America's Small Business Tax Lawyer

THE 10 BEST TAX-SAVING SECRETS

by MARK J. KOHLER

CPA, Attorney, Best Selling Author and Radio Show Host

About The Author

Mark J. Kohler is a lawyer, CPA, best-selling author on tax, business and asset protection planning, national speaker, radio show host, blogger for Entrepreneur.com and real estate investor. Mark is also a senior partner at the law firm Kyler, Kohler, Ostermiller & Sorensen (kkoslawyers.com), and the CPA firm of Kohler & Eyre (ke-cpas.com).

Mark is a personal and small-business tax and legal expert, who helps clients build and protect wealth through wealth-management strategies, and business and tax remedies often overlooked in this challenging, ever-changing economic climate. His seminars have helped tens of thousands of individuals and small-business owners navigate the maze of legal, regulatory and financial laws to greater success and wealth.

Mark's valuable advice can be found in his three powerful books on tax, business and asset protection planning. His most recent book, published by Entrepreneur©, "The Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions" has been a national success and sold thousands of copies. Mark has also written two other national best sellers, "Lawyers Are Liars: The Truth About Protecting Our Assets" and the fictional story about a family discovering a variety of tax planning strategies "What Your CPA Isn't Telling You—Life-Changing Tax Strategies," published by Entrepreneur©. His books are widely accepted as premier tax and legal books that make sense, with practical advice for business owners and investors.

Mark has a loyal following of fans from his weekly radio show, refreshyourwealth.com and has a Top 100 podcast in iTunes. Mark is the proud father of four beautiful children and husband to his lovely wife, Jen. They reside in unspoiled southern Idaho, where Mark practices his fly fishing skills, when he's not traveling and trying to squeeze in surfing on his trips. He has offices in southern California, Phoenix, southern Utah and Idaho.

For more information on Mark J. Kohler, please visit his personal website at markjkohler.com or call 888-801-0010 to make an appointment with a lawyer or CPA on his team.

Introduction

I LOVE saving taxes! I LOVE helping MY clients save taxes…AND, most importantly, I LOVE seeing how saving taxes legally is directly related to better living The American Dream!

You're going to read immediately in Chapter 1 that I am convinced that owning a small business, even just operating something on the side or owning a rental property, is **CRITICAL** to saving taxes. But it also opens the door to building true wealth, <u>which I define as financial security to do what you love</u>—in sum, it's **LIVING THE AMERICAN DREAM!**

Whatever the case may be in regard to your "Dream" and desires, I KNOW that tax savings is possible and will help you on your path.

So many people think there isn't much you can do to save taxes…that it's just a matter of plugging in numbers. Thus, if you get the numbers in the right spot, there's really not much more you can do. **WRONG!!!** The problem is twofold:

- Too many CPAs/accountants are poor communicators, *and*
- Too many of YOU don't want to learn something new OR pay for advice.

But I KNOW…you can save taxes! There are straightforward strategies that really work!

You might be trying to find the cheapest and easiest way to do your taxes and there are thousands of accountants out there allowing you to do that and perpetuating the problem.

There ARE strategies—you HAVE options!

I will set forth just 10. Just these 10 strategies could have a big impact on your tax return and bank account immediately. **I say just 10, because I have SO MANY MORE!**

I have hundreds of blog articles on markjkohler.com, 50+ YouTube videos on my channel, hundreds of radio show recordings on iTunes, and three books on Amazon to help you…just to get things rolling.

<u>If you find ANY of these 10 strategies interesting, exciting or potentially useful, please don't stop here.</u> Get started doing more! Learn more and please stay in touch. I hope my team and I can work with you in the years to come!

Mark J. Kohler, CPA, Attorney and Fellow Entrepreneur

Chapter 1

Owning a Small Business,
Even on the Side, is Critical

I realize this may sound cliché or even crazy, but the FIRST step I have learned over my 15 years as an attorney and CPA, is that if someone REALLY wants to build **wealth** and save taxes, they need to **start a small home-based business**.

Truly—the SOLUTION to create more income and more net worth, and SAVE on the number one COST in our lives…taxes. I only have one tried and true solution:

START A SMALL BUSINESS (Even on the Side)

Now for those of you that work a "regular job" and DON'T want a small business… **please hear me out! Don't stop reading!** *It doesn't have to be a complete change in your career or turn your life upside down. It could simply be:*

Owning a rental property!

Selling something on eBay or Amazon!

Doing some consulting or service!

Turning your hobby into a money-making opportunity

Or...it could be something to fall back on in a crisis!!!

IT'S UP TO YOU—just do something!! TAKE ACTION!

> ***I'm not asking you to quit your day job, I'm just asking you to at least have a small business on the side.***

There are so many good reasons to have a small project brewing on the back burner, and very few reasons not to. Some say it is too risky in today's economy to start a business. I say it is too risky NOT to start a small business!!

Obviously, YOU may have reasons why you want to start your own small business, but let me give some suggestions as to why you may want to take this leap of faith:

1. Have another source of income to fall back on
2. Embark on a project you love
3. Turn your hobby into a business that actually makes YOU money
4. Have the independence to run a business the way you think it should be operated and managed
5. The ability to hire your own family members to pass on a legacy AND to save taxes
6. One of the biggest reasons to start a small business and one dear to my heart: Save taxes
7. And, the MOST important reason, in my opinion: A way to build more wealth!

Wealth building…yes…not just saving taxes. In fact, I propose when you think long and hard about it, many of you would agree it is very, very difficult to build significant, self-sustaining wealth when working exclusively for someone else. When you *exclusively* work for someone else, you're building their wealth NOT YOURS!!

Notice I used the word "exclusively" in the preceding sentence. I'm not saying you can't have BOTH a day job AND a small business…truthfully…I oftentimes encourage my clients to have both. **With a small business your potential can be unlimited. With a day job you can have security and benefits.** Together, you aren't limited in your income, but you also have a safety net.

NOW!! The TAX SAVINGS: As many new small-business owners quickly discover, a small business will allow you to legitimately convert otherwise personal expenses to valid business expenses.

When you have a small business, there are expenses such as…

> *travel, home office, dining, entertainment, cell phones, computers and many others that you can write off legitimately* ***with a small-business purpose.***

Of course, I'm not proposing setting up any sort of business to simply lose money for tax write-offs, but instead building a business that allows you to make more money, pay less tax and drive down your effective tax rate on your cash flow.

CAUTION!!! Please know there are obvious risks and A LOT to learn about the proper way to start and operate a small business. *Here are a few important steps:*

- Build a business plan for every idea you have…some business plans will indicate you should NOT start the business
- Don't give up on your education...learn all you can about small business and real estate—they go hand in hand
- Start small and don't quit your day job or put your life savings into the business
- Test your idea and product. Build a focus group over and over again until you get the right product and price point
- And finally, don't give up…remember it takes time.

In fact, let me make an important point I give in consultations all the time: **Consider keeping your day job while you launch your business!!**

Although there can be amazing rewards and benefits of entrepreneurship, it can still *be an up and down, financially volatile roller coaster ride—especially in the beginning.*

So don't stress. **Choose to develop a business doing something you LOVE and KNOW.** One thing I've learned over all these years in business myself, and by consulting with thousands of clients, is cultivating a small business can take time…AND THAT'S OK!!

Bottom line: Start something NOW…just an idea…a concept. Don't make it a capital-intensive project. It can be service based, so you keep your capital investment to a minimum. Work on a business plan, strategic plan and marketing plan. Have some fun with it. Consider even a rental property (see Chapter 8 below). It doesn't have to be a store front or a website. If you love real estate…turn your passion into a side business of some sort and—**most importantly—don't give up.** ***This isn't a get rich quick scheme. It's a build long-term wealth scheme!!***

Additional Resources:

See Blog Article: "Why Entrepreneurs Need to Keep Their Jobs—At Least for a While"

See Appendix E: The Dynamic Strategic Plan; Appendix D: The Business Plan; Appendix F: The Perfect Marketing Plan: "What Your CPA Isn't Telling You—Life-Changing Tax Strategies"

See: "How to Start a New Business" Video Series

See Radio Show: "How to Turn Your Hobby into a Legitimate Business"

See Chapter 1—Your Game Plan for Success: "Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions"

See "Strategic Wealth Alliance" LIVE Webinar Recording: Strategic Planning in 2016—How to Make More Money Guaranteed.

Chapter 2

Track Start-Up Costs and the Secret to Bookkeeping

You might be surprised "start-up costs" makes my Top Ten. I have two primary reasons why:

1. A lot of businesses take "capital," i.e. money to start! Not all businesses, but many do. In fact, small-business owners often don't realize the costs they are expending with personal equipment or services that could directly relate to the startup of their business. It's critical that business owners capture these expenses, but many don't.

2. The second reason I emphasize this strategy is just that…far too many business owners don't track these expenses!! They lose them and they're "left on the table" never to be deducted. This could be a big benefit to a business owner during start up and because of a lack of attention and organization they're lost.

Here are just a few of the costs that could relate to the business you are contemplating starting or may have already started:

- Computers, laptops, monitors, printers and technology
- Office supplies, furniture, cameras and the home office
- Internet, telephone, software and website design
- Product research and development, prototypes and testing
- Education, training, tax, legal and consulting support

This is just to name a few. In the first year of business you can write off IMMEDIATELY up to $5,000 in start-up costs. The rest can be amortized over time and then any remaining amount can be deducted in full if you close down the business.

Now bookkeeping is the next logical step in the process AND important to an entrepreneur in any stage of his business. Bookkeeping should start IMMEDIATELY when you even think of starting a business!!

