

MARCH 2026

# TAX PLANNING - THE STRATEGIC ANCHOR OF WEALTH MANAGEMENT

In its simplest form, the goal of wealth management is to efficiently build, preserve, and eventually transfer wealth in a way that aligns with your personal aspirations. Understanding the importance of efficiency in the process is critical to optimizing outcomes.

Integrating tax considerations into various phases of your Wealth Plan is the best way to maximize outcomes.

## Enhancing After Tax Returns

Wealth management is often mistakenly perceived only through the lens of investments—buying and selling stocks, bonds, and funds. However, focusing solely on trading without considering tax consequences is like trying to fill a bucket with holes. Tax planning is the strategic anchor that plugs those holes, helping the assets you accumulate stay with your family instead of being lost to the IRS.

Tax planning is an integral component of every sophisticated financial plan. In an era of complex tax codes and frequent legislative changes, ignoring tax consequences can lead to substantial wealth erosion.

## Building Wealth

Taxes represent one of the largest expenses families face, often ranging from 20% to 40% of income, making it very difficult to build substantial wealth. Through effective planning, individuals can often defer, reduce, or eliminate much of this burden. This is why HCM offers proactive tax planning as part of our suite of wealth management services.

Asset allocation (what you own) is certainly important, but asset location (where you hold those assets) is equally important for tax efficiency and maximizing what your family is permitted to keep after you pay the Tax Man. Effective tax planning dictates tax-inefficient assets such as bonds with interest taxed at your highest marginal rate are best suited for tax deferred accounts, while tax-efficient assets like index funds and stocks

that pay qualified dividends are better held in taxable accounts.

Without this coordination, investors often incur unnecessary "tax drag" that erodes substantial wealth over a lifetime. By coordinating investment decisions, asset location, and contribution and withdrawal strategies with tax considerations, you will keep more of what you earn, allowing wealth to compound nicely.

## Managing Life Transitions

Wealth management is a lifetime marathon, not a sprint, and tax planning must adapt to different life stages. From managing the "marriage penalty" to optimizing withdrawals in retirement to avoiding higher Medicare premiums (IRMAA), tax planning touches every major financial milestone.

In retirement specifically, the order in which you draw down your accounts matters. A well-timed withdrawal strategy—balancing distributions from taxable, tax-deferred, and tax-free accounts—can keep you in a lower tax bracket and extend the longevity of your portfolio by years.

## Protecting Your Legacy

Tax planning is the cornerstone of estate planning and generational wealth transfers. Poorly planned estate, gift, and generation skipping transfers can claim up to 40% of an estate, leaving heirs with far less than intended. Tools like trusts, gifting, and basis management strategies can help reduce or eliminate these taxes.

One small easy step that can be "right sized" for any family is annual gifting, within exemption limits, which can transfer assets tax-free. This reduces your taxable estate as you provide for your family's needs while you are here to see them enjoy your generosity. This intergenerational focus ensures that wealth management isn't just about accumulation but sustainable legacy building.

# YOUR TAX CHECKLIST

To make tax filing smooth and efficient, bring your accountant anything that shows income, deductions, investments, and major life changes from the past year. Here's a practical checklist you can use.

## Personal Information

- Social Security numbers (you, spouse, dependents)
- Driver's license or state ID
- Last year's tax return
- Bank routing and account number (for direct deposit or payment)

## Income Documents

- W-2** (from employers)
- 1099-NEC / 1099-MISC** (contractor or side income)
- 1099-INT** (interest income)
- 1099-DIV** (dividends)
- 1099-B** (investment sales)
- 1099-R** (retirement distributions)
- 1099-SSA** (Social Security benefits)
- K-1** (partnerships, S-corps, trusts)
- Rental income records
- Business income & expense summary (if self-employed)
- Alimony received
- Income from rental property
- Miscellaneous income

If you have investment accounts or retirement accounts (like IRAs or 401(k)s), your custodian will typically provide these forms.

