



We'll get you there.

CPAs | CONSULTANTS | WEALTH ADVISORS

CLA's Private Client Services for Red Wing Dealers

September 19, 2024



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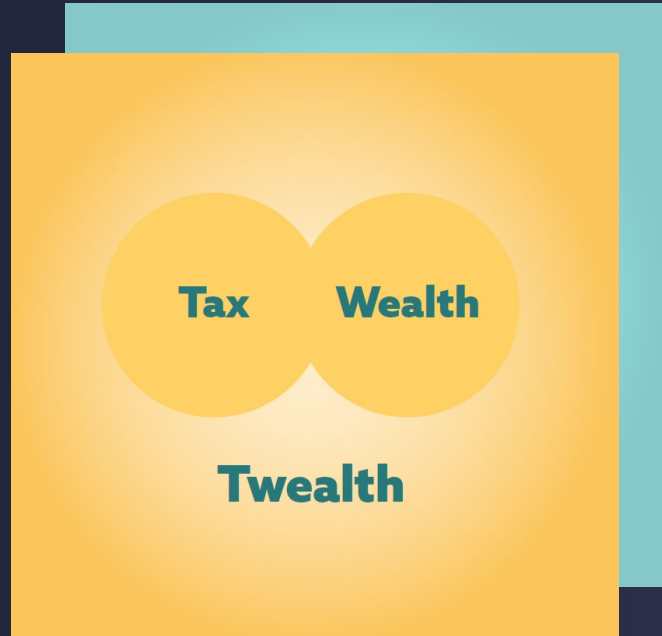
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CLA Private Client Services

The process of achieving sound tax and wealth advisory simultaneously



Learning Objectives

Integrating business, personal tax, and wealth with a dedicated advisory team

Owner transition planning

How the Tax Cuts and Jobs Act sunset might affect you and your business

Market, economic, and industry outlook



Polling Question

Do you know how much value you need to receive from your business ownership to provide you with financial security and make your retirement plan work?

- Yes, and I have a succession plan in place
- Yes, but no plan or timeline in place
- No, but I do know a relevant range in value
- No, and I do not know an approximate value range



How Can CLA Empower Your Business?

Investment Banking

- Business valuation
- Transaction advisory

Wealth Advisory

- Investment management
- Cash management
- Succession planning
- Employer retirement plans

Tax

- Tax minimization strategies
- Business tax filing
- Compliance
- State and local tax specialization

CAAS

- Accounting and bookkeeping service
- Financial statement preparation
- Budgeting and forecasting
- Payroll processing

Digital

- Analytics and reporting
- Cybersecurity
- Digital strategy
- Search engine optimization



Tax Cuts and Jobs Act Sunset

What is it?

- Enacted in December 2017.
- Comprehensive tax reform legislation that significantly altered the U.S. tax code.
- Reduced tax rates for individuals and businesses, increased the standard deduction and child tax credit, and limited or discontinued certain deductions.

Why does it sunset?

- Includes a sunset provision that causes most of its changes to expire after December 31, 2025.
- Without further legislative action, the tax law will revert to the pre-TCJA state starting January 1, 2026.
- Sunset provision was included to comply with Senate budget rules and to limit the impact of the TCJA on the federal deficit over a 10-year period.

Congressional action or inaction

- The future of the TCJA provisions depends on congressional action.
- Congress may choose to extend, modify, or allow the provisions to expire.
- Taxpayers and professionals should monitor legislative developments closely as the sunset date approaches.