*****At the very least, start tracking expenses on a spreadsheet. Track cash, credit cards, debit cards and even previously purchased items donated to the business.***

Maintaining your books isn't something you should do solely as a tax-savings strategy; it can also prevent you from losing your sanity and getting dragged into a potential lawsuit because you commingled your funds.

I want to give you…

- 5 Reasons why it's CRITICAL you take BOOKKEEPING seriously

- 5 Ways to make it happen affordably and easily!!

You need the ***motivation*** and then the ***tools and options*** to make it happen.

FIRST, here are **<u>five significant reasons</u> why it's imperative you keep a set of books for your business, and SEPARATE books for multiple businesses:**

1. Tax savings. Separate banking will improve bookkeeping procedures, prevent payments from being missed, and provide better records to improve your tax return. You don't want to lose out on tax write-offs, and bookkeeping helps you CAPTURE EVERYTHING you can to save taxes!! Track your bank accounts, credit cards, merchant accounts, closing documents for real estate, etc. Bookkeeping makes it easy to do!

2. Audit protection. Having a separate checkbook will improve your position should you ever encounter an IRS audit. Having good bookkeeping is the best insurance in the process. You can show the IRS what you made in sales and where the expenses went. Believe it or not, good bookkeeping can make up for a lot of lost receipts. However, I still recommend you scan and keep all the receipts you can. Don't forget, the IRS will often disallow a number of expenses when personal and business expenses are commingled in a single checkbook and there is terrible bookkeeping.

3. Corporate veil. Maintaining a separate checkbook substantiates the corporate veil, one of the primary reasons for forming a new corporation. Having a separate checkbook shows you recognize the company is its own distinct entity. Furthermore, separate checkbooks should encourage you not to commingle personal and business funds.

4. Less stress and more sanity. When your books are disorganized, you'll feel constant stress to take care of it, and this ultimately can cause you to feel undone. Having separate checking and bookkeeping for a new company will save you time and money in the long run. YES…it's TRUE!! BOOKKEEPING actually makes managing your business easier. Don't guess what is in the bank account. Don't have banking fees and credit card interest eat up your profits. Good bookkeeping lets you sleep more soundly at night.

5. Improved decision making. Having a separate checkbook starts the process of better bookkeeping, expense tracking and budgeting, which leads to quality decision making. How can you expect to be a successful business owner without accurate records? If you don't know where your income is coming from and where your expenses are going, you won't be able to make intelligent, careful and wise decisions to grow your business.

NEXT, be honest and ask yourself…who is going to do my books?

The SECRET to bookkeeping is choosing a strategy that fits your personality AND business needs.

Be honest with yourself!! Know what you are good at and your limitations and then choose the best option. LET'S TALK ABOUT FIVE WAYS to manage your bookkeeping to make sure it's going to take place simply and affordably:

Option 1: Do it yourself. I know this strikes fear in some of your hearts. In fact, this may be why your books currently aren't getting done. **Learn QuickBooks and input items yourself.** Hold off delegating any part of the process until you put in a few hours a week to learn the basics, like inputting figures. At the bare minimum, you need to be able to view and print reports and check the accuracy of the work.

Option 2: Hire a family member to keep up the books. This is a great way to have the teenagers or young adults you're supporting financially earn their keep and teach them about entrepreneurship in the process. Teach them or make them learn QuickBooks and oversee their work. **They'll learn about the heart and soul of small business by doing the books.** Adding them to the payroll is also a great tax write-off!

Option 3: Engage a local bookkeeper. This could be a local college student wanting internship/externship hours or a seasoned bookkeeper with affordable rates. It can free up your time so you can do what you know best: Make money for the business. **This can also be a natural step in the growth of a business before choosing the next option.** Remember, this person will probably not prepare your taxes or do significant planning for you; they'll simply maintain your books affordably so you can focus on more pressing tasks.

Option 4: Hire someone to work "in house." You'd be amazed how quickly you can find a local college student or bookkeeper wanting to pick up some part- or full-time work for an hourly wage. This person could come in daily or a few days each week to input data and print reports. **You might need to provide some supervision or you could have your outside CPA train and supervise your in-house bookkeeper.** It can be extremely convenient to have an employee available to keep things in order. You can also hire someone who can wear different hats and help with other tasks, like answering phones, scanning, doing collections, shipping or running errands.

Option 5: Use your CPA or tax professional throughout the year. Many business owners like the comfort and security of knowing they not only have highly skilled accountants doing their books daily, but also the benefit of one-stop shopping for tax planning and quarterly and annual reports as well. **It may seem more expensive, but the value of better long-term planning and a higher quality of books can far exceed the cost.** More mature and seasoned business owners may naturally "graduate" to a more experienced bookkeeper when the time is right. At most firms, you can get an accounting support package tailored to your budget and needs.

FINALLY, QuickBooks could be the key to opening up this whole new world.
DON'T BE AFRAID TO LEARN IT!

When you implement a system for tracking income and expenses, what software are you going to use? It's absolutely critical for small-business owners to at least consider QuickBooks as their primary accounting software system.

Yes, there are a few alternatives to QuickBooks, but not many...and even fewer worth considering. Here are just a few things that QuickBooks can do to help you become a better, smarter business owner:

- ***Keep essential information at your fingertips***. QuickBooks generates reports that allow you to easily stay abreast of your business's most important financial information, like profit and loss by product or property, accounts receivable by customer, sales reports or expense reports.
- ***Better use of your online banking system***. QuickBooks allows you to harness the online benefits that many banks offer. It coordinates with most banks, even lesser-known ones, to provide instantaneous information so you can download transactions and reconcile your data with ease.
- ***Collect more of your accounts receivable***. QuickBooks allows you to generate professional-looking invoices that can be delivered via email and offer your customers the option to make online payments. You can also generate statements and create various reports to determine who your high-risk customers are for collection purposes.
- ***Pay your business bills efficiently***. Let QuickBooks track your accounts payable so you can better manage your cash flow and pay bills when it's most convenient for you. Ultimately you'll save on past-due fees and interest, and you'll be able to interact with your vendors in a more professional manner.
- ***Receive payments immediately***. Accept credit card payments online, and have the funds recorded directly into your QuickBooks file. You can even upgrade your QuickBooks software and tech supplies to integrate a point-of-sale (POS) system with your cash register and merchant/credit card machine.
- ***Access your financial information anywhere.*** The online version of QuickBooks allows you or your accountant to access your books anywhere you have an internet connection.
- ***Use scanning software to track receipts.*** Scan in receipts through a service like Neat Receipts©, which immediately records and categorizes the information into QuickBooks. You can then keep a copy in your cloud storage of all receipts and contracts for audit and legal protection.

Bottom line: It all starts with having a system so you are not a slave to your business and bookkeeping. ***YOU are in control.*** The best time to get started is NOW—by putting your books together. Remember, it's not just about tax deductions. It's the power of having better information to make informed decisions quickly and effectively in order to make more money, save more on taxes and grow your business!

Additional Resources:

See "QuickBooks Basic Training" Video Series

See Entrepreneur.com Blog Article: "Why You Can't Afford to be Bad at Bookkeeping"

See MJK Blog Article: "Why Starting a Small Business is the First Step in Building Wealth"

See Chapter 12: The Importance of Basic Bookkeeping: "Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions"

See YouTube Video: "How Bookkeeping Can Make You More Money"

Chapter 3

Become an S-Corporation When the Time is Right

Essentially, there are two major reasons why you may choose to form an S-Corp:

First, your share of the S-Corporation's net income will not be subject to self-employment (SE) tax. (SE tax is a combination of Social Security and Medicare taxes also referred to as FICA.)

Second, shareholders and officers of an S-Corp are not personally liable for corporate debts and liabilities.

<u>WHY I am NOT talking about Limited Liability Companies (LLCs), BUT how S-Corps fit into our tax strategies??</u>

The Reason: Bottom line… LLCs don't save taxes!!! LLCs are for asset protection and documenting partnerships.

So many Americans have been brain-washed into thinking the LLC is the first and best move when starting a business—***WRONG!!***

**For more information on where an LLC can and should be used, see Chapter 3 - Limited Liability Companies in my newest book "The Tax and Legal Playbook—Game-Changing Solutions for Your Small-Business Questions" with case studies, diagrams and checklists.

So back to the problem at hand and WHY S-CORPs make sense. The problem is if you sell products or services, receive commission, flip properties or 1099s and generally create ORDINARY INCOME with a business…

You WILL pay self-employment tax of 15.3 percent on all your net income if you are a sole proprietorship (whether you have an LLC or not)!!

