



TAX STRATEGY & FILING

A main issue many healthcare professionals encounter is having to pay a large (and sometimes unexpected) tax bill when they file. Although tax filing is always necessary, with correctly applied strategies and planning, it doesn't always have to be painful.

As a high earners, doctors often fall in the highest marginal tax bracket, which means there are many tax strategies to consider for your personal return filings along with savings for your practice.

For instance, many practice owners don't make use of hybrid retirement vehicles like the cash balance plan, which provides annual contribution limits far greater than a 401(k) profit-sharing plan. A cash balance plan is commonly referred to as a "hybrid" plan because it incorporates elements of both defined benefit plans and defined contribution plans.

A solid tax strategy involves being proactive and diversification of your various assets in preparation of how and when you pay taxes. A basic understanding involves the concept of maintaining at least three tax buckets, consisting of taxable, tax-deferred, and tax-free.

We can help you strategically allocate your assets among the three tax buckets, which could allow you utilize the graduated tax system and lower tax rates for capital gains and dividends.