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William Reichenstein, William W. Jennings
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INTEGRATING INVESTMENTS & THE TAX CODE

**USING THE TAX CODE
TO ENHANCE RETURNS
AND ADD VALUE**



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William Reichenstein, William W. Jennings : J.K. Lasser Pro Integrating Investments and the Tax Code: Using the Tax Code to Enhance Returns and Add Value (J.K. Lasser Pro.) before purchasing it in order to gage whether or not it would be worth my time, and all praised J.K. Lasser Pro Integrating Investments and the Tax Code: Using the Tax Code to Enhance Returns and Add Value (J.K. Lasser Pro.):

1 of 1 people found the following review helpful. An essential resource for a professional advisorBy Eric E. HaasThis

is one of the most useful books I've ever read. Some of the numerical details are a bit out of date due to subsequent tax law changes, but the principles still apply. Among the important things I've gotten out of this book: 1) The importance of doing asset-allocation on a post-tax basis, not a pre-tax basis. It is harder, but clearly more appropriate. Basically, what you need to do here is apply a correction factor to pre-tax retirement assets in order to take into account the future tax hit. Yes, it's true that we don't know what the future tax rate will be. But any reasonable guess is likely to be much closer to reality than assuming a zero percent future tax rate, which is what you implicitly do by ignoring this effect. 2) The tables on page 43 and 44 (and the modeling that resulted therein) have been astonishingly useful. Basically, these tables show the results of a model which shows the after-tax wealth, various years into the future, of various types of "buckets" (e.g., taxable account, pre-tax IRA, non-deductible IRA, deductible IRA, etc.). Among the easy-to-comprehend lessons from these tables is how poor a deal variable annuities and non-deductible IRAs are (actually, non-deductible IRA contributions now may be a good deal, but only if you can immediately convert them to Roth). I've also replicated his model to do my own analysis with different assumptions. I've referred to these two tables many, many times (i.e., many dozens of times). 3) A thorough analysis of the question of when (and how) to file for Social Security Retirement/Survivor's benefits. Among the really good recommendations that I found useful for one of my clients was the following recommendation: - Note that the question of whether to start retirement benefits on one's own record at Full Retirement Age vs. waiting until age 70 is actuarially close to being fair. So, unless you know that you are likely to live longer than actuarially expected, this isn't likely to increase the expected value of your future ending wealth. - BUT, if you are a widow/widower, you can start survivor's benefits on your late spouse's record -- and then shift to retirement benefits on your own record at age 70. Basically, this allows you to get the benefit of waiting until age 70 -- without having to wait until age 70. Thus everything you get from your full retirement age until age 70 is "gravy". A legitimate loophole that is shocking to the taxpayer, but astonishingly useful to those who are able to take advantage of it. Bill Reichenstein is an academic with a long history of research that is extremely useful for the practicing financial advisor. This book both summarizes some of his already well-documented ideas, while breaking some new ground. This book should be considered an essential resource for any financial planner/advisor. Absolutely essential and outstanding.

Add Value to any Client's Portfolio With Tax-Saving Strategies "Bill Reichenstein and William Jennings are two of the industry's very few true pioneers. This book should be on the short list of anyone interested in private wealth management, whether expressed in thousands or millions of dollars." -Jean L. P. Brunel, CFA, Editor of the Journal of Wealth Management and author of Integrated Wealth Management "Reichenstein and Jennings tackle many key issues facing individual investors, including 'How should you differentiate between the before-tax dollars in retirement accounts and the after-tax dollars in taxable accounts?' and 'Should bonds be held in retirement accounts and stocks in taxable accounts or vice versa?' They provide valuable insights that certainly should add value to you and your clients." -Brian Bruce, Editor in Chief of Journal of Investing and Director of Global Investments at PanAgora Asset Management "If you want to be on the leading edge of thinking about integrated wealth management, then read this book. While the traditional approach searches for optimization in perfect markets and limits the portfolio to financial assets, these authors tackle real-world complexities and integrate other sources of wealth into the portfolio. Extending the analysis is vital in a world where financial decisions are increasingly the responsibility of the individual." -Conrad S. Ciccotello, JD, PhD, Editor of Financial Services Review and Director of Graduate Personal Financial Planning Programs at Georgia State University