The <u>Key Tax Strategy is</u> **the S-Corp allows you to MINIMIZE this dreaded self-employment tax!**

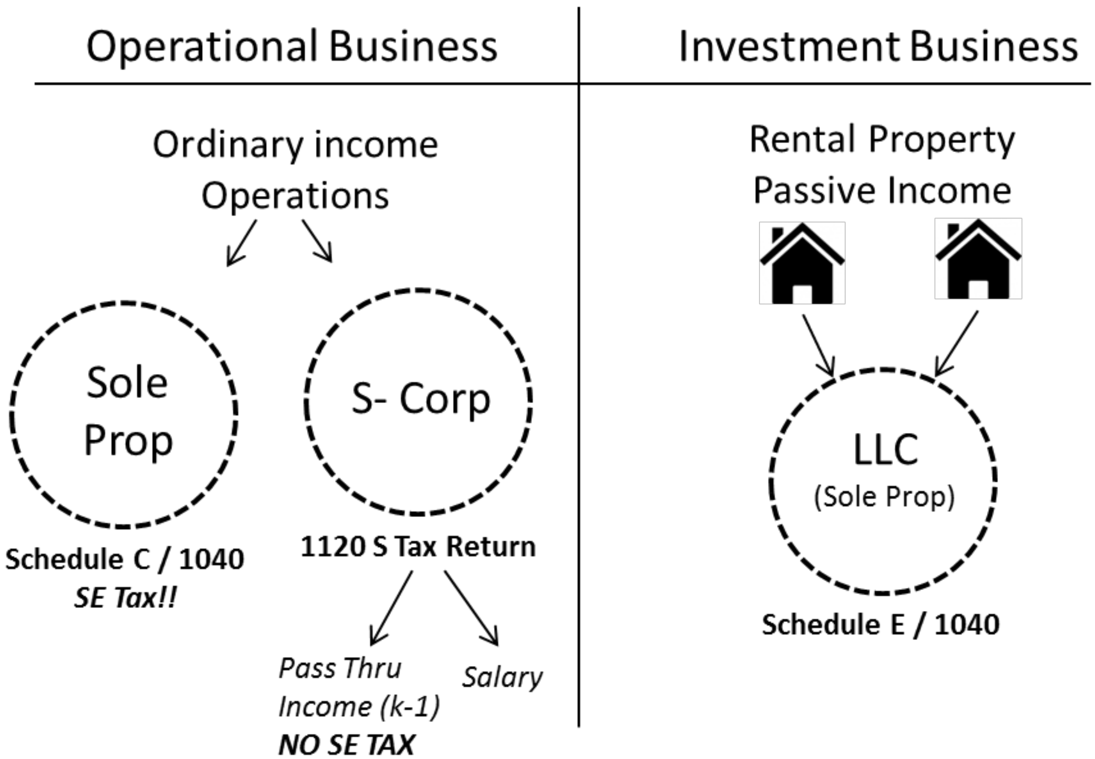
Saving on self-employment tax IS THE BIG DEAL!!

If you're operating as a sole proprietor or an LLC and creating ordinary income from operations (i.e. sales of services or products), all of your net income will be subject to FICA/SE tax.

In 2016, the tax is 15.3 percent on the first $118,500 of net income (this amount is adjusted for inflation annually), then 2.9 percent on everything above that. MOREOVER, at $200,000 single and $250,000 married filing jointly (adjusted gross income or AGI), the Affordable Care Act (ACA) kicks it up another 1.9 percent.

However, the S-Corp allows owners to take reasonable payroll wages through a W-2 that escapes the SE Tax AND ACA tax <u>on the net</u>.

Here is a diagram to illustrate the difference between the sole-prop/LLC and an S-Corp.



Basically… the business owner takes a good portion of their profit as net income under the K-1. The beauty of this strategy is the business owner only pays SE tax on their payroll and not on the flow-through income from the profit.

So when is the right time to move to an S-Corp?

It depends on the cost of setting up and maintenance compared to the savings. In my opinion, it typically doesn't make sense to utilize the S-Corp unless you're making net income of at least $30,000.

Do the math!! If you are taking home OR EXPECT to take home around $3,000 a month in the near future, in your operational business, I think you are a perfect candidate for an S-Corp.

The Trick: Choose the proper payroll level. In regards to payroll and net-income planning, we consistently encourage our clients to allocate at least one-third of their net income to "wage earnings" and the remaining amount can flow out as "net income" not subject to SE tax. However, please know this is a starting point and every taxpayer is different. Moreover, it's important to maintain this procedure through proper payroll planning.

The *"percentage of payroll"* compared to profit is FAR more IMPORTANT than the *"amount"* of payroll you take. The payroll percentage could range from 50 percent of net to as low as 20 percent or more…it is a subjective analysis and should be a decision made with your tax preparer.

In Chapter 4 - S Corporations, in "The Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions," I present a diagram with facts, figures and a "matrix" to help guide small-business owners and professionals on the amount of payroll they should be taking in their S-Corps.

NOW, the SECOND BENEFIT of an S-CORP is asset protection. **As with the LLC and C-Corporation (C-Corp), asset protection is one of the major benefits of an S-Corp.** In fact, the same protection of the corporate veil, from the inside operations of the business, is afforded to the LLC, S-Corp and C-Corp (provided they are established and maintained properly).

YOU get the SAME "Inside" ASSET PROTECTION as a C-CORP and LLC!

One of the primary advantages of incorporating your business is you are not held personally liable for the debts or liabilities of the entity. In other words, creditors can only pursue the entity's assets and cannot reach your personal assets. This layer of protection, which separates the entity's liabilities from the business owner's assets, is commonly known as the "corporate veil."

Under some circumstances, a creditor can pierce the corporate veil and reach the assets of the business owner. While the law may differ slightly from state to state, here are four MISTAKES and WAYS ***the corporate veil might be pierced:***

- Failure to properly maintain separate corporate records, minutes and status
- Inadequate capitalization at the time of formation
- Not using the company name in your operations or on your documents
- Commingling funds

**Make sure you have your corporate records up to date and doing regular annual minutes and maintenance. At KKOS Lawyers we have a Company Maintenance Program that is simple and affordable.

These factors aren't the only ones courts generally apply, but are certainly the most important!!

Essentially, the court is doing a balancing test to determine whether, in any given situation, the person or shareholder is *separate* from the corporation and if the corporate veil has been maintained and provides protection.

Bottom line: The S-Corp strategy works when used properly and is not abused. If you are making more than $30,000 (net) in your business, could use the asset protection and you are ready to build corporate credit or better legitimize your business, an S-Corp could be a perfect fit for you! If your CPA is discouraging this strategy or claiming that your payroll needs to be so high the savings won't be worth it, the problem isn't the strategy; the problem is your CPA's definition of what is too high.

Remember, you are the captain of your ship. Take control of your business and have a consultation with a tax/legal advisor who knows S-Corp strategy backwards and forwards.

Additional Resources:

See "Tax & Legal Library" Video Series: Power of the S-Corporation

See Radio Show: "The Amazing S-Corporation: How, When and Why to Use It"

See Blog Article: "Why an S-Corporation May be a Good Move in 2016"

See Chapter 4- S-Corporations: "Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions"

See YouTube Video: "When to Set-up an S-Corporation"

See YouTube Video: "How to Maintain an S-Corporation"

Chapter 4

Hiring Family Members in Your Business

Hiring your children and family members is one of the most powerful tax strategies used (and sadly underused) by entrepreneurs today. Many people don't realize paying their children or grandchildren, whether they're under 18 or adults, is an excellent strategy to minimize tax liability and enjoy a host of other ancillary benefits.

The days of hard work on the family farm are rapidly disappearing. More and more children are leaving home without a work ethic, money management skills or a concept of entrepreneurship. Moreover, many business owners forget some of their most affordable labor is sitting right across from them at the dinner table!

Get your family involved in the business! The beauty of this strategy is it has multiple benefits. Think about the following:

- Save on taxes
- Help children become self-reliant
- Teach small-business and entrepreneurship skills
- Instill the concept of a job well done
- Save money in the business by hiring WITHIN the family
- Teach them how to complete a hard day's work
- And again…SAVE TAXES!!

There are really three different scenarios and it's a lot to cover in a short e-book such as this; however, I'll hit the highlights and give you the information you need to determine if this is a strategy worth pursuing further.

OPTION 1 – Paying Children Who Are Under Age 18

It's important you follow the right procedure or this strategy could backfire on you. Here are the pertinent facts and rules to follow when putting your minor children to work in the business.

<u>First, you don't have to withhold any income taxes or payroll taxes!!</u> This also applies to workers' comp, as well as state and federal unemployment insurance. <u>NOW REMEMBER—this is on your OWN children and DEPENDENTS under age 18.</u>

The reasoning is the government and insurance carriers assume your children won't sue you if they are hurt on the job—at least we hope not. Your children are also probably on your health insurance plan; you'll end up paying the bill one way or another.

***Still, I recommend you review the laws in your jurisdiction to ensure you are operating legally regarding workers' comp and other payroll taxes, as well as work permits and* *other regulations.*

Second, all of us, including our children, don't pay taxes on the first $6,300 we earn in 2016!! It's the standard deduction, which is adjusted for inflation each year. Interestingly, you can still claim your children as dependents on your tax return and take the exemption or even the child tax credit. However, they don't pay taxes on their earned income up to the standard deduction.

THIRD, make sure your children are doing LEGITIMATE services and keep good records. Services could include janitorial, social media, stuffing envelopes, shredding paper, working on rental property, etc. This could include having a clear job title and description for your child and keeping track of their tasks. WARNING! Hiring your children to do family chores will ***NOT*** qualify as a valid deduction and will certainly set you up for an audit.

FINALLY, you need to pay your OWN children under age 18 out of the correct company. Use your Sole-Prop operational business, LLC for rentals or a family management company (Sole-Prop) set up to provide support services to your S-Corp business. But most importantly, **DO NOT PAY THEM OUT OF AN S-Corp or issue a 1099**. A W-2 would be appropriate, but there aren't any withholdings.

Therefore, when you pay your children for services they perform in your business, you can generate an expense for your income taxes by pushing income to your children. Of course, I'm not advocating you pay your children as a "sham" operation. As I stated above, they must be legitimately involved in the business.

OPTION 2 – Paying Children Who Are Age 18 or Over (this includes parents, nieces, nephews and grandchildren 18 or over).

If you are paying children 18 or older, the same concept of providing legitimate services applies, AND they won't pay income tax if they make less than $6,300 in a given year.

HOWEVER, you will have to choose between treating them as subcontractors or as employees. This means issuing either a 1099 or a W-2...even if they make less than $6,300 they should probably file a tax return (as they may have SE tax if you give them a 1099). But a side benefit is filing a tax return is an important step in helping them "get on the grid" and start building a personal credit history.

