3 Ideal Clients Financial Advisors Can Tax Plan For

Most financial advisors want deeper relationships, stronger retention, and clients who see them as indispensable—not interchangeable.

Tax planning is one of the fastest ways to make that shift.

When you help clients legally reduce what they owe, coordinate with their tax professionals, and integrate tax strategy into their broader financial plan, you go from "investment manager" to primary strategist. You become the person they call first before making major financial moves.

This guide is for financial advisors who want to:

1. **Identify high-value tax-planning opportunities**
2. **Attract and retain better, more complex clients**
3. **Justify higher advisory and planning fees**
4. **Collaborate more effectively with accountants and tax pros**
5. **Deliver a clearer, more measurable ROI on their advice**

Inside, you'll see 3 "perfect" tax-planning client profiles and the strategy stacks that typically move the needle most for them. The math, examples, and strategy descriptions.

Look at this as a financial advisor who can integrate these ideas into a broader wealth, retirement, and tax strategy conversation—often in partnership with tax-focused professionals and tools like **TaxPlanIQ.**

Use these 3 avatars to spot ideal tax-planning clients in your own book of business, sharpen your marketing, and build more valuable, stickier relationships.

Value-Pricing

The ROI Method™ & Curb Framework

How to Price your Tax Plan using ROI & CURB

Value-pricing tax planning is simplified with TaxPlanIQ's ROI Method™.

Using **CURB— Complexity, Urgency, Risk, and Benefit**—you can assign a pricing tier based on the potential value and implementation difficulty of each stack.

Each stack is tiered as Low, Medium, or High, which determines the % of Year 1 savings to charge as your fee.

C omplexity
U rgency
R isk
B enefits (Intangible)

CURB Rating Applied

Level 1	Level 2	Level 3	Level 4
10%	20%	30%	40%

Tier	CURB Profile	Fee Guide (as % of Year 1 ROI)	Sample Strategy Stack
Low	C↓ U↓ R↓ B↑	15–20%	Backdoor Roth + Tax-Loss Harvesting
Medium	C↔ U↔ R↔ B↑↑	20–25%	S-Corp (reasonable comp) + Augusta Rule + Accountable Plan
High	C↑ U↑ R↑ B↑↑↑	25–33%	§1202 QSBS Exit + Cost Seg + LIRP

Avatar 1

Solopreneur Transitioning to S-Corp

This client operates as a Schedule C sole proprietor and earns more than $100K annually.

They're looking for tax-saving opportunities and may be ready to restructure into an S Corporation for added benefits. They often have few or no employees and wear multiple hats in the business.

Strategy 1:

Entity Analysis: S-Corporation Election + Reasonable Compensation

Electing to be taxed as an S-Corp allows a business owner to pay themselves a reasonable salary while taking remaining profits as distributions, which are not subject to self-employment tax.

Eligibility:

- Profitable Schedule C business NETTING $75K–$250K+
- Willingness to run payroll and maintain books
- Use half of SE Tax on Form 1040 for ROI estimate

Real World Scenario:

S-Corporation Election + Reasonable Compensation

Situation: Earns $150K net income as a consultant. Transitions to an S-Corp, pays a $90K salary.

Calculations:

- Profitable Schedule C business NETTING $75K–$250K+
- Willingness to run payroll and maintain books
- Use half of SE Tax on Form 1040 for ROI estimate

Outcome: Reduces SE tax liability while staying compliant with IRS reasonable comp guidelines.

Strategy 2:

Solo 401(k) Contributions

A Solo 401(k) allows a solopreneur to contribute both as an employee and employer, maximizing retirement savings and reducing current year taxable income.

Eligibility:

- Self-employed with no full-time employees (except spouse)
- Plan must be established by 12/31 to defer current year income
- Ask client how much they have toward retirement contributions to save taxes each yr and use that amount in your tax plan.

Real World Scenario:

Solo 401(k) Contributions

Situation: Earns $150K in S-Corp salary. Under 50.

