KEEN ON
RETIREMENT

Don't Let the 16 Variations of This Tax Form Mess Up Your Tax Return

Welcome to Keen on Retirement
With Bill Keen and Steve Sanduski

Steve Sanduski: Hello everybody. Welcome back to Keen on Retirement. I'm your co-host, Steve Sanduski, and I am here with Bill Keen and Matt Wilson. Hey guys, how are things today?

Bill Keen: Doing well Steve.

Steve Sanduski: Welcome to the studio.

Matt Wilson: Yeah, how's it going? Glad to be here.

Steve Sanduski: Fantastic. Hey, we are in the thick of tax season here and so we thought we'd do another episode here talking about taxes because you're having lots of conversations with the clients at Keen Wealth Advisors these days about taxes, and so we're going to share some of the things that are coming up in those conversations. But before we get to that guys, let's do a little more trivia. I think we're going to talk about a couple trivia things here. One is about gold and Bill, I think you've got some things here on gold that you're going to try and stump us with.

Bill Keen: I do. Over the last three or four episodes you have had some pretty difficult questions for us, so I thought I would try to stump you today. Keeping in line with the prior episodes and our money trivia, I thought it would be fun to ask you this question. No Google. You two gentlemen just tell me what you think here. When did the United States go off the gold standard?

Matt Wilson: I have a year pops into my head, 1978.

Steve Sanduski: I'm gonna guess it was in the 1930's. I think there's two things going on. One is I think we went off the gold, I am going to say 1930's for off the gold standard, and then there's a second thing back in the early 70's during the Nixon administration where you no longer could convert your money into gold at $35 an ounce.

Bill Keen: Well, neither one of you hit it right on the button, so just in the essence of what you've put me through in the past I'm gonna have to (annoying buzzer sound) give you that.

Steve Sanduski: Ooh. I got a little shock there.

Matt Wilson: Is that a cattle prod?

Bill Keen: Yes. Let me give you the specific answer. Actually it wasn't too bad. On June 5, 1933, the U.S. went off the gold standard. We had been on it since 1879, but all the failures of the banks during the Great Depression completely frightened the public into hoarding gold and making that policy just untenable. Right after Roosevelt took office in '33, to prevent a run on the banks, they decided to take us off the gold standard. They realized, now this is called Keynesian economic theory, we don't have enough time in our intro today to talk about exactly what that is, but under that theory it says one of the best ways to fight off an economic downturn is to inflate the money supply. So, if you've got money tied to this commodity, it makes it pretty difficult. Now back in 1971, President Nixon announced that we would no longer convert dollars to gold at a fixed value, which is a whole 'nother thing.

So you both were right there to some extent. Then President Ford, in '73, signed legislation, this is interesting, some folks might remember this, but it actually permitted Americans again to actually own gold bullion. Up until then, during that period, they weren't allowed to own gold bullion. So that's an interesting bit of information isn't it?

Steve Sanduski: So I got the decade right, right? Didn't I say 1930's?

Bill Keen: You got the decade right. I'll give you that.

Steve Sanduski: I'm gonna give you another piece here. Up until the 1970's, when we could convert dollars into gold, it was at a fixed rate. Wasn't that like $35 an ounce?

Bill Keen: Yeah. I was showing $35 an ounce the entire time.

Steve Sanduski: Right. What is gold today, it's what 13-1400-ish?

Bill Keen: Yeah that's right. Is that right, Matt?

Matt Wilson: That's right.

Bill Keen: Okay, so what's interesting was, back in the 30's, it was about $20 an ounce and then in '34, 1934, the government raised it to 35 and held 35 per ounce all the way out into '71. So this was another question along the lines of this. If we were still on the gold standard, do you know how much gold would have to be per ounce to be backing all the money that's in our system now? So the money supply's expanded, we could get into a whole 'nother conversation about yes, the GDP has expanded and the economy is bigger, and it is. There's no question. That's why the gold standard would not work. It would not be productive for the-

Steve Sanduski: I'm going to guess two trillion

Matt Wilson: An ounce?