EXAMPLE: If your child is going to college, DO NOT pay their tuition. Give them a legitimate roll in the business as a subcontractor, pay them for their services through a 1099 and let them pay their own tuition.

Finally, EVEN if you pay these older children (maybe in college) more than $6,300…that's ok!! They will be in a lower tax bracket than you, and can also establish their own small business as a support company to yours and begin the path to entrepreneurship.

OPTION 3 – Paying Grandchildren Who are Under Age 18

Don't think I forgot about you, grandparents! Certainly we also want to teach our grandkids the importance of hard work and entrepreneurship. Again, why not try to integrate them into the business with legitimate services you need and were going to outsource or do anyway?

THE PROBLEM: You have to treat your grandchildren like a regular employee or subcontractor and issue a W-2 and withhold taxes OR issue a1099.

Thankfully, there is a tax strategy for paying grandchildren that is actually pretty straightforward.

THE SOLUTION: Don't pay your grandchildren directly, pay and issue a 1099 to your adult children and the support company they establish to supervise and hire their children, i.e., your grandkids. The grandkids legitimately work in your business, but under the supervision of your children and their "support/subcontractor" company.

This way your children can pay the kids under the "children under 18" strategy (Option 1 above) and save you from giving the grandkids a W-2 or 1099. Your children won't pay taxes either, because on their Schedule C reporting the support company operations, they will claim the income you 1099'd them and deduct the payments to your grandkids, thus zeroing out the income of their business supporting *your* business.

OPTION 4 – Paying Your Spouse

A lot of new clients I meet with think this is a "no brainer" and should start paying their spouse as soon as they can afford to do so—NOT TRUE!

Here are a few misconceptions about paying your spouse

- *I'll save taxes.* **Wrong.** If anything it will cost you taxes. First, keep in mind we are talking about paying your spouse. Thus, you will more than likely be filing a joint tax return, so if you pay your spouse, you may get a write-off in the business, but it just comes back as income when you file your personal return. You are back where you started! Moreover, if you pay your spouse with a "paycheck," you now have to withhold payroll taxes, which only costs you more (now there may be a reason, as I will explain later, to give your spouse paycheck—but it's not to save taxes).

- *My spouse will build social security benefits.* **Not worth it.** If you do your homework on www.ssa.gov, you'll quickly learn about "spousal benefits" and future social security benefits for the "non-breadwinner" of the family. Surprisingly, 'spousal benefits' in this situation are oftentimes much greater than simply your personal Social Security benefits. Thus, when we run the numbers for a spouse that hasn't had payroll in years, to give them a significant payroll is too costly for the meager benefit. It's more profitable to claim a spousal benefit.

WHEN to pay my spouse…

I want to contribute to my spouse's 401(k). **EXCELLENT.** This is a great reason to put your spouse on payroll. Now with that said, there is a sweet spot to the payroll amount. If you really want to sock away some money in the 401(k), do the math and take into consideration the FICA cost of issuing the paycheck. I have often argued the best amount to pay in payroll is the amount that is perfect to max out the employee deferral amount. For example, a spouse could contribute $18K into their plan in 2016, and if the spouse is age 50 or over, the deferral could be as high as $26,000, but their payroll may be 21k and 28k (approx.) respectively.

Bottom line: Don't miss out on the opportunity to involve family members of all ages in your business. I have seen this strategy not only save clients thousands of dollars in taxes, but literally change the lives of their families as well! If your children want money, tell them you need help in your business and they need to earn the money they want. They can start at any age, with any level of service. Share your passion about your business with them and help them cultivate that same passion for a business idea of their own.

Additional Resources:

See "Tax & Legal Library" Video Series: Paying Family Members in the Business

YouTube Video: "Putting Your Kids under Age 18 on Payroll"

Blog Article: "Give Your Children a Job This Summer"

Blog Article: "Three Reasons to Put Your Spouse on Payroll Before Year-End"

Radio Show: "Training Your Children Regarding Money and Taking a Write-Off"

See Chapter 10 - Hiring Family Members for Tax Savings: "Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions"

Chapter 5

Maximizing the Vehicle Deduction (Car, Truck, RV, etc.)

First and foremost, **remember the vehicle deduction isn't travel,** but expenses for your car, truck, RV or motorcycle used in your business. Also, remember this includes ALL your vehicles as long as they have some sort of business use.

There are TWO MAIN OPTIONS to write off auto expenses and it all starts here!!

1. Mileage. On ANY of your vehicles you can use mileage as an EXCELLENT method to expense the business use of your vehicle. In 2016 your mileage deductions are as follows:

- Business – .54/mile
- Charity – .14/mile
- Medical and Moving – .19/mile
- Personal or Commuting – NO DEDUCTION

90 percent of our clients use mileage because it's SIMPLE, EASY and a LARGE deduction.

For example, keep in mind a car payment is **NOT** a deduction. Thus, if you use the actual method and consider the limitations on "depreciating" the car, the mileage method can give you a much bigger deduction:

Run the numbers…

Example:

2014 Honda Civic, owned before starting business
Average miles per gallon - 30, $2.25 per gallon
20,000 total miles (18,000 business, 2,000 personal)

Out of Pocket Expenses	**Actual Deduction Method**	**Mileage Deduction Method**
Car Payment - $350/mo. Total Fuel - $1,500 gas Repairs/Service - $300	90% of $1,500 90% of $300 Depreciation yr (1) - $3,160 Depreciation yr (2) - $5,100 Depreciation yr (3) -$3,050	18,000 miles business .54/mile
Total Out of Pocket - **$6,000**	Actual Deduction - **$4,780 yr (1)** **$6,720 yr (2)**	Mileage Deduction - **$9,720**

Now keep in mind almost every situation with business owning taxpayers will vary and several MAJOR factors will impact the analysis. Consider the following:

- The miles per gallon (MPG) on the vehicle
- Bonus depreciation if a NEW car purchase
- Total repairs or expected repairs and maintenance

As you can see above, the mileage deduction is amazing and it REALLY adds up.

Now, if it is a NEW purchase, you may want to go with the Actual Method (see below) and get some bonus depreciation in the year you purchase, or maybe with a truck, van, SUV or RV you could even get more depreciation expense. However, most of our clients find the mileage deduction to be ultimately the best long-term decision when it comes to cars.

SPECIAL NOTE—Tracking Mileage. It's important you do your best to track your mileage. It can be a written record, but I also have partnered with Deductr to create my own Tax Planning and Tracking Smart Phone Application (this link gives you a 50 percent discount from the App Store)!!

2. **Actual Expenses.** The second method in deducting automobile expenses is by using the actual expenses for the vehicle. When you use this method you CANNOT use mileage. Essentially, you track your fuel, repairs, maintenance, insurance, tires and then also "depreciate" the vehicle or a portion of the lease payment if leasing.

The PROBLEM with actual is that depreciation expenses are drastically limited for cars, somewhat better in the year of purchase for a 6,000lb vehicle and then only really opens up for large trucks, vans and RVs in certain instances.

So this is where things get crazy. You have to consider issues such as the size of the vehicle, did you buy it this year (regardless of whether it was new or used), are you leasing, how much do you actually use it for business versus personal?… ALL OF THESE FACTORS play into your analysis as to what your deduction may be and if it is better than mileage.

Here are a few Special Circumstance Vehicles in this area of "actual expenses."

SUV or Truck with Less than 6' Bed. Both of these vehicles are treated the same. Yes, some of these trucks are more like an SUV when they have the two-row seating and a short bed. Thus, the IRS says they are treated the same for tax purposes.

- So the special rules essentially state that you can take the business use percentage of all actual expenses (fuel, repairs, maintenance, etc.) and some depreciation expenses. For example, if you have $10,000 in annual expenses and depreciation and it's used 80 percent for business. Thus, you are allowed an $8,000 deduction.

- However, the allowable depreciation is still not fantastic, but it is better than a car. So if you buy a new SUV or truck (which could be "used", but new to you), you're allowed to take up to $25,000 of depreciation right of the top. This little $25,000 write-off is often a perfect fit for a business owner looking for one of these types of vehicles and can exceed the mileage deduction.

Large Trucks and Vans. If the truck or van is over 6,000 pounds and the truck has a 6 foot bed or greater or is an enclosed delivery truck, then the $25,000 SUV limitation in the year of purchase for deprecation **DOES NOT** apply. In fact, you can deduct up to $500,000 in the year of purchase for the cost of the vehicle (limited to the business use percentage of the Truck or Van). Of course, there a number of other variables, but it is a common and often used deduction by small business owners.

- Moreover, any remaining basis unused with the 179 deduction, can then be depreciated in years to come in conjunction with the actual expenses of the vehicle.

Recreational Vehicle (RV) Strategies. Deducting an RV can be an exciting and lucrative tax strategy. However, the key is the "business purpose" or use of the RV. IF you simply have an RV as a second home, you will be limited to the Schedule A itemized deduction for any interest on the loan to purchase the RV. So…THINK BUSINESS PURPOSE! Here are two options for your RV:

- <u>Using the RV in your business as transportation.</u> Is the RV used to deliver your goods and services in your business? For example, if you have a "sticks and bricks" home, then the RV can become a business vehicle to attend trade shows, visit specific locations near your customers, pick up supplies or deliver products, or travel to work on rental properties. But again, there needs to be income generated with a legitimate business purposes (as is required with any auto, truck, SUV or van deductions). Options for deducting the RV could again either be mileage or actual and depend on your personal use of the RV and whether or not you are living in the RV full time.

