LET'S TALK MONEY®

November/December 2017

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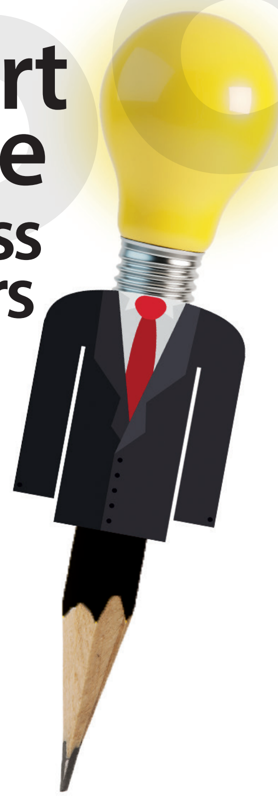
I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

A Smart Use for Business Dollars



As a business owner, you've worked hard to get to this point in your life. The time and effort you've invested in your business are paying off. But can you be sure that your business can continue to provide for you financially for the long term? If you haven't already done so, you might consider putting in place certain strategies that use business dollars to fund insurance and retirement benefits.

Fund a retirement plan

One way you can use money from your business to provide personal benefits is to create and fund a retirement plan. If you consistently contribute the maximum amount to your retirement plan, you could potentially accumulate a significant amount over time.

Two possible options are the 401(k) plan and the SIMPLE (Savings Incentive Match Plan for Employees) individual retirement account. A Simplified Employee Pension (SEP) plan is another option. Your financial professional will be able to walk you through the various features and benefits of each option.

Plan your exit strategy

Selling your business is another obvious — and generally the most lucrative — opportunity to transfer capital. If you plan to sell your business outright, there are tax and succession issues that you will need to manage. For example, if you sell your business for a large profit, you may face a significant tax bill. However, by selling your business in installments, you may be able to spread the tax burden out over time. The risk, of course, is that if the business falters or fails after the new owners take over, you could end up with merely a fraction of the total you had expected.

A succession plan can help provide a structure for the future transfer of your business. Just make sure to include a funding mechanism in your succession plan, especially if a family member is expected to assume ownership upon your death. Life insurance is often used as a funding mechanism for such an eventuality. Your financial professional can provide details on how this approach works.

Small Business Version

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SMBUS

Trimming Your Holiday Spending

While you may be tempted to "deck the halls" during the holiday season, don't let your festive spirit put you into major debt. Think about the whirlwind of bills that will come due in January if you overspend now. It is possible to spread some cheer without breaking the bank.

Decide how much you want to spend before you start shopping. Either set a price limit for each person on your list or for the total amount you plan to spend. And, don't just budget for gifts. Consider everything you spend during the holidays on food, entertaining, decorating and traveling.

Use cash or checks instead of credit cards. If you suffer from a lack of control when using credit cards, leave them at home when you go shopping. Spending only the cash you have on hand will help you maintain control. Shopping with a list can also help you avoid impulse purchasing and keep track of what you've already bought for each person.