Bill Keen: Hey, Matt said trillion on one of our prior podcasts on something else and we laughed at him. Now you're saying trillion. No, so I'm saying per ounce what would gold need to be.

Steve Sanduski: Oh, I thought you meant the total value of all the gold to back ... Per ounce, okay, well I would say, I don't know, $50,000 an ounce.

Bill Keen: I'm showing between $13,000 and $15,000 an ounce, right now.

Matt Wilson: Wow.

Steve Sanduski: Okay, now here's another one. I'm drawing on memory here. If you were to take all of the gold that has ever been mined since the beginning of time, because gold does not disintegrate, so pretty much whatever gold we've mined since the beginning of time we still have today, if you took all of that gold and you melted it down into one big block of gold, how big would that one block of gold be?

Bill Keen: I'm thinking it would be something like about a cube that's like 40 by 40 by 40 feet or something along those lines. It's way smaller than you think.

Matt Wilson: I was gonna say a block, like a city block.

Bill Keen: No, I think it's way smaller.

Matt Wilson: I think it's like the size of an Olympic swimming pool.

Bill Keen: Yeah, like deep. It's way smaller than you think. There's not a ton of mining, there is mining happening, but it's certainly not to the extent that economies are expanding. And you know, it's interesting because right now with where we are in the economy, and with where the market is ... Well, I guess it's always this way isn't it, Matt? There's always fear and hysteria out there in the headline of the day. You're seeing a lot more of these commercials coming around where it's kind of playing on people's fears that they need to buy gold. Buy gold and store it in your safety deposit box.

Steve Sanduski: Should you be buying a gold IRA? I hear that one often.

Bill Keen: That's right, we have some precious metals in our portfolio. We do it through very liquid and efficient indexes. We just, in our experience, Matt, we've never found it to be a productive investment. History has proven this, too. I know history doesn't prove the future, but for someone to hoard gold in it's actual form, just hasn't seemed like a good deal has it?

Matt Wilson: No, especially, you know a lot of times we get these conversations in the context of some sort of apocalypse-type scenario. So, I'm not so sure how gold's gonna benefit you in that realm. Typically, I inform clients that do ask me that they might want to invest in guns and bullets at that point. That might be better for them than gold.

Steve Sanduski: And canned food?

Bill Keen: Oh man.

Matt Wilson: Yeah, and even that. Those aren't investment strategies that we really talk about and have solutions for, the apocalypse.

Bill Keen: Well, I mean there's a lot of other things happening at that point isn't there, under those scenarios, real or imagined, I guess. One of the things that I always like to say, kind of go back to, is when you're talking about having and owning a commodity outright, or an asset outright, you have to ... one, there's what's called a bid-ask spread, so if you go to the same salesperson to buy gold outright, they'll charge you one price for it. If you go to sell it right back to them five minutes later, you'll get a substantially less price. It's almost like driving a new car off the lot, Steve. Don't try to turn the car back in after a day.

Steve Sanduski: Their profit then is that difference. If you pay $1000 for an ounce of gold, I know that's not the actual price today, and then you try and turn around and sell it to them, they may only give you $950 because their spread is the $50 and that's how they make the profit for selling gold.

Bill Keen: That's right. I've seen some outfits that have had spreads even bigger than that, than your five percent in your example there. Let's say you do buy that, you get the bid-ask spread consequence. I would say you should probably get it appraised and make sure it's real. Then you should transport it. You need to insure it. Then someday, if you're going to actually do something with it, you have to introduce it back into the system, which would require you to transport it again, and. The person buying it would probably want you to have it appraised as well again. So there's a lot of complication to the theories of just buying gold and sticking it in your bank box or under the mattress.

Matt Wilson: That's about as bad as buying a house it sounds like, the transport part of it.

Bill Keen: I'm thinking a new car. But the wonders of home ownership, we could do a whole episode on that, too. Well, Steve, I didn't mean to monopolize our brain teaser segment this time, but you had hit me with so many and heavy on my heels.

Steve Sanduski: Okay, well I'm gonna hit you right back, is that okay?

Bill Keen: Oh my goodness. Okay, do I get Matt on my team then?