## Home & Property Documents

- Mortgage interest statement (Form 1098)
- Property tax statements
- Closing disclosure (if you bought or sold property)
- Home improvement records (if selling)
- Rental property expense summary

## Health Insurance

- 1095-A (if you used Marketplace insurance)
- 1095-B or 1095-C (if applicable)
- HSA contributions and distributions (Form 5498-SA, 1099-SA)

## Income Adjustments (if any)

- Required Minimum Distribution (RMD) confirmations
- Estimated tax payment records
- Student loan interest (summarized in Form 1098-E)
- IRA contributions
- Energy credits
- Records of educator expenses
- Records of alimony paid
- Retirement plan contributions
- Health savings account (HSA) contributions
- Premium payments for health insurance if you're self-employed

## Deductions & Credits

- Charitable contributions, including cash and non-cash donations
- Medical expense totals
- Childcare expenses (provider EIN + total paid)
- Child tax credit documentation
- Retirement contributions (IRA contributions not on payroll)
- Energy-efficient home improvement receipts
- Electric vehicle purchase documents (if applicable)
- Mortgage interest summary (Form 1098)
- Medical and dental expenses
- Adoption costs
- Tuition expenses for dependent children (Form 1098-T)
- Theft losses and casualty
- Record of business use for home office deductions such as the square footage calculation, utility expenses, the date you started using the space for a home office

## If You Own a Business

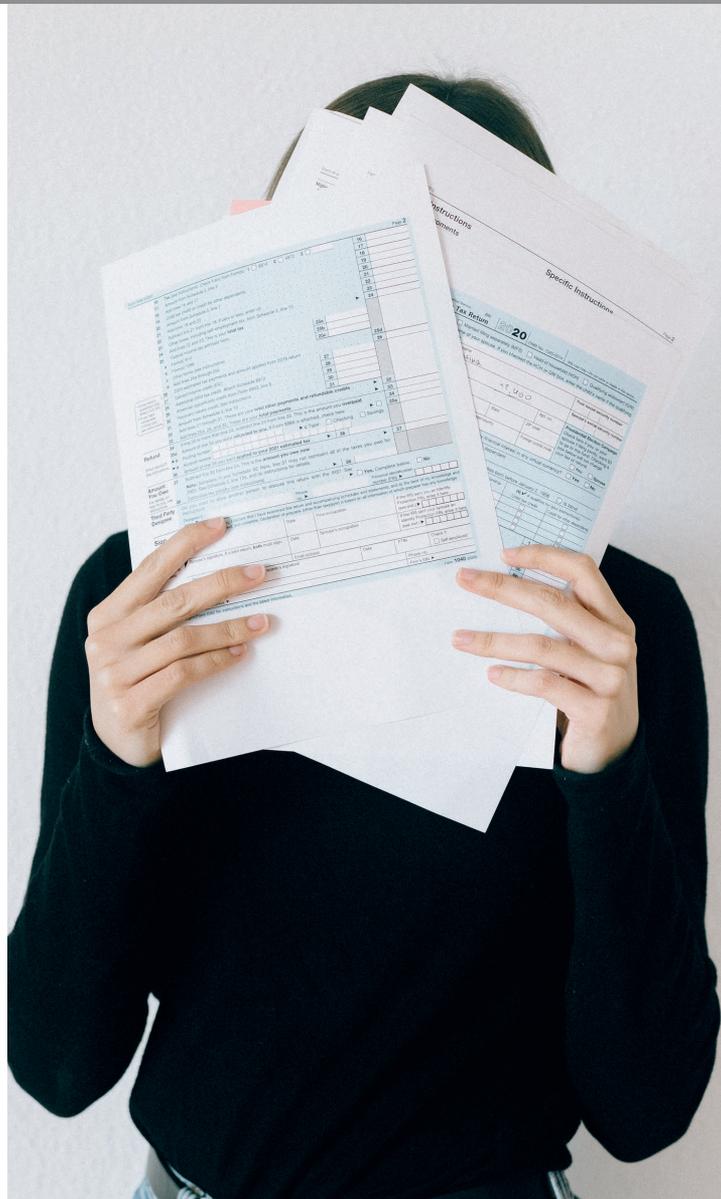
- Profit & loss statement
- Expense breakdown
- Mileage logs
- Asset purchases (equipment, vehicles)
- Payroll records (if you have employees)