Calculations:
- Employee Contribution: $23,000
- Employer Contribution (25% of $150K): $37,500
- Total = $60,500 tax-deferred

Outcome: Reduces taxable income by $60,500 while building retirement wealth.

Strategy 3:

Accountable Plan Reimbursements

An accountable plan allows employees (including owner-employees of S-Corps or C-Corps) to be reimbursed for legitimate business expenses without those amounts being taxed as income.

Eligibility:

- S-Corp or C-Corp business entity
- Which out-of-pocket business costs are you currently paying personally—mileage, home-office, cell phone, internet, education, supplies, travel, etc.?
- Will client track owner-employee home-office square footage and actual home expenses each year? Use 5K p/y for average deduction estimate on a proposal.

Real World Scenario:

Accountable Plan Reimbursements

Situation: Uses personal home office, internet, cell phone, and vehicle for his business. Annual business expenses total $7,200.

Outcome: Through an accountable plan, business reimburses $7,200 as a tax-free expense. Taxpayer avoids reporting it as income, and the business deducts it in full.

Strategy 4:

Hiring Your Children

Hiring children to perform real business-related work can create a deduction for the business while shifting income to a lower or zero tax bracket.

Eligibility:

- Legitimate business structure (Sch C or parent owned partnership, for FICA exemption)
- Documented duties and reasonable wages

Real World Scenario:

Hiring Your Children

Situation: Pays their 15-year-old daughter $6,000/year to manage company's TikTok and clean office.

Outcome: Taxpayer deducts $6,000 from her business. Daughter pays $0 in federal income tax (under standard deduction limit of 15K 2025).

Strategy 5:

Kid ROTH-IRA Contributions

Now that children have earned W-2 income, you can contribute to their ROTH!

Eligibility:

- Earned Income: Child must have W-2 or bona-fide self-employment income (chores ≠ wages).
- Contribution Cap: Lesser of total earned income or $7,000 for 2025
- Custodial Account: Parent/guardian opens a “custodial Roth IRA” using the child’s SSN.
- Deadline: April 15 of the following year (same as your personal tax-filing deadline).
- Funding Source: Anyone can deposit—the money doesn’t have to come from the child’s own bank account, only their earned income test matters.

Real World Scenario:

IRA Contributions

Situation: Pays child for work in business, enabling ROTH IRA contributions for child

Calculations:

- ROTH-IRA Contribution (Max earned income or 7,000 2025)

Outcome: Sarah’s kiddo gets average annual market tax-free growth rate (6-8%)

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Tax Savings Analysis for 2025

Client: Jackie Meyer	Plan: 2025 Avatar 1

Opportunities Identified to Reduce Your Annual Tax:

Roth IRA Contributions	$300
Accountable Plan	$2,170
Pre-Tax Benefit: 401K	$23,627
Wages: Hiring Kids	$2,358
Choice of Entity - S Corporation 1120S	$9,180
Estimated Year 1 Tax Savings:	$37,634

Year 2 & Forward Savings:

Roth IRA Contributions	$300
Accountable Plan	$2,170
Pre-Tax Benefit: 401K	$23,627
Wages: Hiring Kids	$2,358
Choice of Entity - S Corporation 1120S	$9,180
Total Estimated Year 2 & Forward Tax Savings (low/conservative):	$37,634

Add Fee
(Provide Fee Details)

Type of Fee ⓘ

◉ One-Time ○ Recurring

Suggest ROI Fee ⓘ

	High	Medium	Low
Select All ⓘ	○	○	◉
Complexity ⓘ	○	○	◉
Urgency ⓘ	○	○	◉
Risk ⓘ	○	○	◉
Intangible Benefits ⓘ	○	○	◉

