

LET'S TALK MONEY[®]

September/October 2019

Finding the Right Franchise

For many people, starting a franchised business is the quickest way to launch a company. The best franchises provide all sorts of support and may provide access to financial and other products you need at a reduced cost. But you can also find unexpected challenges, including franchise rules that control how you run your business. Here's how to find a happy medium:

Eyes Open

Buying a franchise can be rewarding. Many franchises offer extensive training and, most importantly, brand recognition, giving your franchise a leg up on competitors who don't enjoy the same brand awareness. But buying a franchise isn't for everyone. A successful franchise will typically have an established way of doing things, and you generally won't have the freedom to stray from its approach.

This means potentially paying a percentage of income or sales as royalties and contributing to franchise-wide initiatives such as advertising. Standard dress, presentation and even bookkeeping may also be mandatory. A contract will state these and other stipulations, and the franchisor may terminate or opt not to renew your contract for any number of reasons.

Insurance

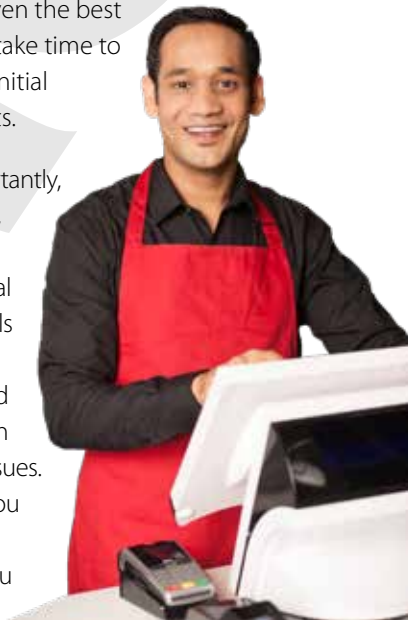
Reputable franchises will require that your business has general liability, product liability, worker's compensation and unemployment insurance. They may also require insurance to cover business interruption, employment practices and vehicle use. Typically, franchisees have access to lower rates on these protections. Sometimes, a franchisor will contractually state it be named as an additional insured on some policies.

If employee benefits are not offered through your franchisor you may want to work with a financial professional, especially if you want to offer health insurance, life insurance and a retirement plan. Often, you can find these benefits at a reduced price through a group insurer.

Plan Ahead

If you are considering buying a franchise, thoroughly research it. Look for claims, scour social media for comments on it and run the numbers to make sure you can handle the financial commitment. The latter is crucial because even the best franchises take time to earn back initial investments.

Most importantly, talk to legal, accounting and financial professionals who are experienced dealing with franchise issues. The work you do up front can save you grief later.



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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.

Small Business Version

LTM Client Marketing

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Know Your 401(k) Words

If you're like many workers, you contribute to a company-sponsored 401(k) plan, but you might not understand all the financial jargon that comes with one. If you're among the justifiably confused, some of these definitions may clear up any uncertainty.

Beneficiary

As with a life insurance policy, you'll need to name one or more beneficiaries of your 401(k) plan so its assets can pass as intended in the event of your death.

Contribution Limit

In 2019, you may contribute up to \$19,000 plus another \$6,000 if you're at least age 50. Your plan, however, may have different limits, so ask about them.

Distributions

The IRS refers to withdrawals as distributions. Taking distributions before age 59½ will cause you to pay a penalty and income tax on the amount, with a few exceptions.

Match

That's how much of your contributions an employer matches. Make it a point to contribute enough to take full advantage of the match.