- <u>Renting the RV like a traditional rental property or VRBO.</u> This is becoming an increasing creative tax and wealth building strategy. Why not put the RV to work earning cash in a rental pool when you aren't using it? This strategy allows you to depreciate the RV and take actual expenses including maintenance. Again, your personal use percentage will come into play, but the tax benefits and cash flow can be a significant benefit to the RV owner. Now the RV can be depreciated and treated much like a traditional rental property (see Chapter 8 below).

Motorcycles. If you use your motorcycle in business, the mileage method is absolutely the best way to go. It's not worth trying to capture depreciation and they get such good gas mileage, actual expenses are minimal. Moreover, I'm a firm believer that business owners forget to track the mileage on their motorcycle as business mileage and/or didn't even realize it was a deduction. Take that Harley to go visit a client or vendor!!

Leased Vehicles. Leasing is a phenomenal deduction, but not without its drawbacks. The tax benefits are phenomenal. You can again take all the actual expenses, including the lease payment (based on your business use percentage) and also save on the cost of a luxury car when monthly payments may be cheaper when leasing.

- However, the drawback isn't a surprise for those that have leased a vehicle before—the mileage limitations can really bite you in the end. For example, if you are only allowed 15,000 miles annually under the lease, when you turn in the vehicle at the end of the leasing period, you have to pay for every mile you went over—buckle up!!

- I find the leased vehicle is best for those that want a second car, and maybe something a little nicer, to take clients and customers out to lunch in and make sales calls. When a client has another vehicle for personal or business use where they can be indiscriminate with miles and rack them up when needed, and NOT on the leased vehicle, then leasing may be a perfect fit for that second vehicle.

Bottom line: Create a spreadsheet to analyze the situation. It doesn't have to be complex either. Just think through your options AND realize that if you are going to spend THOUSANDS OF DOLLARS on this vehicle, it's valuable to take a few minutes to analyze the various tax deduction options. Establish columns to compare mileage, to purchase, to lease, and then your rows can be different types of vehicles and different scenarios. You can do some initial research and calculations by simply pulling information off the web and then have your accountant/tax preparer fine tune your analysis!! It could save you A LOT of money to go through this analysis and process.

Additional Resources:

See "Tax & Legal Library" Video Series: Auto Deduction Strategies

YouTube Video: "Writing Off Auto Expenses"

Radio Show: "Best Tax Strategy for your RV, Truck or Auto"

See "Strategic Wealth Alliance" LIVE Webinar Recording: Auto Deduction Strategies for 2016

Chapter 6

Tracking All Cell Phone, Technology, and Office Expenses

Over the years I've discovered there is A LOT of misinformation out there regarding what is or isn't deductible, and also a tremendous amount of unnecessary fear. This is certainly in the case of technology and the home office deduction. However, these are some of the best tax deductions for small-business owners AND legitimate ones.

FIRST and FOREMOST, it's all about tracking the little things. These tax deductions really add up. Track them and don't underestimate their combined benefit on your tax return!

Cell Phones and Service for All the Owners and Employees

Think… if you have a family owned business, and everyone in the family has an important role in the business, more than likely every one of those cell phones in the pockets of your family members is a deduction!!

I'm not suggesting you abuse this deduction by any means. However, I AM saying (as I did in Chapter 4 above) that everyone in the family should be involved in the business anyway. As such, this opens the door to the cell phone deduction for more than just you!!

MOREOVER, in the Small Business Jobs Act of 2011, Congress removed the cell phone from the "listed property" list. **What this means is that you can write off 100 percent of your cell phone, correlated devices and service, as long as you meet certain criteria.** Moreover, the IRS issued guidance with Notice 2011-72 clarifying the rules and Congress's intent.

Essentially, this move by Congress and IRS was motivated by the fact that it was a constant fight in court with taxpayers trying to prove what percentage of their phone was business use versus personal use. In the end, the cell phone and service boiled down to a 100 percent deduction if you comply with the following criteria:

- It can be shown that the cell phone is critical to the operation of your business;

- The service expense and device isn't extravagant and is proportionally reasonable for your type of business and sales;

- You have a home phone line or separate cell phone dedicated to personal use.

Don't forget. If you have your family members legitimately working in the business and they need to use the cell phone for the operations of the business, as well as need to be accessible for business duties, their cell phone will be deductible as well!!

Technology

Think about the following items and how you may use them in your business:

- Laptops, computers and printers
- iPads, reading devices and tablets
- Cameras, video cameras, lighting and studio equipment
- Microphones, speakers and audio equipment
- TVs, monitors, projectors and screens
- Bluetooth devices, smart watches and Google glasses
- Coffee makers and appliances
- Internet service, fiber or related data needs

If you use this items to make money in your business, there's a good chance they are 100 percent deductible!

Business use percentage. Higher priced items like computers, cameras and equipment may need to be prorated as part business and part personal. If you are in the infancy of your business and some items still have a percentage of personal use, it's important to be honest about this and not be too aggressive. HOWEVER, you shouldn't shy away from these expenses either.

FIND reasons to use technology in your business!! Make these items a deduction as you blow up your social media outlets and marketing plan.

Home Office and All Its Variations

First, this area of tax planning is FAR MORE than the plain vanilla home office deduction you have heard about. Think about all of the expenses that go along with a home office. Of course, as I stated above, technology expenses are part of the office either from home or at a commercial location. However, the office expenses could include any of the following:

- Furniture and equipment
- Office supplies and office space (see below)
- Warehouse and storage

AGAIN, consider the business use PERCENTAGE on bigger ticket items that have some personal use in some form or fashion. Remember to only take only a portion of cost of these items as a deduction when you personally use them and don't overdo it.

Next, we have the HOME OFFICE expense that should truly be on almost every small-business owner's tax return…and before you can talk about *how* you take the deduction, you want to make sure you *can*. There are two basic requirements for your home to qualify as a deduction:

1. Regular and Exclusive Use. You must regularly use part of your home exclusively for conducting business. Now I know the word "exclusively" may concern you. However, as long as it isn't your bedroom or the kitchen, even a portion of a studio apartment will qualify. Just make sure you have a desk and a computer reflecting the business use.

2. Principal Place of Your Business. I feel this is the more serious qualification, in that you must show that you use your home as your principal place of business. Thus, if you have another office in town for your business, your home office may be off limits. However, if you conduct business at a location outside of your home, but also use your home substantially and regularly to conduct business, you may qualify for a home office deduction. For example, if you have in-person meetings with patients, clients or customers in your home in the normal course of your business, even though you also carry on business at another location, you can deduct your expenses for the part of your home used exclusively and regularly for business.

The next step is to think "square footage use." The home office deduction is based on the percentage of your home devoted to business use. So, if you use a whole room or part of a room for conducting your business, you need to figure out the percentage of your home devoted to your business activities. After you come up with the square footage, you have two options to consider in taking the actual deduction.

A. Simplified Option. We now have a simpler option for computing the business use of your home. This new simplified option can significantly reduce record keeping burden by allowing a qualified taxpayer to multiply a prescribed rate by the allowable square footage of the office in lieu of determining actual expenses. (The standard method has some calculation, allocation and substantiation requirements that are complex and burdensome for small-business owners.) There are several principal benefits of this new option:

- Standard deduction of $5 per square foot of home used for business (maximum 300 square feet—so essentially $1,500 per year).
- Allowable home-related itemized deductions claimed in full on Schedule A. (For example: Mortgage interest, real estate taxes).
- No home depreciation deduction or later recapture of depreciation for the years the simplified option is used.

B. Regular Method. Now you can probably get a higher deduction with the Regular Method in many instances, however, you will have to worry about a more technical calculation AND have the issue of depreciation recapture in the future. Moreover, you will be stealing deductions from your Schedule A in order to maximize the deduction. However, in some instances this could be a better route to take. Essentially, taxpayers using the regular method must determine the actual expenses of their home office. These expenses may include mortgage interest, insurance, utilities, repairs and depreciation. Generally, when using the regular method, deductions for a home office are based on the percentage of your home devoted to business use.

A Word about S-Corporations. For those of you operating as S-Corporations, a standard industry practice is to calculate a fair home office "reimbursement" amount and take a deduction for rent in the S-Corp (and receive it as a tax-free reimbursement for the use of your home). As long as the amount would be similar to that taken with the home office worksheet for a sole proprietorship, this is a great way to take the deduction in a much less visible manner and further reduce your chances of an IRS audit or interest in you taking the deduction.

Bottom Line: Make sure you are tracking everything related to the office and the technology devices you use in your business. At the end of the year you can meet with your accountant and make adjustments for areas that may be a little aggressive. However, if you don't write down and track the expenses, then you don't even have a discussion point…and **MOST IMPORTANTLY be cautiously aggressive**. Don't be afraid to take deductions you're entitled to, just because you are afraid of an audit. The law is on your side and so are we!!

Additional Resources:

See "Tax & Legal Library" Video Series: Technology Write-Offs

YouTube Video: "Is the Apple (Smart) Watch Tax Deductible?"

YouTube Video: "How to Maximize the Home Office Deduction"

Blog Article: "Maximizing the Home Office Deduction"

Chapter 7

Taking Advantage of Travel, Dining and Entertainment

In my opinion, travel is one of the most underutilized tax deductions by small-business owners today!!

EVERY time you travel should be a business write-off!!

Unlike meals and entertainment, which are limited by 50 percent, travel expenses are *100 percent deductible*. Travel expenses include:

- airfare, baggage fees, etc.
- hotel and lodging
- rental cars and gas on rental cars
- valet, taxi, trains, tolls, etc.

