

Integrity in investing

Fully utilizing the abilities of your CPA **Interviewed by Steve Trusty**

You are used to working with your CPA on financial matters. These include tax preparation, audits, financial reports and some financial planning. Because of their integrity, you trust them fully with all the facts and figures about your business. Have you thought about working with them in other areas that relate to your overall financial health? Have you considered seeking their advice on investments, mediation, insurance and estate planning?

“CPAs are receiving training and expertise in a variety of areas associated with the overall financial health of their clients,” says Richard A. Cahlin, CPA and partner at Coral Gables-based Berenfeld, Spritzer, Shechter & Sheer. “It makes good business sense to fully utilize their abilities especially in areas such as investments that are affected or influenced by the tax implications to the individual’s or company’s bottom line.”

Smart Business talked with Cahlin for more insight into using your CPA specifically for investment advice.

Why are CPAs branching into areas such as investments?

For one thing, CPAs are required to take at least 40 hours of courses per year to maintain their certification. They are used to studying and keeping up with the latest information. They take advantage of this time to gain more knowledge to better help existing clients and potential new clients. As a result, more CPAs are becoming registered investment advisers and registered securities representatives. They are then better able to tie investment strategies and tax strategies together.

What are some advantages to working with a CPA on investments?

It is important to know how investments and trades might affect your tax liabilities. It is just as important to know how your



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tax bracket affects your trades. It is one thing to hear that a particular trade will result in a 5 percent return on that investment but, if you are in the 35 percent tax bracket, that trade really only results in a 3.25 percent gain. Are you happy with that? Could a trade possibly put you into a higher bracket? Would long-term gains or short-term gains be a better strategy at this point? In your situation, would trading in tax-free bonds be better for you?

A trusted adviser who has complete knowledge of your financial situation, including long-term goals, will be in a better position to advise you on all aspects.

Are there questions I should ask my CPA or ones that I should consider for my financial planning needs?

Ask about all of their training and in what areas they are licensed. Ask about their experience since receiving the necessary licenses. Nationally, you can go online to www.finra.org to check the registration of any individual or firm. This will tell you if there are any derogatory comments on that person or company. Most states also main-

tain registries. In Florida, you can go to the Florida Department of Business & Professional Regulation, or visit online at www.myflorida.com/dbpr, to check on the licenses granted individuals, the status of the license and if the person has ever been disciplined. If they check out and you are comfortable supplying them with all of your financial information for tax purposes, why wouldn't you want to take advantage of all their expertise?

How does this fit in with overall estate planning?

It is very important to plan what you want done with your estate. Your CPA can advise you based on your total income and investment package. They have a good understanding of all the nuances and tax tools that can be used to avoid costing your heirs additional tax money. They can work with your attorney to prepare the necessary figures, then organize the paperwork to assure that your estate is handled according to your needs and desires.

It is also important to realize that there is more to retirement and estate planning than having a prescribed amount of money saved up for retirement. Your needs, taxes, projected longevity and other sources of income all have to be taken into consideration. There are lots of personal questions that will have to be discussed to really determine what is needed. The more you can do with one trusted adviser, the more they are going to know you and be able to give the best advice. What better person to go to for all those needs than a trusted CPA whose integrity is beyond reproach?

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