Required Minimum Distributions

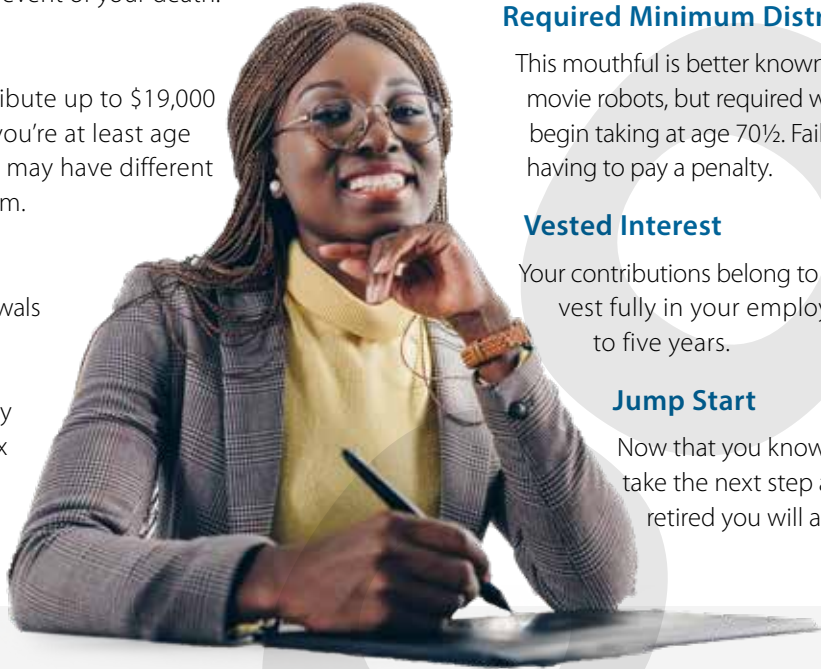
This mouthful is better known as RMDs. They are not space movie robots, but required withdrawals you generally must begin taking at age 70½. Failure to do so may result in you having to pay a penalty.

Vested Interest

Your contributions belong to you, but you may not immediately vest fully in your employer's match, which can take up to five years.

Jump Start

Now that you know a few more 401(k) plan words, take the next step and begin contributing more. The retired you will appreciate your early efforts.



Building an Emergency Fund

When the government partially shut down last January, we learned that many Americans didn't have even one paycheck's worth of savings to tide them over. Having an emergency fund is essential to help ensure funds are available when unexpected financial hardships occur.

Put It in Writing

For many people, writing it down makes saving money for an emergency fund real, not theoretical. Talk with your loved ones to discuss how much you need and solicit ways to find the extra dollars that can add up over time. Make a chart and track how much you're able to save each month toward your goal.

Show Me the Money

Whether part-time gigging or selling unwanted items via the Internet or smartphone apps, you can potentially increase your disposable income — and your emergency funds — quickly. Same thing goes for raises and bonuses from work. Keep your car an extra year or two to go without monthly car payments.

Keep your phone, too, with new smartphone prices soaring.

Make Small Sacrifices

Passing on one \$5 designer latte, one \$10 lunch and one \$75 dinner every two weeks are other ways to help increase your funds quickly.

Make Bigger Sacrifices

Still looking for free money to increase your emergency funds? Maybe you need to free it up by first creating a budget that includes your income and itemized expenses. Little adjustments add up. Scour your phone and cable bills to eliminate unneeded services. Study your clothes and grocery bills to find additional savings. Write down every dime you spend to get the best idea of where your money goes.



Preparing Financially for Winter

Severe winter weather can create havoc both personally and financially, so it makes sense to prepare for the season by looking at ways to keep ice, snow and extreme cold at bay and save some money in the process.

Serious Stuff

A fluffy snowstorm may fill children with joy, but severe snow, ice and cold are not laughing matters. They can increase vehicle accidents and cause property damage, hypothermia, heart attacks and carbon monoxide poisoning. They can create power outages that last for weeks.

The following tips and the federal government website www.ready.gov/winter-weather can help you prepare and survive severe winter weather.

Prepare

Ice storms, high winter winds and heavy, wet snow can cut off your power, so it makes sense to consider your options to deal with them. Caulk leaky windows and weather-strip your exterior doors to keep the cold out and heat in. If



power outages are common, consider buying a gas generator, but make sure to keep it outside your home to vent.