You would be shocked to know how many new clients' tax returns come across my desk every year with literally zero travel deductions. '

Consider the five following ideas that you might be able to coordinate with or plan in and around your holiday travel.

1. **Company annual meeting.** If you have a corporation, this would be considered your board of directors meeting and shareholders meeting. If you have an LLC, elect a board of advisors to assist the manager or managers of the company. This is an excellent opportunity to discuss the operations of the company over the past year. Profits, losses, acquisitions, new ventures, goal setting…utilize the advice of your board members and make plans for the next year.
2. **Visit a client.** Wherever you are traveling to, is there a customer or client in the area? Could you cultivate a new relationship or strengthen a current one? Schedule meetings each day you are traveling, at least for a few hours, and keep notes of what you accomplish and why the meeting was important.
3. **Visit a vendor**. Is there a vendor or supplier, subcontractor or affiliate you could meet with where grandma or grandpa lives? Could you negotiate new pricing, tour a facility, talk about networking and how you could work more closely together? The tax write-off may even be simply a bonus when you consider the business you could generate with a strategic meeting that produces more revenue for the business.
4. **Attend a conference or workshop**. Look at possible workshops in the local area where you are visiting. Consider classes, tax, legal, business, marketing,

website, SEO, customer relationship or technical training based on your type of business. At the very least, visit a local real estate or investment club meeting if possible. The training could be fantastic and justify a great write-off to boot.

5. **Check on your rental property**. I've said it time and time again. At least consider and/or attempt to purchase rentals where you travel. More specifically, could you buy rentals where extended family members live? Have them help manage your properties or simply work on them while you are visiting. Sometimes, it's a great excuse to get out of family functions to have to leave and work on the "rental"—just saying.

The list goes on and on. It just doesn't make sense for any business owner to not have at least some travel expenses.

With all of these strategies, moderation is key. Make sure that you are doing business each day you aren't traveling and keep records of what you are doing, who you are meeting with and how it relates to your business.

As usual, the more money you make in your business, the more opportunity we have to be aggressive and take a larger deduction. Don't get greedy. Keep your receipts, records and discuss the expenses with your CPA at the end of the year in order to report a well-balanced tax return. As I have said many times before, "Pigs get fat and hogs get slaughtered."

Every Meal has the Potential to be a Dining Expense

Again, a highly underutilized expense by small-business owners and should be a healthy line item on your tax return. However, many don't realize how creative and detailed they need to be in order to maximize this write-off.

I LOVE Keith Ferrazzi's book "Never Eat Alone"!! I have had him on my radio show and discussed the power of "networking" and food. We truly can and should involve more business discussions in our dining engagements, AND/OR get out and take more business clients to dinner. If you find yourself consistently eating lunch or dinner alone, you are missing out on a big opportunity to build your business AND save taxes!!

Here are six options for writing off dining that should get your creative juices flowing and tantalize your taste buds. Allow me to summarize them briefly:

Option 1 – Dining with Others (limited by 50 percent)

We all know that if we are out on the town, talking business with clients, employees or partners over dinner, and you follow proper documentation procedures, we can deduct up to 50 percent of the dining costs.

Option 2 – Dining by Yourself (limited by 50 percent)

Another overlooked fact is that you can write off dining by yourself when you are traveling. This has been defined as outside of a normal commute of your home office or place of business and business owners should be diligent in tracking these meals.

Option 3 – Event Food (no percentage limitation)

Whenever you provide food or snacks at a workshop or presentation, the food is 100 percent deductible if it's for the convenience of the attendees to keep them on the premises during the event or if other options for reasonable dining are limited.

This can also include purchasing food for a presentation at your home and holding an event or presentation for your business. Keep in mind that this can't be considered a company party or a reward or benefit to your employees or customers. Thus, make sure you keep good records as to who attended, the business purpose for the event and the contents of the presentation.

Option 5 – Office Drinks and Treats

Don't forget to document all of those sodas in the fridge, the water cooler, donuts or bagels on Fridays, the coffee and tea in the kitchen, etc.

ALL of these items to help your employees be more productive and stay in the work place, rather than leave for a drink or a snack, are going to be 100 percent deductible for the business owner.

NOTE: Keep in mind that these benefits are for the employees, and not for you to stack your own fridge in your personal office…nice try! ☺

Option 6 – Dinner for Employees when Working Overtime

When your employees work overtime and you give the employee $30 (for example) for dinner, you get a 100 percent deduction and the money is tax free to the employee.

To get the deduction you need to meet four criteria:

- You provide the benefit only *occasionally* (defined below).
- You pay no more than a *reasonable* (defined below) amount.
- The meal enables the employee to work overtime.
- It has to be discretionary and not tied to hours worked or a rate per hour.

<u>Option 7 – Lunch at the Office with Employees</u>

Interestingly enough, if you take your employees to a restaurant for a working lunch meeting, employee meals become an entertainment expense, which means the deduction is subject to a 50 percent cut.

However, if you want a 100 percent deduction, you simply have to hold the lunch meeting on the business premises *and* for your convenience.

The term convenience can mean a variety of things, such as:

- Employees must be on the premises for important or emergency calls, and it's reasonable to expect them to occur.
- Employees are restricted to a short meal period, and you cannot reasonably expect the employees to eat elsewhere during such a short period.
- Employees must be restricted to the premises because they could not otherwise secure proper meals within a reasonable meal period.

Bottom Line: Travel, dining and entertainment should be important deductions on any small-business tax return. All of these items can add up to be a significant expense on your books. Yes…the 50 percent deduction can obviously severely limit the deduction, but **keep good track of these expenses and set up several categories in your QuickBooks to organize the different variations that can occur with these items**. If you don't track them, there isn't even anything to discuss at tax-prep time. We can always whittle down a deduction if it's too high, but much harder to dig one up.

Additional Resources:

YouTube Video: "How to Write Off Travel Expenses"

YouTube Video: "How to Deduct 100% of Your Dining Expense"

See "Tax & Legal Library" Video Series: Dining & Entertainment Secrets

Radio Show: "Travel Deductions and the Holidays"

Blog Article: "Plan Your Travel Write-Offs for the Holidays Now"

Chapter 8

The Importance of Rental Property

This may seem bold to hear from your CPA. I'm not a realtor selling you real estate, but as a tax lawyer, I am actually trying to help you save taxes and build wealth at the same time.

I also realize that there may not be enough time to research, complete your due diligence and purchase a rental property by the end of the year. However, I would like to at least encourage you to consider it and get the process started. Maybe you already have a deal in the works, which would be great!

As mentioned above, a good rental property strategy will not only build an incredible long-term, and sometimes immediate, tax strategy, it will inevitably build wealth for future retirement and should provide current cash flow benefits if you choose wisely.

Here are the four benefits to rental property I want to discuss briefly with you. I suggest you consider this strategy seriously as part of your overall investment and tax planning strategy.

<u>The Four Benefits to Rental Property</u>

Appreciation	**Mortgage Reduction**
Tax Benefits	**Cash Flow**

<u>Appreciation.</u> This is rental property you are keeping at least 7-10 years. This is not a fix and flip strategy. The National Association of Realtors (NAR) has reported that real estate nationwide has averaged over 6.74 percent appreciation during the past 50 years.

This rate of return out performs the S&P 500 and most Wall Street investments. Now I realize not all property in every market experiences this growth. Some actually do even better than the national average. Don't discount appreciation.

<u>Mortgage Reduction.</u> This is often an overlooked benefit to rental property. Think about it. If you purchase wisely, the property should be at least be breaking even in cash flow and thus the renter is paying the mortgage for you.

The principle reduction in the mortgage instrument is an ongoing tax-free benefit along with appreciation as you hold the property. This is a return you can calculate and count on over time with a typical mortgage. Keep this in your spreadsheet as you calculate your total return on investment.

Tax Benefits. It's no secret that rental properties lose money on paper. With the power of deprecation, the fact is you get to deduct the mortgage interest your renter is paying for you, not to mention travel, property taxes, HOA fees, repairs, maintenance, home office, supplies, cell phone, etc.—the tax benefits add up very quickly!!

Now this is where the topic of 'classification' as a real estate investor becomes critical. It's a big topic, but there are 3 basic options to select when filing your tax return:

1. Passive Investor
2. Active Investor
3. Real Estate Professional

Essentially, there really isn't any benefit to being classified as a 'Passive' investor, but being 'Active' or a 'Professional' could pay off big-time. Under these two classifications you will have the ability to deduct some rental losses against your other income. These can be a significant benefit to owning real estate.

In the end, whether or not you get an immediate and direct tax benefit, at the very least, you will be able to carry these losses forward indefinitely to write off against future property sales.

Cash Flow. If the economic downturn and the drop in real estate values have taught us anything, it's that we MUST analyze and purchase property based on cash flow. Good rental property cash flows…bad property does not.

It's absolutely critical we shoot to purchase cash flow property and, mysteriously, the other three benefits fall right into place. It's amazing!! Ironically cash flow also becomes a rate of return and a tax-free benefit due to the ability to maximize all of the expenses related to rental property.

In summary, many savvy investors realize they can experience tax-free cash flow and have double digit, if not, triple digit rates of return on their leveraged rental property.

When it comes to the tax benefits coupled with quality investment strategies, it's no surprise the most wealthy and successful people in America hold rental property as a large part of their portfolios in one form or another.

To analyze your tax position in regards to rental property and how it would affect your tax return and consult your tax professional.

We meet one on one with at least 1,000 clients a year to discuss their business ventures, tax planning and, most importantly, their rental properties. Inevitably, we are going to talk about wealth building, and rental property is going to be critical to our discussion. Every year I learn more and more from my clients regarding what is working and what isn't. I truly am the lucky one!!