Steve Sanduski: Sure, yeah. We're gonna be talking about taxes as I mentioned earlier. We'll do these real quickly, and then we'll jump into some more tax talk. What was the year that the U.S. instituted an income tax?

Matt Wilson: I don't know the exact year, but I think it's early 1900's.

Bill Keen: I'm actually thinking, was it in the 20's? I mean you got to say decades so I get to say decades.

Steve Sanduski: Yeah, close. 1913, levied a one percent tax on net personal incomes above $3000 with a six percent surtax on incomes above $500,000. Here's some other quick ones here. What was the top income tax rate during World War I? So actually just a few years-

Matt Wilson: The top bracket?

Steve Sanduski: Top bracket in World War I. Just a few years after it was instituted here in 1913.

Bill Keen: Ten percent.

Matt Wilson: I was thinking like 75. I'm going the opposite direction.

Steve Sanduski: Bingo. Get the Bingo thing.

Matt Wilson: Oh man, has that ever happened before on this show?

Bill Keen: I don't think anybody's got any accolades on the show. It's always just a buzzer.

Matt Wilson: I hit it right on the, right on-

Steve Sanduski: Bingo.

Bill Keen: Oh, very nice. You don't hear that very often.

Steve Sanduski: I'm giving you a bingo for being close. It was 77 percent.

Matt Wilson: Okay, 77.

Steve Sanduski: Here's another interesting one. A lot of taxes today are e-filed, they're electronically filed. The first electronic transmission of a tax return from a preparer to the IRS was completed in 1986. What is the average error rate for a paper tax return? What percent of paper tax returns have some kind of error on them?

Matt Wilson: That error, I'm just thinking functionally, it's something the IRS rejected or tracked as, hey this was incorrect type of error?

Steve Sanduski: Yeah.

Bill Keen: I would say 25 percent, maybe higher.

Matt Wilson: Yeah, I was going to say a third of them.

Steve Sanduski: Bingo. Pretty close guys.

Bill Keen: I like having Matt on my team here, today.

Steve Sanduski: Pretty close. 21 percent.

Matt Wilson: Nice, wow.

Steve Sanduski: And then related to that, for electronically filed returns what is the average percent where there is an error in an electronically filed return?

Matt Wilson: I would say low single digits. I think you can't submit it if it has too many errors.

Bill Keen: Five percent.

Steve Sanduski: One half of one percent.

Bill Keen: Wow, so once again technology is helping things be more efficient.

Steve Sanduski: One final, last quick question. What is the highest tax bracket ever in the history of the United States? Personal income tax bracket, highest ever. I say this because I want everyone to feel good about what our current highest tax bracket is today.

Matt Wilson: 94 percent.

Steve Sanduski: Bingo. Matt, that was spot on. 94 percent, that was back in 1924.

Matt Wilson: You know how I know these answers?

Steve Sanduski: How do you know?

Bill Keen: He's a professional.

Matt Wilson: Keen on retirement dot com did a blog post on this about a year ago.

Bill Keen: Yes, that's right.

Steve Sanduski: So, our listeners that read that knew the answers as well. Hey guys, thanks for playing along here.

Bill Keen: Those were some relevant topics, actually. They're really relevant to what we're talking about. I think interesting.

Steve Sanduski: They were. We're going to talk about some taxes here. You guys are having heavy conversations with your clients about what's going on with taxes here in the first part of the year before we lead up to mid-April when the taxes are due. Where do you want to start with that, Bill?

Bill Keen: We created the podcast back in 2015, Steve, to be a resource for our clients so they could understand what we were thinking and the issues that were seen between our annual meetings with them and our telephone calls and our educational events. What it's done is it's given us a really nice format, again with technology, to be able to bring what's happening, real-time in the firm, to our episodes.

Matt and I were talking about all of the things that we see here day in and day out during tax season that we thought we would just run through rapid-fire. Hopefully help our listeners to put some things into perspective, they're questions that we're hearing over and over again. We thought okay, we can put this into an episode and really make it impactful for folks. I think one of the things that we've seen most, and Matt you can chime in if you agree or disagree, is just all the various tax forms that people are getting right now. The 1099's, of course, for people that are working the W-2's, there's other forms out there, 5498's and many others. We thought we would walk through that list right quick and put some things in perspective.