Join our webinar on the TCJA Sunset: October 22, 2024, 11:00am CST



Sunset of Individual Income Tax Provisions



Individual Income Tax Rates

Current top rate
37%
(2024
MFJ 731,201+)

Sunset rate
39.6%
(2024 (470,701 +
Inflation%) ~ 584k)



TCJA Sunset Provision – MFJ Estimated

TCJA (2024)		Post TCJA 2017 tax numbers inflated to 2024	
Tax Rate	MFJ	Tax Rate	MFJ
10%	\$0 - \$23,200	10%	\$0 - \$23,200
12%	\$23,201 - \$94,300	15%	\$23,201 - \$94,300
22%	\$94,301 - \$201,050	25%	\$94,301 - \$190,000
24%	\$201,051 - \$383,900	28%	\$190,001 - \$290,000
32%	\$383,901 - \$487,450	33%	\$290,001 - \$520,000
35%	\$487,451 - \$731,200	35%	\$520,001 - \$585,000
37%	\$731,201 +	39.6%	\$585,001 +



Loss of Qualified Business Income (QBID)



QBID will *no longer be allowed as a deduction*



At the current highest individual tax bracket, the QBID deduction *lowers the rate to 29.6%* (37% x 80%)



With no QBID, *the highest individual rate will increase to 39.6%*



The c-corporate rate *will NOT sunset, remaining at 21%* (Prior to TCJA, the highest c-corporation rate was 34%)



Some might look at *terminating their s-election*



Sunsetting of Itemized Deductions

Lowering of the standard deduction by one-half

Many more taxpayers will itemize, especially considering no SALT cap

Pease limitation

3% phaseout of itemized deductions based on AGI exceeding certain thresholds

Reinstatement of home equity loan interest and interest deductions for higher mortgage balances

\$1 million versus \$750,000

Reinstatement of 2% misc. itemized deductions

Reinstatement of personal exemption (with phase out)





Action Items: Planning for Individual Income Tax Changes

Early discussions with clients about the upcoming changes

Income tax projections will be important

Explore strategies to mitigate the impact of increased tax rates and loss of deductions



Polling Question

How confident are you in integrating your business and personal balance sheet?

- Very confident
- Somewhat confident
- I need help!



Our Competitive Advantage?

Combining your professional services teams:



Leads to uncommon results!





Polling Question

How pressing is estate planning for you?

- We need help now
- We're considering addressing it before the end of 2024
- We're considering addressing it before the end of 2025
- Not concerned



Integrated Estate Planning



How to protect and distribute assets to your beneficiaries



How big your estate bill might be, and how you may reduce it



How you can leverage different types of trusts to reduce the tax burden on your heirs



Leveraging income tax benefits by transferring assets to beneficiaries at a lower tax rate



Risk Management

Set up safety nets

- Annuities for income protection
- Disability Insurance
- Life Insurance
- Long-Term Care Insurance

Analyze insurance options

- Broad marketplace access to find the best solution for you

Establish a succession plan

- Reduce risk of disruption
- Keep operations smooth
- Maintain value in the event you cannot continue leadership

