

# 2018 North Bay Wealth Manager

## Montgomery Taylor

Author, Advisor, CPA, CFP; MONTGOMERY Taylor & Company, LLC  
2880 Cleveland Avenue, Suite 2, Santa Rosa, CA 95403  
WWW.TAXWISEADVISOR.COM ❖ Monty@TaxWiseAdvisor.com  
(707) 576-8700



### **When managing a client's portfolio, what key elements do you look for and have they changed since the new tax laws?**

We look for the client's financial objectives, time horizon, tax bracket and risk tolerance. However, it is more than just that. We need to be familiar with the details of their financial situation and family dynamics, so that we properly advise and manage their wealth. Since we also provide income tax preparation and planning services, we are very sensitive to the new tax laws. We integrate our client's tax planning with their investment management. The new tax laws don't change the basic fundamentals of investment management, however, they do change how we structure and design our client's investment accounts. The impact of the IRC sec. 199A deduction might affect a decision as to whether to make a traditional or Roth IRA contribution. We may recommend strategies of bunching of deductions or bunching of income. For self-employed clients, we may suggest a

change of business entity type and use of retirement account types due to the new tax laws.

### **What mistakes do you see individual investors making in the current financial climate?**

We have noticed that some people are doing nothing different today than they did last year or ten years before that. The world has gotten more complex and with it has come more responsibility on each individual to solve their own financial health issues for now and the future. Doing nothing or relying on their own understanding of complex financial issues is not the answer. We believe that having a financial coach is well worth the investment.

### **What kind of investment impacts do you anticipate with the new tax laws coming into play and how will it affect the economy?**

Thus far we've seen a positive impact on our client portfolios. The new tax law makes substantial changes to the rates and bases of

both the individual and corporate income taxes and a deduction for pass-through income. We can expect lower tax rates to lead to more widely available credit and increased cash flow available for investment, which over time translates into higher levels of growth and wages, and a healthier economy. It is important to keep in mind that it will take time for the new tax law's effects to materialize, and that other changes in the economy could have offsetting effects.

### **What is your best advice on planning for a financially secure future?**

We strongly encourage: 1) living on 90% or less of what you earn, 2) wisely invest the other 10% for your future or the future of your family, 3) guard your investments from market crashes by tactically tilting the allocation as the economy changes, 4) buy a home, rather than rent, 5) control your expenses, 6) from your investments, create a future income stream, and 7) study and learn ways to increase your ability to earn.