As your attorney and CPA I need to speak up!! I need to share these common themes and strategies that my successful clients are using to buy rentals. I'm not a realtor, I'm not a broker…but I am an investor! I, too, own rental property, am consistently looking for rentals and study all I can on the topic.

Please accept my humble opinion on six strategies that can help you find the best rental property you can this year.

1. **Buy Local IF You Can**. Let me repeat the words "if you can." That's the key. Don't get hyper-focused on buying local so you can "check on the property." It's ok if you don't buy local. It's far more important to buy QUALITY rental properties, RATHER than LOCAL. But, if you are lucky, and you truly live in an area where there are good returns and rental markets, where the return on investment is legitimate without having to own it outright or put down a fortune …then consider yourself lucky. Gain some experience, put in some sweat equity and shop till you drop!!
2. **Learn to Manage Your Property Manager.** Unless you are a full-time real estate investor and one tough cookie…get a property manager!! If you don't have the temperament to be tough and start eviction proceedings three days after a tenant is late, have a personal intervention with yourself. You may not have the time, skills or system to be your own property manager, EVEN IF THE PROPERTY IS LOCAL! Be a realist. Your time could be better spent looking for other rentals, doing the books and earning income with your day job or operational business. So with that said, always and I mean always, put a budget in your rental property analysis for a property manager (approximately 10 percent of gross rents). Even if you have visions of grandeur and start managing, you want the budget to add a property manager if that need arises.
3. **Don't Use a Shotgun Approach**. I recently met with a client that had five properties in four states. They were great properties, but seriously!! Look at the inefficiency of registering an LLC in four states, four state tax returns, four different property managers, four different trips to at least occasionally check on your rentals and four different markets to understand and follow. Now when you have 25+ rentals and you can afford to make your full-time job managing your rentals and property managers, then tackle four or five markets…but if not, consider the alternative: Bundle your properties in one or two markets, maybe three. Get to know your property managers, get to know the areas and try to be efficient with your tax and legal planning. Save time and money with "bundling."
4. **Have a Master Rental Property Analysis Spreadsheet.** Create an Excel spreadsheet to analyze any and all possible deals…that's right…you're not going to buy the first rental you see this year!!! Run every property through the gauntlet of your spreadsheet. Own your spreadsheet. Know every column. Start with fair market value, money down, improvements and mortgage/carrying cost… then move it through rental income and expenses, and wrap it up with a cash-on-cash return on investment (ROI) figure. Base your decision on this key factor *generated* by your spreadsheet. This is why you took 5th grade math, embrace it!

5. **Remember, You Are Buying Numbers**. I attribute this quote to my good friend and amazing investor, Chris Albin. He has repeatedly taught that too many investors get emotional about their purchase and can even envision themselves living in the rental property they are analyzing. This is a terrible mistake. In these situations, the investor often over improves the property, investing far too much time or capital and blows their ROI out of the water. You aren't buying a property—you are buying "numbers." What do your dollars get you in dollars and cents? Not, what cute neighborhood or yard do they get you?
6. **Do Your Research**. Let me say that again, do your research and then do it again. Don't look at a property as to why shouldn't I get this…look at it as why should I get this property. Make the numbers prove it to you. Don't assume you're going to buy it unless you find something wrong with it. I love a positive attitude and glass-half-full approach, and thus, this has been one of my greatest learning experiences. I have trained myself over the years to be a lot more skeptical…at least when it comes to analyzing rentals.

Bottom line: I hope these six tips may help you. I didn't come up with these myself. I learned them from YOU—my clients, students and investors with whom I've had the wonderful pleasure to work. These are key themes, strategies and approaches to real estate my successful clients use. I LOVE crowd learning. **Thank you for making me a better investor!**

Additional Resources:

See "Tax & Legal Library" Video Series: 4 Quadrants of Rental Real Estate

YouTube Video: "Real Estate Professional Classification"

Radio Show: "How Areas in the Country for Rental Property in 2016"

See Entrepreneur.com Blog Article: "Why You Should be Investing Your Money in Real Estate"

See Chapter 11 - Buying Rental Properties: "Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions"

Chapter 9

Deducting All of Your Health Care Expenses

As small-business owners, we have more options than any other group of Americans to save on health care costs. The tax planning and well as cost-saving strategies can be phenomenal. It simply takes a little bit of study and consulting with sometimes several different professionals to create the perfect plan for you.

Here are some health care updates *and* strategies to consider that can help you save thousands of dollars when you build your plan of attack.

DON'T TRY TO SIMPLY ITEMIZE!!

- Many Americans have given up trying to deduct their medical expenses because they 'phase out' of the write-off on their personal return.

- Moreover, others, especially young Americans are SHOCKED to discover that medical expenses aren't typically deductible—unless you get creative!!

Itemized Deduction for Medical Expenses is Further Limited. If it wasn't bad enough that 97 percent of Americans try to write off their health care and are unable to do so, under the Health Care Reform Act, only medical expenses above 10 percent of your adjusted gross income will be deductible as an itemized deduction. <u>This means don't try to itemize your health care expenses. We try to steer our clients away from this anyway, because there are better options for small-business owners.</u>

For CORPORATE EMPLOYEES, you might consider the FSA

However, this is another problem for millions of Americans. If their employer doesn't provide such a plan, you're out of luck!! Also, the **Flexible Spending Account (FSA) contributions are now limited to $2,500 per year.** This is another major change that is terrible for the w-2 employee, and are truly a corporate fringe benefit strategy that can rarely be implemented effectively by a small-business owner. <u>Bottom line, if you or your spouse has an FSA at work, "use it or you'll lose it," but don't plan on it as a critical strategy and as a small-business owner it's truly useless.</u>

This brings me to **"Kohler Care."** I joke around consistently with my clients at workshops and on my radio show regarding what I think is a strategic way to **SAVE** on health care costs **AND DEDUCT** their expenses!! Here are just five parts of a much larger comprehensive strategy:

1. **Health Insurance is 100 percent deductible for the small-business owner.** This is a huge benefit for the small-business owner that cannot be taken advantage of by the average American. A non-business owner would have to try and itemize to no avail. Make sure your CPA is aware of any and all health insurance premiums you are paying and that they are properly accounted.

2. **The Health Savings Account (HSA) is as strong as ever and huge opportunity for the small-business owner.** Now, I *know* you don't have to *have* a small business to implement an HSA. **However,** as a small-business owner you have much more control over your health insurance plan and can utilize creative strategies to acquire the right type of insurance to allow for an HSA.

Now, not only are HSAs pre-tax accounts, but contributions to them are deductible from your gross pay amount on the front page of your tax return, potentially putting you into a lower tax bracket. In 2016, the tax deduction is up to $3,350 for singles and $6,750 for families. You can also spend the money tax free; the only caveat is that the money must be spent on qualifying health care expenses (See IRS Publication 502 for a massive list of deductible items). HSAs allow you to invest the money in much the same way you invest an IRA. You can even invest HSA funds in real estate. (See Chapter 10 below regarding self-directing.)

3. **The Health Reimbursement Arrangement (HRA) is a fantastic strategy for those with higher-than-average medical expenses.** This strategy allows you to set up your own "benefit plan" for health care and reimburse yourself for ALL of your health care expenses—thereby getting a 100 percent write-off for all of your medical expenses.

Now this strategy *must* be used by a small-business owner, and again, the average American can't even dream of doing this. The only challenge can be the structure you need to use in order to make the plan work. Sometimes it takes a little extra business planning and structuring and certainly some attention to bookkeeping to make it happen, but again, it can be very lucrative and worth the extra time.

4. **The Small Business Health Care Tax Credit for Small Employers.** This little gem is a literal dollar for dollar tax credit against any taxes you owe and up to 35 percent of any health care premiums you pay for on behalf of your employees. There are a number of rules, that really aren't that bad, but require you to cover at least 50 percent of the cost of single (not family) health care coverage. In addition, you must have fewer than 25 full-time equivalent employees, and those employees must have average wages of less than $50,000 a year.

5**. Choose the right health insurance plan.** The first step is avoiding the insurance penalty. Keep in mind that the penalty for not having valid health insurance in 2016 jumps to $695 per adult and $347.50 per child, and maxes out at $2,085 per family. The income-based penalty rises to 2.5 percent and is the greater of the two.

The open enrollment period for business owners is Nov. 1 to Jan. 31. Make sure you have your application in and don't delay. The government won't likely extend the deadline as they have in years past.

Make sure to understand the types of “metal” health insurance plans and the differences between each one. Essentially, you will have to choose between platinum, gold, silver or bronze plans, with different benefits, deductibles and, of course, premiums. Generally the platinum plans provide the greatest benefits and lowest deductibles, and on the other extreme the bronze plans are high deductible and the most affordable. Keep your anticipated health in mind as you try and choose the right type of plan for your situation.

Be aware of what enrollment options are available in your area. **Are you using a state exchange or HealthCare.gov?** Also, don’t feel you are stuck with these exchanges either. They can be a great place to start, but shop around to understand your options and then seek out a provider directly or through an insurance agent. Also, don’t forget the “open market.” The private marketplace for insurance is still alive and well.

Many don’t realize that the **“network” is the real issue.** As you look closer, you will be surprised to see the wide range in premiums between the different types of “metal” plans. The reason isn’t just the benefits, but also the network of doctors that come with a particular plan. Many people don’t realize that the savings under certain policies are because the insurance company provides a smaller network of doctors under the plan and it may be stripped of additional benefits, like dental or vision care.