## ADV INFORMATION

As a registered investment adviser, we provide certain important information to you on an annual basis, which is included in our annual notice. Our most recent disclosure statement as set forth on Form ADV Part 2 and 2b is now available. There have been no material changes since the February 20, 2025, Form ADV filed on the IARD system.

If you need a copy at any time throughout our relationship, please call us at 513-598-5120 or send an email to [info@hcmwealthadvisors.com](mailto:info@hcmwealthadvisors.com). A copy is also available on the internet at our website, [hcmwealthadvisors.com](http://hcmwealthadvisors.com). Additional information regarding our firm is also available at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

# IRS PAPER CHECK PROHIBITION



The IRS no longer accepts paper checks for tax payments nor issues paper check refunds. This is a significant procedural change affecting all taxpayers. All tax payments and refunds processed by the IRS must now be conducted electronically. What are your next steps?

## To make estimated tax payments you have the following options:

- **IRS Direct Pay:** This system requires no registration, you can schedule electronic payments directly from your bank account, and offers confirmation numbers and payment tracking capabilities.
- **Electronic Federal Tax Payment System (EFTPS):** Enrollment is required at least a week in advance. This offers enhanced functionality for recurring payments and payment scheduling.
- **Financial Institution Services:** Many banks and investment advisors currently utilize electronic payment systems on behalf of clients. Confirm your financial institution's electronic payment capabilities and authorize appropriate arrangements.

## For tax return processing with electronic funds transfer:

- Most tax preparation software accommodates electronic funds transfer (EFT) authorization for both tax payments and refund deposits (direct deposit). Ensure your tax preparer has your current electronic banking information on file.
- Returns with outstanding tax liability will require bank account information for automatic withdrawal.
- Returns generating refunds that are not being applied to subsequent tax year obligations require bank account information for direct deposit.
- Estimated tax obligations can be authorized through the return itself, enabling automatic quarterly withdrawals without separate payment submissions.

## BE IN THE KNOW

In addition to this newsletter, HCM frequently publishes financial and firm information. We encourage you to follow each channel for up-to-date news.



Our bi-weekly podcast, launched in February 2026, covers the state of the stock market.



HCM posts on these social media channels several times a week.



Our blog is e-mailed every Friday and features articles and recordings on a broad range of topics.



HCM hosts social and educational events 3+ times a year. Most are open for you to bring guests.

# PICKLEBALL NIGHT

MAY 14  
5 - 8PM

Late arrivals  
are okay!

## ACES PICKLEBALL

2730 Maverick Drive  
Cincinnati, Ohio 45212

NO EXPERIENCE  
NECESSARY!



6116 Harrison Ave  
Cincinnati, OH 45247

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## SHOE DRIVE SUCCESS

HCM's inaugural Soles4Souls shoe drive has officially wrapped up—and thanks to the generosity of our team and clients, **we collected an incredible 460 pairs of shoes.**

What will Soles4Souls do with these donations? Per their website, <https://soles4souls.org/>:

- “We provide new shoes and clothing to people facing hardship—from survivors of natural disasters to those rebuilding their lives after homelessness or domestic violence.”
- They also “partner with schools and community organizations to provide new athletic shoes to children experiencing homelessness, removing barriers to school participation, sports, and a brighter future,”
- And finally “...we equip entrepreneurs in low-income countries with donated shoes and clothing to sell, we help them create sustainable small businesses that lift families out of poverty and drive community growth.”

Thank you to everyone who contributed, promoted, or helped spread the word. Your participation will make a meaningful difference for the individuals and communities these donations will reach.



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