From the Inside Flap Traditionally, investment advice has simply ignored taxes. However, taxes are a key factor when managing individual investors' portfolios, and recent legislation has greatly enhanced the opportunities to save in tax-favored vehicles. Today, with proper planning, most individuals have substantial control over the amount of taxes they pay. Studying these tax-favored vehicles and reviewing their investment implications in J.K. Lasser Pro Integrating Investments and the Tax Code will help you, as a financial advisor, add value to any client's portfolio. The first half of J.K. Lasser Pro Integrating Investments and the Tax Code thoroughly examines savings vehicles in the United States. It models each savings vehicle's tax structure and discusses related investment implications. Downloadable spreadsheets will help advisors determine the best savings vehicles to provide the maximum after-tax return for their clients. This informative section offers financial professionals the knowledge they need to effectively add value to a client's account, by revealing specific tax strategies and posing commonly occurring questions such as: Should a client save in a mutual fund or a non-qualified tax-deferred annuity? Is it better to place bonds in retirement accounts and stocks in taxable accounts, or vice versa? What are the advantages and disadvantages of a 529 plan and a Coverdell Education Savings Account? The second half of this comprehensive guide presents a new approach to calculating a family's asset allocation. Unlike the traditional approach, this approach distinguishes between the before-tax funds in, say, a 401(k) and the generally after-tax funds in taxable accounts. Goods and services are purchased with after-tax funds. Yet, the traditional approach treats before-tax and after-tax funds as equal. Consequently, the traditional approach fails to measure the family's true asset allocation.

In addition, the book instructs advisors on how to measure the value of retirement income streams. The accompanying sophisticated spreadsheets allow advisors to estimate the value of retirement income from Social Security and defined-benefit plans, including military retirement. This section also includes detailed case studies with accompanying answers that allow you to test your understanding of the many topics developed throughout the book. As a financial advisor, you have the power to add value to your clients' portfolios. Understanding the tax code, and properly using it within the framework of your clients' portfolios, is one of the best ways to do so. Filled with valuable insights, practical tips, and expert advice, *J.K. Lasser Pro Integrating Investments and the Tax Code* can help you deal with investments and the impact of taxes on them—while creating the utmost value for your clients. From the Back Cover *Add Value to any Client's Portfolio With Tax-Saving Strategies* "Bill Reichenstein and William Jennings are two of the industry's very few true pioneers. This book should be on the short list of anyone interested in private wealth management, whether expressed in thousands or millions of dollars." —Jean L. P. Brunel, CFA, Editor of the *Journal of Wealth Management* and author of *Integrated Wealth Management* "Reichenstein and Jennings tackle many key issues facing individual investors, including 'How should you differentiate between the before-tax dollars in retirement accounts and the after-tax dollars in taxable accounts?' and 'Should bonds be held in retirement accounts and stocks in taxable accounts or vice versa?' They provide valuable insights that certainly should add value to you and your clients." —Brian Bruce, Editor in Chief of *Journal of Investing* and Director of Global Investments at PanAgora Asset Management "If you want to be on the leading edge of thinking about integrated wealth management, then read this book. While the traditional approach searches for optimization in perfect markets and limits the portfolio to financial assets, these authors tackle real-world complexities and integrate other sources of wealth into the portfolio. Extending the analysis is vital in a world where financial decisions are increasingly the responsibility of the individual." —Conrad S. Ciccotello, JD, PhD, Editor of *Financial Services* and Director of Graduate Personal Financial Planning Programs at Georgia State University About the Author WILLIAM REICHENSTEIN, CFA, PhD, holds the Pat and Thomas R. Powers Chair in Investment Management at Baylor University in Waco, Texas. This widely quoted author is an Associate Editor for the *Journal of Investing*, and on the Editorial Boards of the *Journal of Financial Education*, *Journal of Applied Business Research*, and the *Journal of Financial Planning*. He has written numerous articles on financial planning and asset allocation. WILLIAM JENNINGS, CFA, PhD, is Deputy Head of Management Education at the US Air Force Academy in Colorado. He is an Associate Editor of *Financial Services*. His research interests include investment analysis for taxable investors. He is also a consultant to several charitable organizations.