Proposed fee(Calculated for Est Yr1 Savings $38,444) : $9,573

Yr2 and forward consideration(Yr2 and forward Savings : $38,444) : $9,573

What You Keep

Tax Plan Savings 2025	$37,634
Tax Free Income	$0
Total Amount	$37,634
Plan Investment	$9,573
What you keep	$28,061
10 Year Savings	$369,831

Return On Investment

TaxPlanIQ

Your Investment - Year 1

Estimated Year 1 Tax Savings: $37,634

Your investment in TaxPlanIQ Trial Includes:

$9,573

Net Year 1 Tax Savings

Potential

$31,124

IMMEDIATE ROI

478%

Avatar 2

Real Estate Investor (REP Status Seeker)

This client owns multiple rental properties, reports income on Schedule E, and often has Modified Adjusted Gross Income (MAGI) above $200K.

Their goals include deducting rental losses, minimizing self-employment and net investment taxes, and increasing after-tax cash flow.

Strategy 1:

Real Estate Professional (REP) Status

A Real Estate Professional (REP) status allows a taxpayer to treat rental activities as non-passive, enabling them to deduct losses against ordinary income.

Eligibility:

- 750+ hours in real estate activities per year
- More than 50% of total working hours in real estate

Real World Scenario:

Real Estate Professional (REP) Status

Situation: Owns 4 rentals and is a part-time real estate agent. Logs 850 hours/year on property management and leasing.

Outcome: Qualifies as a REP, unlocking $42,000 in losses to offset W-2 income. She saves $10,500 at a 25% tax rate and eliminates 3.8% NIIT on net rental profits.

Strategy 2:

Cost Segregation + Bonus Depreciation

Cost segregation reclassifies property components to accelerate depreciation deductions. When combined with 40% bonus depreciation, it can significantly reduce taxable income in the first year after acquisition.

Eligibility:

- Commercial or residential property owners
- Cost segregation study required
- Property must be income-producing

Real World Scenario:

Cost Segregation + Bonus Depreciation

Situation: Purchases a $1M commercial building. Cost segregation identifies $300K in short-life assets.

Outcome: With 40% bonus depreciation, deducts $120,000 in year 1. At a 25% tax rate, that's $28,800 in tax savings.

Strategy 3:

1031 Exchange

A 1031 Exchange allows a real estate investor to defer capital gains tax by reinvesting the proceeds from a property sale into another like-kind property.

Eligibility:

- Business or investment real estate only
- Must use a qualified intermediary
- 45-day identification window + 180-day closing window

Real World Scenario:

1031 Exchange

Situation: Sells a duplex for $600K (basis $300K). Buys a fourplex for $750K, taking $50K cash (boot).

Calculations:

- Capital Gain: $300,000
- Deferred Gain: $250,000
- Tax Savings: $250,000 × 25% = $62,500
- Boot Tax: $50,000 × 25% = $12,500

Outcome: Defers tax on $250K gain. Pays tax only on boot.
Net savings = $50,000

Strategy 4:

Self-Directed IRA (SDIRA)

A Self-Directed IRA allows individuals to invest retirement funds in real estate and alternative assets while maintaining tax-deferred or tax-free growth.

Eligibility:

- Must have a qualified custodian
- No self-dealing or personal benefit from assets

Real World Scenario:

Self-Directed IRA (SDIRA)

Situation: Buys $150K rental in Roth SDIRA. Earns $15K/year in rent + $100K appreciation over 10 years.

Outcome: Accumulates $250K in tax-free wealth. Outside an IRA, this would incur ~$60K in taxes.

Strategy 5:

Net Investment Income Tax (NIIT) Avoidance

NIIT is a 3.8% surtax on passive income for high-income earners. Rental income can be recharacterized as active through REP status or grouping elections.

Eligibility:

- MAGI above $200K (single) or $250K (MFJ)
- Passive income such as rental or investment returns

Real World Scenario:

Net Investment Income Tax (NIIT) Avoidance

Situation: Has $100K rental income + $150K W-2 income. Without REP, owes $3,800 NIIT.