Steve Sanduski: Sounds like a plan.

Matt Wilson: As Bill mentioned, we deal with a lot of retirees and pre-retirees, so typically the most common forms that we come across are 1099-R's, which stand for distributions from retirement accounts, and then 1099-B's which account for specific aspects of non-IRA accounts or what we would define as taxable accounts. We get a lot of questions around those because of the nature of what has to be reported.

Bill Keen: Real quick, in the spirit of our quizzes, folks say "Hey, do I have my 1099, yet?" Here's the question, Matt mentioned a couple of them, do either of you gentlemen know how many versions of the 1099 there are? So, you get a 1099. He mentioned a couple.

Steve Sanduski: 13.

Matt Wilson: 18 pops into my head.

Bill Keen: I'm seeing 16 here.

Matt Wilson: Different 1099's?

Steve Sanduski: If you take the average of me and Matt, we're just about right on.

Bill Keen: I don't have the Bingo button, but I'll give you both accolades.

Matt Wilson: Will someone receive at one point, has anyone received all 16 of these do you think?

Bill Keen: I haven't heard about that yet, but that would definitely make filing interesting. Again, hitting on the most popular ones, Matt, go ahead again. You mentioned two of them, I think, right?

Matt Wilson: The 1099-R, that comes from distributions from your IRA accounts, and then you have a 1099-B which accounts for the taxable accounts that you have, the different transactions that go on in there. In addition to that 1099-B, you're going to have a 1099-INT and a 1099-DIV, typically, in those accounts as well.

Bill Keen: So let's just break it down. If you have a taxable account and you have securities in the account, you sell one of the securities. That will be reported on the 1099-B and you will have your cost basis ... there's another thing --

Bill Keen: Up until 2011, your brokerage firms and investment firms were not required to provide the cost basis on your 1099's. It was up to you to put your cost basis into your tax return. It is still up to you to put it in your tax return, it's just you had to go find it before 2011. In 2011, the government said "Alright, we're going to call these covered, anything purchased after 2011."

So when you make a sale, you want to make sure that you enter the right cost basis, because you may have a gain or you may have a loss. There could be a tax or there could be no tax on that transaction. That same investment inside of that taxable account, if it was a stock and it paid a dividend, then it will generate a 1099-DIV. Then we'll have to understand is it qualified or non-qualified dividends, as well. If you had a security in that very same taxable account that was a fixed income security, like a bond, and it paid interest, now you've got a 1099-INT, so you may have four 1099's associated with that account in that example. Most people don't think about that. A lot of people get confused.

They'll submit one of those 1099's to their CPA and leave the others aside, thinking they're duplicates and they're not.

Matt Wilson: What's great about these 1099's though, is, of all those aspects Bill just mentioned, they are reported. They're broken out in the different boxes, so you don't have to go figure out which dividends are qualified or non-qualified, and what interest, if you receive bond interest, if some of it is tax-exempt or if it's taxable. They report that for you, your custodians. If you're doing your taxes yourself, you just need to fill in the boxes based on what your form says, which is nice.

Steve Sanduski: Bill, speaking of doing taxes, do you have any sense for what percent of your clients prepare their own taxes versus how many actually outsource that to a tax preparer?

Bill Keen: I can let Matt get a number in his mind and then I can give one as well. I would say probably about 80 percent of the people we work with have someone help them with it. There's different levels in different years that require complexity. So some folks might see a tax attorney, in a complex year, and they might go to just someone else that they don't need that type of service in a different year.

Matt Wilson: I was gonna say two-thirds. That was kind of what popped into my head. Yeah, it's a fair portion. One, just for the hassle of doing it, making sure they are doing it correctly. They want to have a second set of eyes on there. In a lot of cases here in the Midwest, you can find a good CPA or good tax advisor for not a huge sum of money, so you can have someone help you with it.