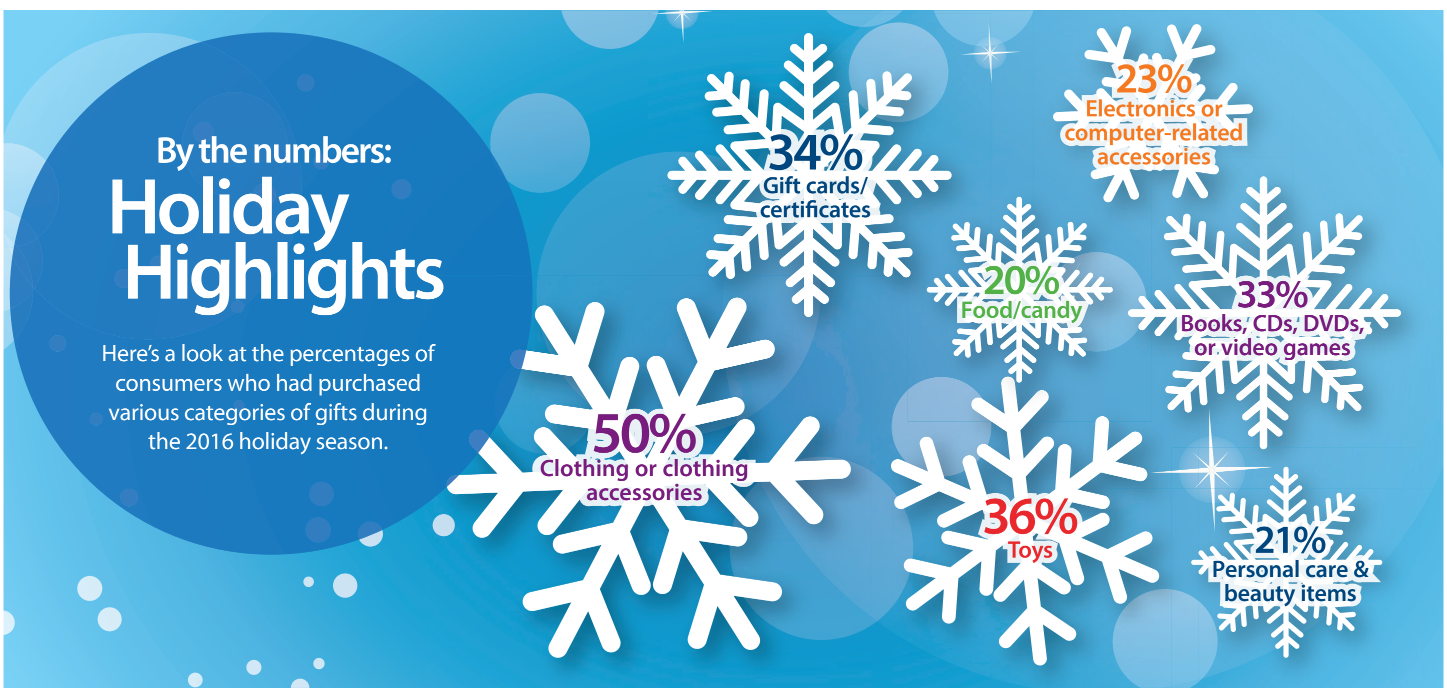
Buy gift cards or certificates instead of presents. Another way to keep track of what you've spent on your loved ones is to get them each a gift certificate to their favorite store. Plus, it will help you stick to your budget.

Compare prices before you buy. Before you head to the mall, go online to comparison shop and find deals. And look for online retailers that offer free shipping.

Shop outside the mall. Off-the-beaten-track retailers, thrift shops and rummage sales may offer deals you can't find in the mall.

Be creative. Some of the most cherished gifts involve more time and effort than money. Handmade and home-baked gifts are always appreciated. Or, put together a basket full of inexpensive but thoughtful items for a special person on your list.

Ship your gifts early. The longer you wait to send your packages, the more money it will cost to get them there on time.



Source: National Retail Federation and Prosper Insights & Analytics December Holiday Survey, December 16, 2016

Finding the Right Fit

Is your high school student looking for a college that's not too big and not too small, but just right? It may seem daunting to find the college that fits all of your student's criteria. But finding a school that closely matches your child's academic and extracurricular interests will pay off in the long run.

Here are some issues to consider in your search:

Reputation. If your child has already identified a field to pursue, take into account the experience and reputation of the school and its faculty in that area.

Cost. You don't want to immediately eliminate a school you deem too expensive because financial aid can make a big difference. However, consider your family's expected contribution to the cost of college and make sure you understand what is and isn't included in financial aid packages.

Location. Some kids thrive in rural settings, others in cities with access to the arts and entertainment. Also consider how far from home the school is located.

Atmosphere. Your student should visit schools, take campus tours and arrange for an overnight stay to get a better feel for what it will be like to attend a college.

Fight Refund Fraud

Do you think you'll get a tax refund next year? Did you know that identity thieves can steal your refund before you even file your return? Here are some things to be aware of before you file so you can protect your tax refund from identity thieves.