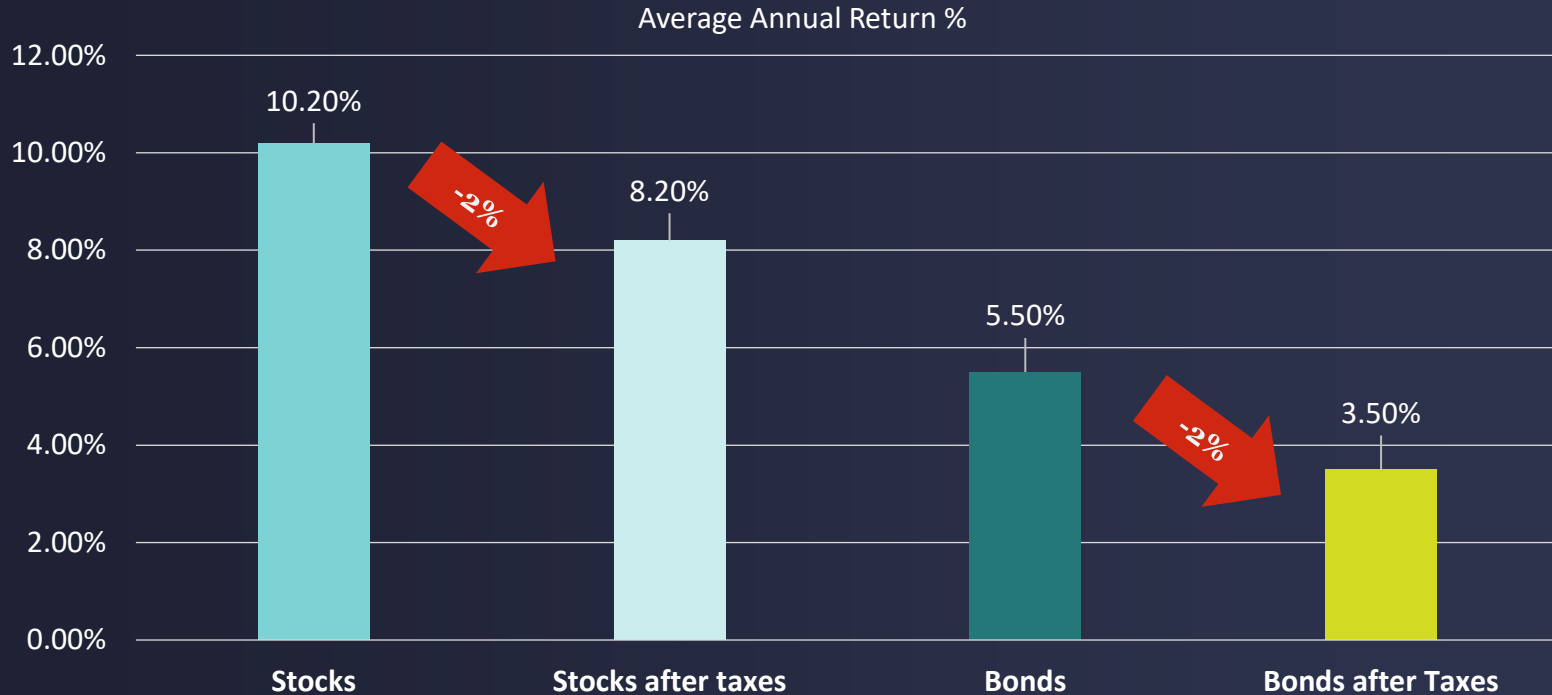
Manage your risk

- Defer taxable income until you may be in a lower bracket



Tax Efficient Investing Drives Meaningful Results

Morningstar cites that, on average, over the 94-year period ending in 2019, investors gave up from 1 to 2 percentage points of their annual returns to taxes.



Tax Efficient Investing

Tax efficient strategies

- Utilizing long-term capital gains tax rates

Offsetting gains

- We look for investments that have lost value that you can sell to offset gains and reduce taxes

Addressing after-tax returns

- We consider the different tax rates of varying investment types and rebalance based on your risk tolerance and total tax situation