As Bill mentioned, we've had this happen, I think he's used this example before, where a client moved into a retirement community and had to pay a lump sum to move into it, and part of that lump sum accounted for health care expenses. He was doing his taxes himself at that time and we recommended that he go speak with a CPA about making sure that he's maximizing that deduction. After consulting with this CPA, he was able to take an IRA distribution of north of $100,000 and convert it to a Roth IRA that year with no income tax consequences. He was able to use that CPA for that year and I think since then he has just gone back to doing the taxes himself, but it was definitely a nice use of the funds to pay for the CPA that year, that's for sure.

Bill Keen: It was and a lot of the people we deal with, Steve, they do their own taxes and then they'll take it the CPA and make sure they match or they're really close. We see that, too.

Matt Wilson: A nice system of checks and balances.

Bill Keen: Yeah, it's good. It's all about accountability, that's right.

Steve Sanduski: So what happens, guys, if you go to file your taxes and they say you've already filed?

Matt Wilson: You're off the hook.

Bill Keen: Right, yeah. Well, you want your tax return back and they're telling you that somebody else has already gotten your tax return. That sounds crazy but we have had that happen with folks. Clients of the firm come in and sit down and say, "What the heck? We went to file our taxes, we had a decent return coming back and the government said sorry you've already filed it. We already sent you a $22,000 refund." Boy, that set in motion-

Matt Wilson: Now, I haven't sat in a meeting where a client owed money and then was complaining that someone else already paid that for them.

Bill Keen: That doesn't happen very often.

Matt Wilson: No it's only on the refunds.

Bill Keen: Maybe those people that are filing the fake ones will someday repent, and they'll start doing that randomly like the Secret Santa thing or something.

Steve Sanduski: Don't hold your breath on that. Okay, so that's fraudulent.

Bill Keen: Matt, coached somebody through this recently, along with their CPA. There's a certain form and a certain process that has to happen. It is scary.

Matt Wilson: Because this is happening more and more often with the proliferation of e-filing, it is just more common that we're going to see someone's social security be used to file a tax return in their name. So the IRS has addressed this. They have a site on their website, a page, that does break down the steps to take. First step, they say, is go to identity theft dot gov and just report and file a complaint with the FTC, at that point. Then, of course, check all your major credit bureaus. Put a fraud alert on those. Alert all your financial institutions of what's happened. Put everyone on alert that this is what's happened, so you're already in the process of identifying if any other breaches have happened. Then, if the IRS has sent you any notices, you want to respond to them immediately. But there's also a form that you're going to want to complete, and that form is form 14039. That's the identity theft affidavit. You want to file that as soon as you find out, with your social security number on there, to alert the IRS that you've had a fraudulent return.

Bill Keen: I hope none of our listeners have to heed this advice. I hope they don't have to search for that form. One thing I might mention to is our client that went through this somewhat recently did have a return coming back and that return got held up, if I remember, it was at least two years.

Matt Wilson: I was going to say it went into the second year. It was quite some time for them to get that all resolved.

Bill Keen: They wouldn't release the legitimate refund until all of it was "resolved" somehow. That's an interesting question. Thanks for asking it

Matt Wilson: It does happen. It's a complete surprise, too. When you go to e-file, that's when you get the notice. It's not like you have any head warning outside of that.

Bill Keen: We did an episode, on this. Remember that IRS tax scam, Steve,? We can maybe link back to that episode.

Steve Sanduski: Bill, I know that sometimes we get an amended 1099. So, we get a first one, and then maybe a week or two weeks later, we get another one that's amended. What does that mean and what should we do in that situation?

Matt Wilson: Amendments do happen from time to time. In my experience, working here in the industry for the last 15 years, it seemed like they were a lot more common probably ten years ago and I've noticed there's been less and less of them. Primarily, what I think drives them ... I remember back when the qualified dividends became a thing. They didn't exist until, was it the Bush tax cuts in 2003 when qualified dividends were created?

Bill Keen: Right.

Matt Wilson: That year, I think, the next couple of years after that there was always a lot of confusion about what was qualified and non-qualified. We saw a lot of amendments.