Keep your computer secure. Use security software that updates automatically and includes:

- Firewall
- Virus/malware protection
- File encryption for sensitive data

Recognize and avoid phishing attempts. Do not open or answer phishing emails, texts or calls that you receive that appear to be from the IRS. The IRS does not initiate contact with taxpayers by email, text message or social media to request personal or financial information. And don't open email attachments if you don't know the sender.

Protect your personal information. You shouldn't routinely carry your Social Security card or any documents that list your Social Security number. Keep old tax returns and tax records in a secure location and shred any tax documents before disposing of them. Regularly check your credit report, bank and credit card statements. And don't share too much personal information on social media that can be used to impersonate you.

If you are a victim of tax-related identity theft, respond immediately to any IRS notice and submit Form 14039. You also should file a complaint with the Federal Trade Commission at identitytheft.gov, contact one of the three major credit bureaus to have a "fraud alert" placed on your credit records and contact your financial institutions.

Make It Automatic!

If you're already saving for retirement through automatic payroll deductions, you know what an easy and convenient way it is to save for your future. Did you know that you can save that way for other goals as well? Arranging to have funds from your paycheck deposited directly into a savings account can help you accumulate money for many different expenses, such as:

- Building an emergency fund
- Saving for the holidays
- Setting aside money for a large purchase
- Planning a vacation

If you want to save for multiple goals, automatic transfers to separate accounts can help you stay organized and on track toward pursuing your financial goals.

LET'S TALK BUSINESS

Q. **My spouse and I run our own business. We do not have any retirement savings. Would setting up a solo 401(k) plan make sense?**

A. A solo — or one-participant — 401(k) plan may be a suitable choice for anyone who is self-employed or owns a small business with no employees (other than a spouse) and wants to establish a retirement plan offering potential tax advantages. A solo 401(k) plan allows you to defer up to $18,000* of compensation (or "earned income" if you are self-employed), plus an additional $6,000* if you are age 50 or older. On top of that, your business can make a tax-deductible profit sharing contribution to the plan of up to 25% of your annual compensation (25% of "earned income" if you are self-employed). Total annual contributions to an individual 401(k) plan account, not counting catch-up contributions, cannot exceed $54,000 (Internal Revenue Code Section 415(c)(1)(A); Notice 2016-62, 10/27/2016).*

Q. **I'm thinking of having my company take out a key person life insurance policy on our top software designer. Besides getting her consent, is there anything else we should do?**

A. When a successful small business relies heavily on a key individual, the death of that person could be devastating. Key person life insurance is one way to help mitigate the financial fallout. The business pays the policy premiums and is also the beneficiary of the policy. The life insurance payout helps ensure that the business would be able to operate until a replacement for the key person is found. The proceeds of the policy can be used to cover essential business expenses, such as salaries, overhead and loan payments while the business recovers from the loss of the key person. To preserve tax-free treatment of the policy proceeds, you need to take certain steps. In addition to following specific notice and consent procedures, you will need to meet certain other requirements, including filing IRS Form 8925, Report of Employer-Owned Life Insurance Contracts, with your company's annual income tax return (Internal Revenue Code Section 6039 I; Treasury Regulation Section 1.6039I-1).

* These 2017 dollar limits may be inflation-adjusted for future years.

We Value Your Input...

Your feedback is very important to us. If you have any questions about any of the subjects covered here, or suggestions for future issues, please don't hesitate to call. You'll find our number on the front of this newsletter. It's always a pleasure to hear from you.

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2017/06 SMBUS

FINRA
Financial Industry Regulatory Authority

July 28, 2017

Reference: **FR2017-0620-0127/E**
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REVIEW LETTER

1. Let's Talk Money 2017 November/December Business newsletter and option cover letter
   Rule: FIN 2210
   5 pages

The material submitted appears consistent with applicable standards.

Reviewed by,

Natlyn D. Murrain
Associate Principal Analyst

jb

NOTE: *This review is limited to the communication that was filed. We assume that the communication does not omit material facts, contain statements that are not factual, or offer opinions that do not have a reasonable basis. This communication may be described as "Reviewed by FINRA" or "FINRA Reviewed"; however, there must be no statement or implication that this communication has been approved by FINRA.*

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