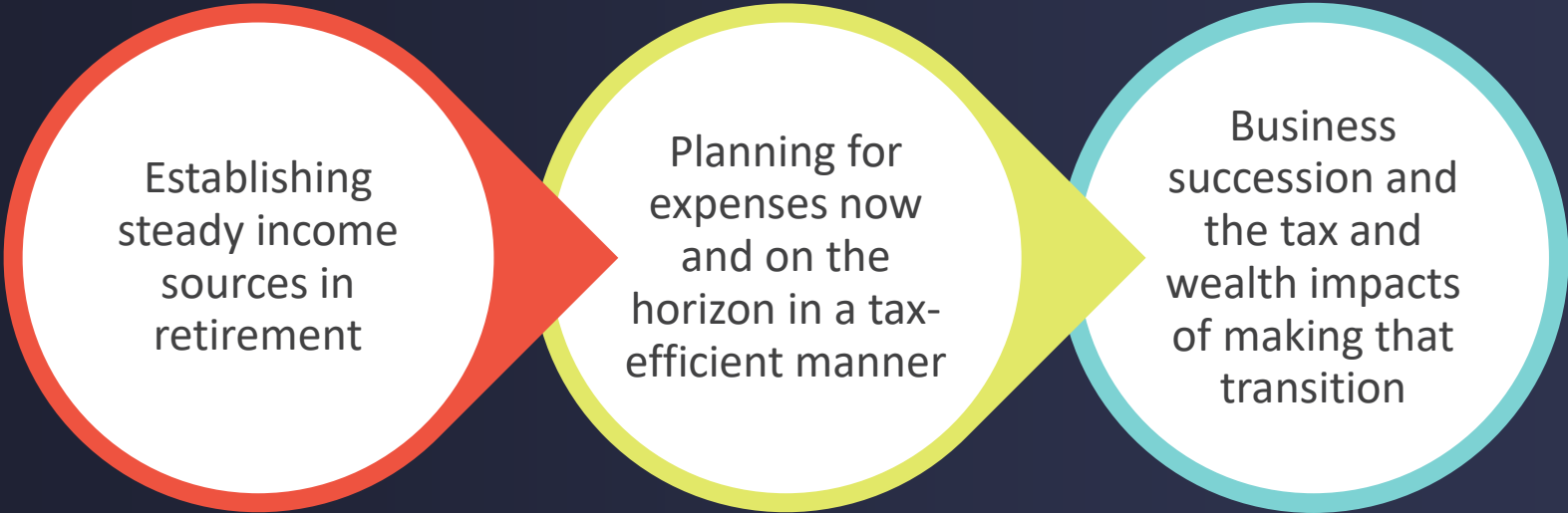
Charitable giving

- We can help you donate money or appreciated securities to a fund set up for charitable giving



Cash Flow Analysis

Topics we'll cover:



Establishing
steady income
sources in
retirement

Planning for
expenses now
and on the
horizon in a tax-
efficient manner

Business
succession and
the tax and
wealth impacts
of making that
transition



What Does a Goals-Based Approach Look Like?

No road map for wealth accumulation follows the same path.

That's why our promise is so important: we promise to know you so we can help you, and these five steps serve as the basis of our approach.