Outcome: With REP election, rental income becomes active. NIIT = $0.

42K × 28,8% = $12,096 Tax Savings
120K × 25% = $30,000 Tax Savings
$50K = $50,000 Net LKE Savings
$6K + $3,8K NIIT Savings

TOTAL: $101,896 TAX SAVINGS!

Based on your projected tax savings of $101,896 and a medium CURB rating, your customized TAX ADVISORY FEE: $30,569

ROI for tax advisory fee: 233%

Avatar 3

High-Income Investor / Executive

This client earns over $400K in W-2 income, stock compensation, or business distributions. They may be executives, investors, or physicians with complex tax needs.

Their priorities include maximizing tax-advantaged retirement savings, reducing exposure to Net Investment Income Tax (NIIT), and optimizing charitable giving or estate transfers.

Strategy 1:

Donor-Advised Fund (DAF) Bunching

A Donor-Advised Fund allows clients to group several years of charitable giving into one high-income year to exceed the standard deduction and receive a larger tax benefit.

Eligibility:

- Charitably inclined
- Inconsistent itemized deductions year to year

Real World Scenario:

Donor-Advised Fund (DAF) Bunching

Situation: Give $15,000/year but don't exceed the standard deduction ($30,000). In 2025, they contribute $50,000 into a DAF.

Outcome:

- **Year 1:** $50,000 DAF + $12,000 other deductions = $62,000 → itemize additional $32,000 and save approximately 25% or $8,000
- **Year 2&3:** Take standard deduction
- **Net Result:** Maximize deduction in a high-income year while spreading out donations later

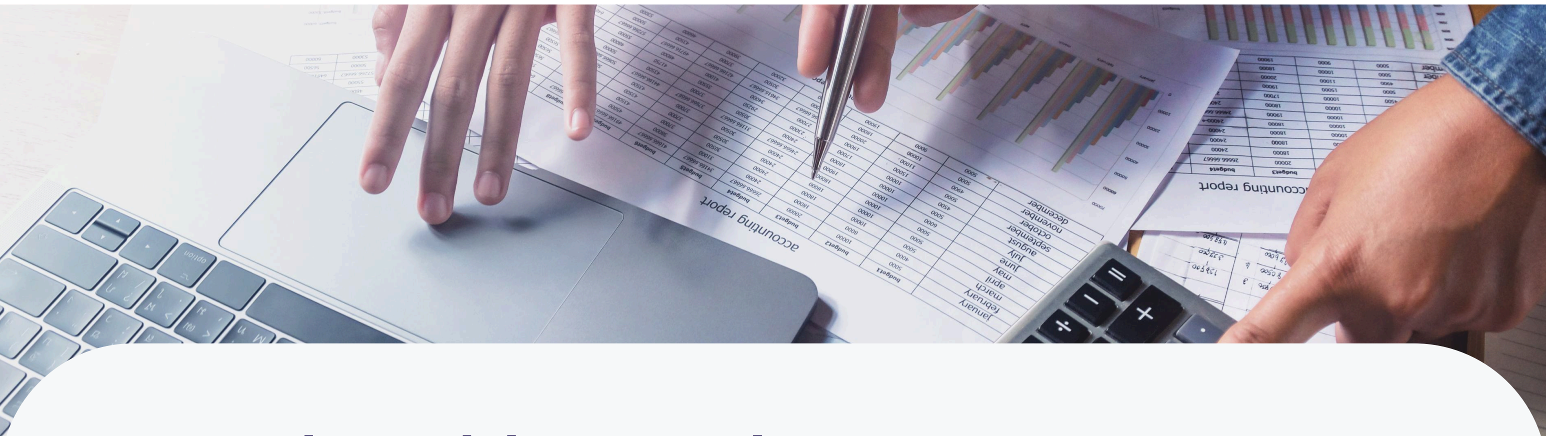
Strategy 2:

Life Insurance Retirement Plan (LIRP)

A LIRP is an indexed universal life insurance policy structured to grow cash value that can be accessed tax-free in retirement.

