

# Top questions for your CPA and estate planning attorney

Effective tax planning requires application of the current brackets and provisions against personal circumstances to achieve tax-efficient outcomes. This may involve mitigating the impact of taxes today, while considering steps to hedge the risk of higher taxes in the future.

## Questions to ask your CPA or tax preparer

1. What's my projected income and likely marginal tax rate for this year?
2. Are there any strategies to consider to maximize deductions? Do you think it will be advantageous to itemize this year or take the standard deduction?
3. Based on my personal circumstances, what are the considerations around either using strategies to lower my taxable income (such as contributing more to a retirement plan) or to increase my taxable income (through a Roth IRA conversion for example)?
4. Within my retirement plan at work, should I consider saving in a traditional pretax account, or a Roth account?
5. Are there any strategies I should consider to optimize gifts to charities, such as "lumping" charitable contributions or making gifts directly from my IRA (if age 70½ or older)?
6. As a small-business owner, am I able to benefit from the 20% deduction on business income? Are there certain strategies I should consider to maximize this deduction? Do I need to review how my business is structured from a tax perspective?
7. What tax-related factors should I consider when funding college education? Does a 529 plan make sense?

## Time for a plan review

Depending on your individual financial situation and goals, there may be many more questions about how the current tax laws affect charitable gifting, estate planning, and real estate or business ownership. Getting expert advice in advance may help mitigate your tax liability later and allow you to take advantage of strategies that can enhance your plan's efficiency.

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## Estate planning considerations

Tax reform in 2017 also raised the lifetime exemption significantly for estates and gifts. Currently, individuals can shelter more than \$12 million over their lifetime from federal gift and estate taxes. Although very few individuals and families are impacted by these taxes, estate planning involves a range of strategies beyond taxes.

### Questions to ask your estate planning attorney now

1. Due to the recent tax law changes (Tax Cuts and Jobs Act, SECURE Act), do my estate planning and trust documents need to be updated?
2. Given the historically high lifetime exclusion amount for gifts and estates (over \$12 million per person) and the risk of taxes going higher, does it make sense to consider a sizeable gift to heirs or charities now? If so, what are some options for structuring a gift (outright, through an irrevocable trust, etc.)?
3. Given the current estate and gift tax environment, what are the pros and cons of gifting assets to heirs while I'm living versus transferring assets to them upon my death?
4. Under the current law, few taxpayers have to worry about federal estate and gift taxes. Do I need to be worried about any taxes on transferring wealth in my particular state?
5. What is the portability provision, and how does that impact my estate plan?

### Estate planning still needed

Although fewer estates will be subject to taxes under the current law, estate planning is still important for investors. In addition to basic documents, an estate plan can address other areas such as asset protection. Consult with a qualified professional to ensure wealth transfer goals are addressed.

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