Bill Keen: Well, a qualified dividend too, just real quick, it qualifies for a lower tax rate, basically. It's a dividend received, a U.S. dividend received, that qualifies for a lower tax rate.

Matt Wilson: It's in your benefit to have more qualified dividends than not.

Bill Keen: It is. So we would see 1099's come out and they would have a certain number of dividends, and then literally three or four weeks later they would come out and there would be some slight changes where the qualified and non-qualified, as Matt was saying, were different ratios.

One of the other things that I see about it to is, in a good portion of the cases, they're very small. But people get really frustrated if they file their tax return and then, all of a sudden, a whole slew of amended 1099's come rolling in. I know where we are in the tax season right now. We're here into March, but I still would advise clients, I'd just say if you have a taxable account, accounts that generate these 1099-DIV's and 1099-B's, I just wouldn't file, I would get all my stuff and take it to the CPA or have it ready for yourself, and I wouldn't file 'til mid or late March. I know it's a hassle.

If all you have, though, is IRA income, let's say social security and money coming out of an IRA or pension, then you're good. Those 1099-R's are typically correct, and I think those are actually required to be out by the end of January. Aren't they?

Matt Wilson: That's right. A few years ago, they did allow, everyone thought, or prior to a few years ago everyone had to have all their tax forms to their clients by the end of January. They've amended that. So, taxable accounts, which create these 1099-B's, 1099-INT's, and 1099-DIV's, typically, they have a little bit more flexibility. From there, those taxable accounts are where you're going to see the amendments. So as Bill mentioned, the IRA 1099's, so the 1099-R's, those are very simple to calculate because it's just a gross distribution and then any of your federal and state tax withholding. It's essentially simpler than a W-2, and so different clients of ours that really only have IRA income and social security income, that's where we see the majority of those folks are doing the taxes themselves just because there may not be a whole lot of complexity involved in that. But those forms do come out very quickly in January.

Bill Keen: You mentioned something there, Matt, about the federal and state tax. I think it's probably helpful to share today most of the clients we work with, that are retired, are going ahead and having us withhold federal and state taxes from their monthly IRA distributions, so that in January of each year they do receive the 1099-R with the notation of federal and state tax withheld. They're not having to file quarterly estimates. We have probably two percent of our clients that want to still file quarterly estimates and have us send them a gross distribution every month. Wouldn't you say? Very few.

Matt Wilson: There's a few. They just have gotten used to that system and continue to do it. It's not overly complicated, just a couple extra steps.

Bill Keen: Yeah, but you know, every 90 days, the estimates, you gotta be writing a check to the government so-

Matt Wilson: You have a little accounting and budgeting involved for that.

Bill Keen: That's right. We've talked, in prior episodes, about the fact that when you withhold money from your IRA distributions, the government doesn't care if you withheld your taxes all throughout the year, like you're supposed to on estimates, or if you did it all in December. I wouldn't recommend trying to do it all in December, but if you do realize, once you sit down and do some tax analysis, that you're behind on your withholdings, you can catch it all up in December and there's no penalty for it, at this time, the way the tax law works. I think those are interesting things to think about.

Steve Sanduski: Hey guys, how about, are we still receiving 1099's on bank accounts or has that changed?

Matt Wilson: I don't know. The feds raised rates. You should be getting rich off your interest now, Steve.

Bill Keen: I'm not sure Steve realized why he's not receiving any 1099's anymore on his bank accounts.

Matt Wilson: There could be two reasons for that one. You've got to have money in there for one.

Steve Sanduski: Well, okay, alright. You guys found me out now.

Bill Keen: His assets are tied up longer term.

Steve Sanduski: Yes, it's all sitting in gold where I get no income.

Matt Wilson: And no taxes right?

Bill Keen: Our own host. The answer is, it's interesting because we have a lot of people that ask this. "We're waiting for our 1099's from various banks." If you don't have over ten dollars in interest, which is common now, you can have a sizeable bank account, well for awhile, a year ago or so, a lot of them paid nothing. There were many, many checking accounts that paid zero.