Eligibility:

- Ages 35–65
- Already maxing out 401(k), IRA, and other plans
- $15K–$40K/year available for 10–15 years



Real World Scenario:

Life Insurance Retirement Plan (LIRP)

Age: 55
Plan: Pays $50,000/year for 10 years
Cash Value: Year 10 - $580,526
Tax-Free Withdrawals: Age 66–80 - $61,440/year
Death Benefit: $1.25M
Outcome: Supplements retirement tax-free, accesses funds for long-term care, and leaves a legacy.

Item:	Value:
Total Contributions	$500,000
Tax-Free Withdrawals	$921,600
Remaining Death Benefit After Loans	~$329,000
Total Net Benefit	~$1,250,600
Net Gain Over Contributions	~$750,600
"Implied Benefit" Per Year (over next 10 years)	~$75,060
Tax Savings Equivalent Per Year (@25% Bracket)	~$18,765

Strategy 3:

Backdoor Roth IRA

High earners can bypass Roth IRA income limits by making non-deductible Traditional IRA contributions and converting them to a Roth IRA.

Eligibility:

- Income exceeds Roth IRA limits (>$228K MFJ)
- No existing pre-tax IRA balances (to avoid pro-rata rules)
- Use Taxable IRA line item to estimate savings IF they had done this

Real World Scenario:

Backdoor Roth IRA

Income: $300K

Contribution: $7,000 to non-deductible Traditional IRA → converted to Roth Tax: $0 if no earnings

Outcome: Grows $7,000+ tax-free for retirement, no RMDs, boosts tax diversification

Strategy 4:

Annual Gifting ($19K per Donee)

Annual gifts under the IRS exclusion limit avoid gift tax and reduce a taxable estate. For 2025, the exclusion is $19,000 per recipient.

Eligibility:

- Anyone with (almost?) taxable estate or estate planning needs
- Business owners or investors looking to transfer wealth

Real World Scenario:

Annual Gifting ($19K per Donee)

Gifts: $38K each to two kids = $76K tax-free gift

Plus: Gifts $19K business interest to son + $10K dividend stock to daughter

Outcome: Transfers wealth to lower brackets, avoids gift tax, builds legacy

Strategy 5:

QSBS § 1202 Exclusion

Section 1202 excludes up to $10M in gain from Qualified Small Business Stock (QSBS) if held 5+ years and issued by a C Corporation.

Eligibility:

- Stock purchased at original issue from a QSB (gross assets < $50M)
- Held for more than 5 years

Real World Scenario:

QSBS § 1202 Exclusion

Purchase: 10,000 shares of startup for $100,000 in 2018

Sale: $2.5M in 2025

Gain: $2.4M excluded from capital gains tax

Outcome: Pays no federal capital gains tax after holding 5 years, leveraging §1202 benefits

Year 1 Savings: $532,690
Year 2 Savings: $44,690

TaxPlanIQ

Final Thoughts

If you work with business owners, real estate investors, or high-income professionals, you already have clients who fit these three profiles. The question is: are you fully capturing the planning and relationship potential they represent?

When you incorporate tax planning into your advisory work—whether by personally leading the strategy and collaborating closely with an accountant and using tools like **TaxPlanIQ**—you:

1. **Turn complex clients into your best, most loyal relationships**
2. **Create clear, quantifiable before-and-after value**
3. **Justify planning and advisory fees beyond AUM**
4. **Attract more clients who want exactly this kind of depth**

You don't have to become their tax preparer. You do have to be the advisor who refuses to ignore the tax side of the plan. Use these 3 "ideal" tax-planning clients as a filter for your book of business and your marketing. Start with one client, one strategy stack, and one clear outcome—and build from there.

That's how you move from "just another advisor" to the indispensable strategist your best clients can't imagine replacing!