Identify and prioritize your goals



Analyze and evaluate your assets



Strategize and develop a plan



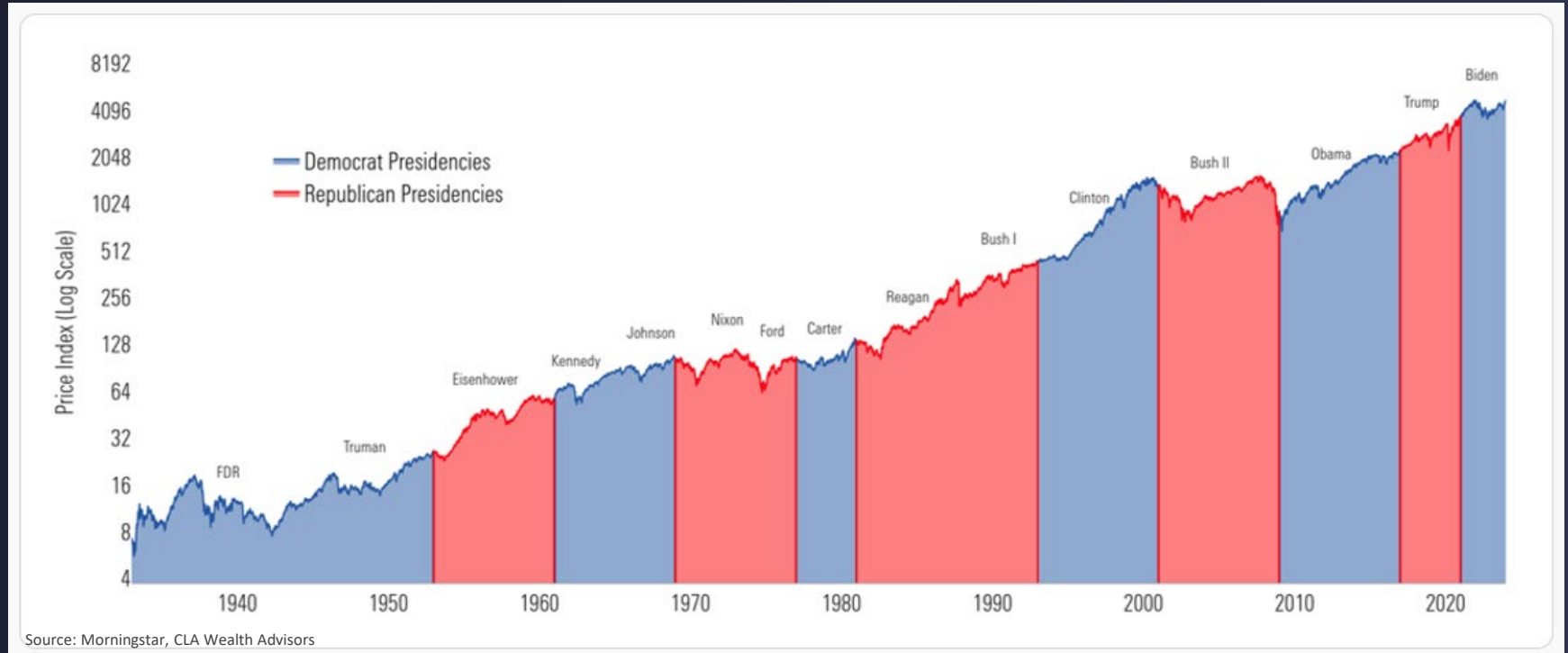
Activate and implement your plan



Monitor and adjust your plan



Markets Go Up Regardless of Which Party Wins

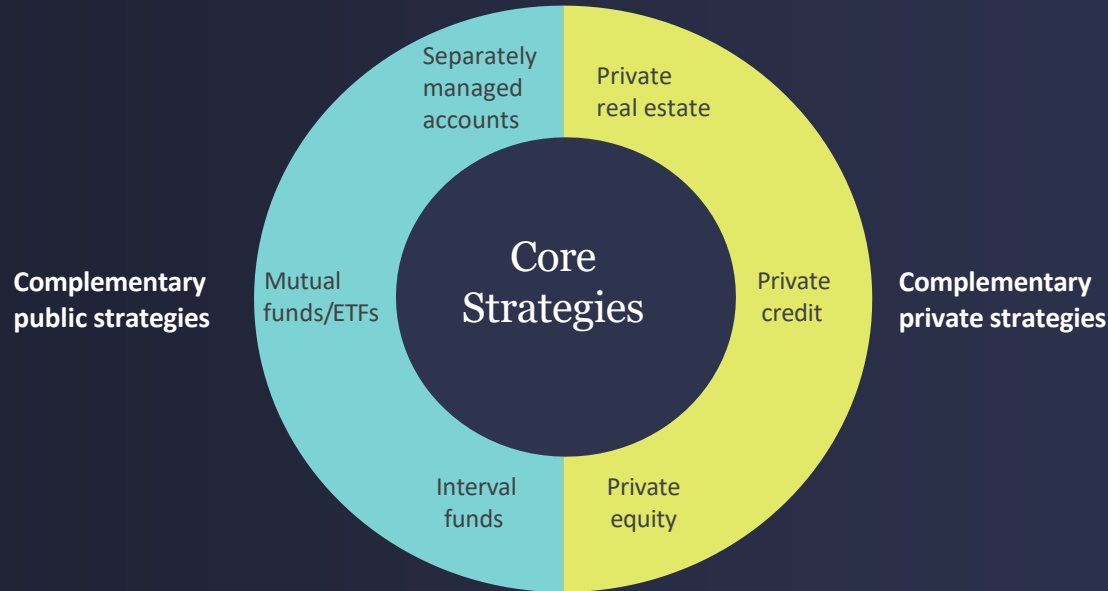


[Click to view our Q3 Market and Economic Outlook Webinar](#)



CLA Core Strategies – Overview

We build globally diversified portfolios with target allocations across equities and fixed income



Thank you!

Will Schmidley IV, Principal
will.schmidley@CLAconnect.com

Matt Goldade, Principal
matt.goldade@CLAconnect.com

Derek Hicks, Senior Wealth Advisor
CliftonLarsonAllen Wealth Advisors, LLC
derek.hicks@CLAconnect.com

Steven Neutzling, Wealth Advisor
CliftonLarsonAllen Wealth Advisors, LLC
steven.neutzling@claconnect.com



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