LET'S TALK
MONEY®
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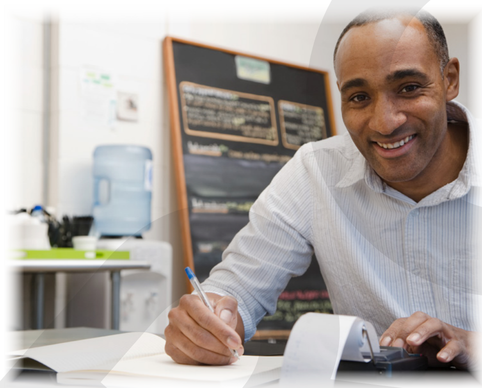
Investing Considerations for Small Business Owners

As a small business owner, you're faced with the task of overseeing both your business and your personal goals. While it's tempting to put more effort into one than the other, you should be equally focused on both.

Protect Your Business

What if an unexpected event forced your business to temporarily close? A Disaster Recovery Plan describes the steps and resources you would need to keep your business operating. Business interruption insurance should be a cornerstone of that plan. It typically covers operating expenses, such as lost revenue, mortgage or lease payments, taxes, payroll, relocation to a temporary space, and similar costs. It can help you keep your business up and running while the problem is addressed.



Save for Emergencies

Saving money in an emergency fund is important for your personal finances. Your goal should be to save at least three months' worth of living expenses in an account that you can easily access. If you're faced with an unanticipated expense, you won't have to charge the amount to a credit card or sell investments to cover costs.

Creating an emergency fund for your business is equally important. A sudden loss of revenue or an unexpected downturn in the economy can be devastating. Having money in an account that is easily accessible can help keep your business afloat during hard times.

Invest for Growth

Just as you create personal wealth by saving money in your investment accounts, you can create business wealth by investing in your business. Spending money on product development can increase revenue and profits. Using financial resources to train employees and develop their skills can also improve your bottom line. And offering an attractive compensation and benefits package can go a long way in bringing talented people into your company.

Seek Professional Help

An accountant to keep your books and prepare your taxes can absorb much of the financial burden of running a business. Similarly, a financial professional can help you save for retirement, both personally and as a business owner, and is a valuable resource for learning about available retirement plan options.

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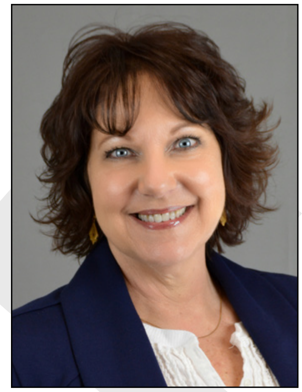

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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

Small Business Version

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helping financial professionals stay connected

Targeting Seniors

Criminals find new ways to defraud their victims all the time. While anyone can become a victim of fraud, seniors age 60 or older seem to be the population most often targeted by scammers. Consider warning parents and older relatives about these five common scams.

Grandparent Scam. The scammer poses as a grandchild or other relative or as someone calling on behalf of that individual, such as law enforcement or an attorney. The "grandchild" says he or she is in trouble and asks the grandparent to wire money for bail, hospital bills, or another fake expense.

Government Impersonation Scam. The scammer claims to be a government employee, often from the Social Security Administration or the IRS, and threatens arrest or prosecution unless the victim provides funds or other payments.

Sweepstakes or Lottery Scam. The scammer tells victims they've won a sweepstakes or lottery and asks for money to pay fees and taxes on their winnings.

Tech Support Scam. Scammers call or text the victim, offering to "fix" a non-existent computer issue. The scammer asks the victim to call a toll-free number or click on a link, thereby gaining remote access to the victim's computer or phone and their personal information.

Romance Scam. The victim meets a person online who quickly expresses deep feelings and gains the victim's trust. The "relationship" often goes on for many months before the scammer creates a story about needing funds and asks the victim for money or bank account information. The scammer then disappears with the victim's money, sometimes thousands — or even hundreds of thousands — of dollars.

Caution older family members to be alert for phone and email scams that ask for money or personal information. Report fraud to the National Elder Fraud Hotline at 833-372-8311.

Is a New Employer in Your Future?

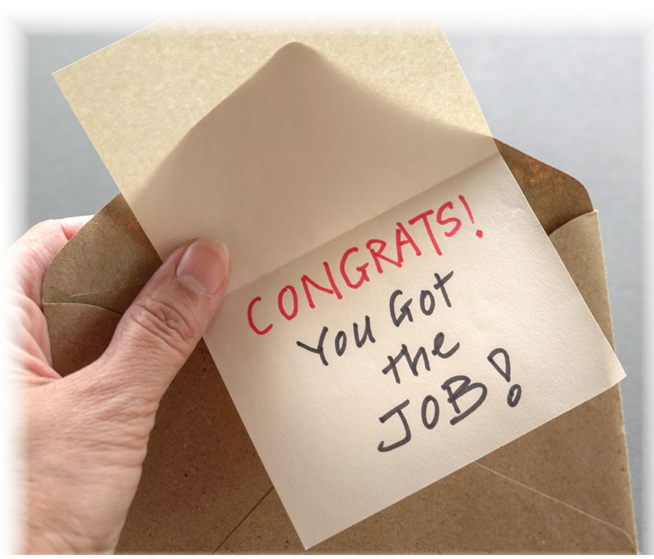
Starting a job at a new company can be an exciting opportunity. Before you clean out your desk and say good-bye to your coworkers, review the items on the checklist below.