Steve Sanduski: Or you had to pay them, with negative interest rates. Go buy a safe in that scenario

Bill Keen: That's right. If you don't have ten dollars of interest, they're not required to send you a 1099, but I think there's a caveat to it and I don't know how intense this is, but-

Matt Wilson: Even though they're not require to send you the 1099, you still have to report all interest that you received. Even though there's no 1099, you're supposed to put who you received it from and how much you received, even if it's just a dollar or two.

Bill Keen: So I don't know what happens on that if you miss it.

Steve Sanduski: I would imagine they've got some threshold. If that's your only error on your return, they're probably not going to go after you because you didn't declare eight dollars of income on a bank account.

Bill Keen: Matt was talking about, we had someone come in here recently and they had a 5498. It was pretty confusing. They had a tax form 5498 in addition to their

1099's. Would you mind sharing that, Matt? Because we might have others that see that come through and wonder if it's some duplicate, or an error, or what.

Matt Wilson: So a 5498, this one we get a lot of questions about because they are not required to be sent out until May 31 of the year following the event. So when clients receive those we definitely get some heated phone calls at those times thinking that they're getting a tax form a year and a half later. A 5498 is used to report IRA contributions. So it's not reportable to the IRS, you just need to put it on your tax form for the year you make that contribution.

Bill Keen: So you should have already done that.

Matt Wilson: That's right. You should have counted it and whether it was a deductible or non-deductible contribution. You know there's different forms for that, but a 5498 is just essentially your proof, in addition to your statements and everything else that would prove that you made this contribution. That's what that form comes for. Recently, we had a client come in to talk about their 2016 taxes and they had the 2015 5498 with them, asking us about it. That's what it was. It was for their rollover from the year before.

Bill Keen: That same day, I think we had someone came in, too, that was concerned about their rollover and they did receive a 1099-R, but it was rolled over. But it looked to them like it had been distributed, didn't it?

Matt Wilson: Well, you receive a 1099-R on all your rollovers. If you do a trustee to trustee transfer, where you didn't take direct receipt of the funds, it just moved from your either previous IRA custodian to your new custodian or your 401K provider to your new custodian, that's a trustee to trustee transfer, you'll receive a 1099-R for that. It'll just say that the taxable amount is zero. It will actually have that filled out in there.

Bill Keen: But if you look up at the top of the form and you start thinking it was distributed taxable, it can get your blood pressure up can't it.

Matt Wilson: It can if you look at it.

Steve Sanduski: I've gotten a few of those, too.

Matt Wilson: When they see that zero on there, once I show them that, everyone's happy at that point.

Steve Sanduski: Crisis averted.

Bill Keen: That's right.

Steve Sanduski: Well, hey guys, I think we're getting close to wrapping up here. Any other final thoughts on this topic? Or any other closing thoughts?

Bill Keen: I would just say if you have questions about your taxes, don't be afraid to call your financial advisor. Get a reference to a good tax person if you're doing it on your own, and I have no problem with doing it on your own and then getting tax help, too. I always say if you're engaged in this process and wanting to understand it, I like it. It's not that we're trying to turn people into financial advisors or tax experts, but understanding these things can go a long way to providing some peace of mind with it.

Matt Wilson: Exactly. Don't be afraid to ask questions. We're here to help educate folks and let them know how the process works, especially when it comes to these tax forms. There's a lot of legalese and jargon involved in a lot of this stuff. Know that we're here to help you walk through the process if you've got a lot of questions on it.

Steve Sanduski: Okay. Thanks guys. I think we'll call it a day.

Bill Keen: Okay, Steve. Thank you for your help and if you ever want to cash in any of that gold, just let us know, okay?

Matt Wilson: He's got a good broker for you.

Steve Sanduski: Are you going to take that ten percent spread?

Matt Wilson: He's got one lower. Only eight.

Bill Keen: You know what, Steve, I'm a fiduciary so I wouldn't be doing that, but I would probably try to help you find something more beneficial for yourself.

Steve Sanduski: Okay, you're the man. Hey, thanks guys, we'll talk to you soon.

Bill Keen: All right. We'll see you.