _____
2. Is the number of transactions appropriate, given level of income, investment sophistication and ability to assume risk? _____
3. How have large capital transactions been reinvested? _____

Supplemental Income (Schedule E):

1. Does the gross and net operating income on rental property appear appropriate for locations and debt service? _____
2. If the client has invested in partnership? _____
 - a. Are there partnership losses? _____
 - b. When will values be realized? _____
 - c. Are any of the partnership investments limited partners? _____
 - d. Are any of the partnership investments as a general partners? _____
 - e. If yes, has the potential risk exposure been established? _____
3. If the client is the beneficiary of a trust: _____
 - a. What are the term? _____
 - b. Are there only income beneficiaries? _____
 - c. Are there provisions for principal distributions? _____
 - d. Are there provisions for discretionary distributions? _____
4. Are passive losses managed efficiently from a financial planning standpoint? _____