Your retirement account. You can (1) leave the money in your former employer's plan, if the employer allows; (2) have funds directly transferred to your new employer's plan or an IRA. Consider rolling over HSA funds to your new plan as well; (3) cash out of the plan. However, if you opt for cash, you will need to pay income taxes at your ordinary rate and if you are younger than 59½, you will pay a 10% penalty.

Stock Options. If stock ownership is part of your compensation, find out the stock type, tax implications, vesting schedule, and what will happen to the stock if you leave the company.

Benefits. Review your new employer's insurance and benefit plans to determine if benefits match what you currently have.

Flexible Spending Account Use any money left in your FSA before you leave the company so you don't lose it.



Managing Finances After a Divorce

Divorce often entails going from two incomes to a single income. That can be hard on both spouses, but it can be especially difficult for women who are over the age of 50 when the divorce occurs.

A Look at Statistics

According to the U.S. Government Accountability Office (GAO), women over age 50 will see their incomes drop by an average of 41% following divorce, compared with 23% for men. Divorced women in this age group typically experience a 73% drop in their standard of living. Conversely, statistics show that men's standard of living improves by an average of 42% after they divorce.

The Impact on Savings

Women generally earn less than men throughout their careers, often taking time away from their jobs to raise children, which may result in less money saved in retirement accounts with few years to catch up.

Time to Plan

Divorce may mean a new living situation. Suddenly, all living expenses are the responsibility of one person. Women (and men) facing divorce should create a post-divorce spending plan. The plan should include setting aside three to six months' worth of living expenses in an emergency fund.

Striving to contribute the maximum amount to a 401(k) plan account, or at least enough to get an employer match, can increase the amount saved for retirement.

When divorce seems imminent, it's important to engage a trusted financial professional who can help with making sound financial decisions.

Tax Breaks for the Recently Divorced

Divorce can negatively affect the finances of both spouses, so it's helpful to work with your tax and financial professionals so you are aware of tax breaks that may lessen the financial burden.

Filing Status

If you're still married as of December 31, it may be advantageous to file a joint income tax return. Alternatively, if you've lived apart for at least six months, file a separate return, and have a dependent living with you for more than half the year, you may qualify to file as head of household.

Home Sale

Individuals can exclude $250,000 of gain ($500,000 for couples) on the sale of a home owned and lived in for at least two of the last five years. Sales after a divorce can still qualify for a reduced exclusion even if the two-year test hasn't been met.

Alimony

You can deduct alimony you pay to an ex-spouse if the divorce agreement was in place and not changed before December 31, 2018. Otherwise, it's not deductible (or taxable to the recipient).

Working with a tax professional can help ensure that you are paying only the taxes you owe.

Post-divorce Checklist

Keeping up with the many tasks you'll need to complete after a divorce can be daunting. A checklist may help.

- ☐ Divide property according to the divorce agreement.
- ☐ Review beneficiaries on retirement plans, insurance policies and payable-on-death accounts.
- ☐ Change titles to vehicles, deeds and other property.
- ☐ Remove your name from debts that aren't yours.
- ☐ Create a post-divorce budget.
- ☐ Make a will and create medical and financial directives.
- ☐ Change passwords on accounts.
- ☐ Arrange for health insurance for you and dependents.
- ☐ Pay off and close joint credit accounts.
- ☐ Ensure any qualified domestic relations order (QDRO) is entered and implemented.
- ☐ Notify insurers, creditors and healthcare providers of a change of address.

Business Owners Strive to Counter Inflation

In Fall 2022, the U.S. Chamber of Commerce Small Business Index listed the impact of inflation as a major concern of 90% of small business owners. Business owners who consider inflation a significant challenge to growth and profits may want to take steps to counter its effects.

What about Cash?

Inflation decreases the value of cash and reduces your purchasing power. When the dollar is worth less, your money buys fewer goods and services. Because supplies and labor are more expensive, your business's profit margins are lower. Consumers also spend less, resulting in decreased revenue. While there's nothing you can do about the tanking dollar, investing some of your cash to stay ahead of rising market prices may be a smart move. Your financial professional can recommend appropriate investments.

Judicious Moves

You want to maintain a good rapport with vendors, but be cautious about making loans and extending lines of credit. Bad debt is never good for your bottom line, but it can be particularly harmful when inflation is rampant. Keep a close eye on spending and expenses. Proceed cautiously with any new strategies you're implementing, while ensuring that products move to market at a reasonable pace.

Your Supply Chain

Global supply chain issues have made strengthening your relationships with suppliers essential.

By communicating with your suppliers, you may be able to anticipate which products are likely to be in high demand going forward. You may be able to cultivate relationships with reliable suppliers by joining industry groups and associations. A review of your business's procurement policies and protocols can ensure they're efficient and up to date.

Insurance Review

Driven by inflation, high labor costs, an unpredictable supply chain and competition for building materials have contributed to the rise in construction costs. If your business's physical location sustained fire, flood, or wind damage, would your current insurance amounts cover the cost of rebuilding? Outdated insurance coverage limits that don't reflect the current costs of rebuilding could make it impossible to recover from a major loss. Review your policy and adjust coverage to take the effects of inflation on building costs into account.

Work with your tax and financial professionals to come up with ideas to combat inflation's effects on your business.

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

November 21, 2022

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1. LTD Mar Apr 2023 Business
   Rule: FIN 2210

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