Make sure your storm drains are clear of debris so water can flow off your roof properly during a warm-up, and clear your walkways to prevent serious slips and falls, as well as potential financial liability. Check that you have the right amount of property and liability insurance, and consider disability income insurance.

Survive

Make sure smoke and carbon monoxide detectors are working, and clear your heating system's outdoor vents to let the poisonous gas escape. If you live in a heavy snow area, keep a roof shovel to prevent collapses. Create an emergency survival kit in case you become stranded in your vehicle.

Four Ways to Curb Holiday Spending

Although the winter holidays are a ways away, now is a great time to prepare financially for them. For many people, this means starting with a plan, creating a budget and sticking to it. Here are a few ways you might accomplish this.

Be Accountable

Set a holiday budget. Create a list of items you intend to buy with expected prices, and match the total cost to your budget. Hold yourself accountable. If it's not on the list, don't buy it. Try this exercise weekly to keep your spending goals front and center.

Be Thrifty

You can find coupons for just about anything online, in print and through apps. Many stores also offer cash and discount rewards, but beware of the many that won't honor multiple promotions. Also, don't buy a sale item if it wasn't on your original list, no matter how low prices go. No discount is more than the 100% you save by not buying an item.

Be Card-Smart

One of the easiest ways to not overspend during the holidays is to leave your credit cards at home. It's hard to exceed your budget when you only have cash. If you do use a card, use those with the best cash-back offers for additional savings, and pay your cards off in full each month.

Be Money-Smart

If the thought is what counts, consider baking cookies and gifting them in a nice tin during the holidays. Have to give multiple gifts at work? Re-gift unused gifts you received in the past (but remember who gave you what the year before).

Holiday Spending Soars

Holiday online spending via the MasterCard payments network from November 1 through December 24, 2018 increased 5.1% to around \$850 billion. Online holiday spending comprised 13% of total holiday sales, an increase of 19.1%, according to MasterCard Spending Pulse. Here's how we spent some of those billions online:



Home improvement up

9.0%



Electronics up

8.5%



Apparel up

7.9%



Home furniture/furnishings up

2.3%

Family Matters

If starting and running a successful business is difficult, doing the same as a family business can seem next to impossible. You can avoid the pitfalls by setting and following some ground rules. Here are a few to consider:

Business is Business

Family businesses are no different than any others when it comes to needing plans, structure and follow-up to succeed. Begin by drawing up a five- or 10-year plan that states your company's goals and strategies. Detail what family members will do and how they might proceed through the organization during this time. For the sake of business harmony, do not treat them differently than employees with the same responsibilities.

Follow Up

Plans and rules aren't worth a thing unless you follow up and communicate good news and bad news regularly. Periodic communication, best established as a weekly or monthly occurrence, can help prevent misunderstandings before they start.

Insurance is Insurance

As with any business, a family business requires all types of insurance to financially protect against property and auto damage, general liability, poor employment practices, errors and omissions, injuries on the job and more.

Unlike other businesses, your family firm may want to structure a financial plan to help family members assume ownership while you work, after

you retire or in the event of your death. Also consider how you might equalize your estate for family members outside the business. Often, life insurance can provide a cost-competitive way to do this.

Family is Family

Treating your family member as you would any other business associate works when you're on the job. During family time, it's best to keep business out of family affairs. Running a business is hard, and family businesses often find their difficulties increase exponentially because of close ties.

Don't treat family employees more harshly or leniently than other workers, and don't offer jobs to family members who don't have the will, experience or personality necessary to succeed. Another way to avoid a ton of stress and keep the family happy is to set strict rules about what, if any, business issues you discuss during your off time.



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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

May 8, 2019

Reference: **FR2019-0425-0031/E**

Org Id: 8408

1. 2019 LTM Sept/Oct Business
Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

David Y. Kim
Senior Analyst

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This year's Advertising Regulation Conference will be held on October 24-25 in Washington, D.C. For more information and to register, please access the conference webpage at www.finra.org/2019adreg.

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