6. **Don’t pay the Health Insurance Penalty**. This penalty is easy to avoid… **Just GET INSURANCE!!! ANY INSURANCE…*Even ‘cheap’ insurance!!***

If you can afford health insurance but choose not to buy it, you must pay a fee called the individual shared responsibility payment. (The fee is sometimes called the "penalty," "fine," or "individual mandate.")

The penalty in **2016** is either <u>2.5% of your household income</u> OR <u>$695 per adult, and $347.50 per child (whichever is greater).</u>

In some cases, you may qualify for a health coverage exemption from the requirement to have insurance. If you qualify, you won’t have to pay the fee. Here are a few exemptions to be aware of:

- Low income exemption (thus insurance provided for you)
- Less than 3 months 'gap' during the year
- Part of a Health Care Sharing Ministry
- Religious Conscience exemption

7. **Avoid any unnecessary Affordable Care Act taxes.** There are two taxes to be aware of and realize the significant impact they can have.

- The **net investment tax is a 3.8 percent income tax** that most people won't see coming. Essentially, this tax is calculated on the lesser of your net investment income or your modified adjusted gross income exceeding $200,000 for single taxpayers and $250,000 for married. The trick is to shelter "net investment income" through other types of income conversion strategies.

- The **Medicare tax of .09 percent** also kicks in on single individuals with wages or self-employment income of $200,000, and married couples with the same income over $250,000. The new legislation makes payroll planning and the use of an S-Corporation for the small-business owner even more advantageous. This tax DOES NOT apply to the net income from an S-Corporation.

Bottom line: Have a plan for your healthcare expenses. Don't leave it to chance, AND if you have more than $5,000 a year in out of pocket medical expenses, i.e. co-pays, deductibles, prescription drugs, dental, eye care, chiropractic, etc.…then chances are you could benefit from some additional planning. Just imagine if you could deduct 100 percent of these medical costs—it could be life changing!!

Additional Resources:

YouTube Video: "How to Write Off Health Insurance"

See "Tax & Legal Library" Video Series: 10 Videos on Health Care Strategies

Radio Show: "Health Care Savings Strategies—Enrollment"

See "Strategic Wealth Alliance" LIVE Webinar Recording: Health Care Enrollment with Tax- and Money-Saving Strategies.

Blog Article: "How an HRA Can Save You Thousands with Your Extra Health Care Costs"

See Chapter 9 - Wise Health Care Strategies: "Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions"

Chapter 10

Choosing the Right Retirement Plan and Self-Directing Your Investments

As a tax advisor I have three main considerations in determining which retirement plan may best the best fit for any individual or family…and keep in mind I'm NOT a licensed financial advisor. **I don't care what your risk tolerance is or how much you value diversity or what asset class really turns you on.**

My job is to assess the tax RAMIFICATIONS of choosing the right retirement plan and share what I see thousands of my successful clients doing year after year. You can then collect opinions from all of your financial advisors and choose what you think is best to invest in WITHIN your plan.

Please note, YOUR RETIREMENT PLAN IS A VEHICLE—NOT an investment; what you put IN the vehicle is up to you, my job is help you choose the right "car" to get you there in style or speed—your choice!!

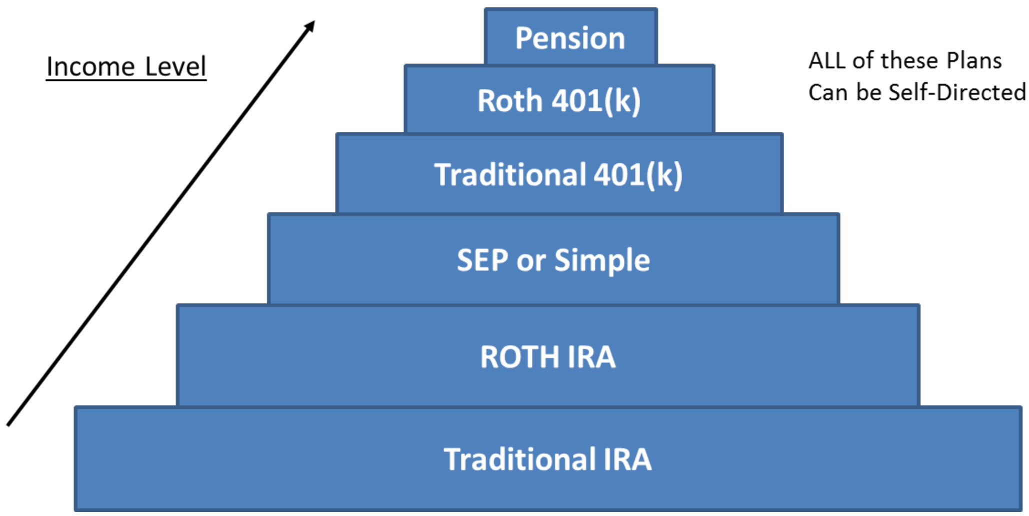
With that said, here are the big THREE I begin with:

1. **How much can you deposit** each year in your plan and how much do you already have in any deferred retirement accounts?
2. **Do you need a tax deductio**n this year or more interest in tax-free growth?
3. Do you want to **self-direct a retirement plan** and in what type of investments? <u>Essentially, what flexibility do you need in accessing the money IN your plan to use OR invest!!</u>

HOW MUCH CAN YOU SAVE MONTHLY/ANNUALLY?

An IRA could be a great fit for clients just starting out with retirement investing. However, for my clients whose businesses are doing well and can save more, there are other exciting options. To help illustrate their choices, I created a diagram (shown below) to demonstrate how investors can climb to greater heights as their income grows, and increase their ability to save more OR get more write-offs.

As you can see, at the bottom of the pyramid, I recommend almost everyone start with an IRA. Especially, if you can only save a few hundred dollars each month. The allowable annual contribution in 2016 is $5,500 for those under age 50 and $6,500 for those age 50 and over.



If you want to save around $10,000 and own a small business, then an SEP may be a good fit based on your income and what you're trying to accomplish.

NOTE: If you own a business, we can do A LOT more to create deductions and save for retirement. Hence, again why I recommend owning a small business on the side to build wealth and save taxes (see Chapter 1 above).

Next, level up…when you're willing and able to put away $15,000 or more, the power of the 401(k) is unsurpassed. In fact, the advent in recent years of the solo 401(k) for the small-business owner is absolutely amazing. As such, I can advise significant matching with a 401(k), adjusting salary levels, implementing profit sharing and possibly even putting a spouse on the payroll to also max out his or her retirement plan.

Then, if you can afford to pay the taxes first and don’t need the deduction, you can graduate to the ROTH 401(k). These supercharged plans allow you to contribute up to the same amount as a traditional 401(k), but into a ROTH account. There are no income limitations like a ROTH IRA and you can choose the strategy from year to year that makes the most sense for your tax return.

Finally, many clients are shocked to discover that with an extremely successful business, we can overlay a 401(k) plan with a defined benefit pension plan (DB Plan) and put away $100,000+ annually (depending on age and income). Many small-business owners are shocked at these numbers, thinking they can only save $5,000 to $10,000 at most in an IRA and perhaps $40,000 in a 401(k) each year. But the adage is true: The more money you make, the more you can save.

DO YOU NEED A TAX DEDUCTION OR ARE YOU SEEKING TAX-FREE

GROWTH?

Some clients need a tax deduction in a given year, while others can afford to pay some taxes to fund a ROTH. The ROTH is a powerful concept that allows for tax-free growth and tax-free withdrawals in the future.

For those new to retirement planning, these are built with after-tax funds, meaning you pay tax on the money before it's deposited in the account. Then the funds grow tax-free and come out tax-free.

Many individuals aim for the holy grail of retirement plans: The Roth structure. When analyzing investment models with the time value of money, ROTHs will generally always outperform standard retirement plans.

The trick is getting the money into the ROTH in the first place. Here are a few strategies to consider:

ROTH IRA limitations. With a ROTH IRA strategy in 2016, you can deposit $5,500, or $6,500 if 50 or older. However, if your income is too high, your income will limit your ability to contribute. In 2016, these limits start at $170,000 if married and $135,000 if single. Be careful and think twice before trying to contribute if you are beyond these income thresholds—you have options!!

Consider ROTH Conversions or "chunking"—often referred to as the "backdoor Roth strategy." You can convert prior IRA funds to a ROTH or even make non-deductible contributions to a standard IRA and then turn around and convert them to a ROTH.

THE TRICK: <u>When you convert IRA funds to ROTH accounts, there are no income limitations and you can convert as much as you want from year to year.</u> You just have to pay the taxes on the amount you convert—no penalties.

In this situation, I refer to another strategy I call "chunking," wherein you convert funds to an IRA in pieces or stages.

ROTH 401(k) contributions. Again business owners have an edge! They can contribute to a ROTH 401(k), with NO income limits, up to $18,000 in 2016 or $24,000 if age 50 or older. This again blows the ROTH IRA—that millions of Americans feel they are stuck with—out of the water.

While a Roth IRA or 401(k) costs more money to use initially, because you must pay taxes on the contribution going in, rather than getting a tax deduction, it pays off.

<u>Small-Business Solo 401(k) Plan</u>

Years ago, the cost of setting up and maintaining a 401(k) was prohibitive for a single business owner. But in recent years, the benefits and flexibility of the Solo 401(k) have become astounding. A business owner can not only employ themselves and contribute to a 401(k), but they can also include their spouse or other family members in the plan.

The **affordability and power** of the 401(k) in small business and the ability to self-direct it into the investments that make the most sense to you, is unmatched in our modern economy. We have been setting these up for our clients for years and allow <u>THEM to be the trustee of their own 401(k), saving them thousands in administrative costs</u> with a standard financial advisor who may charge a percentage of their 401(k) to simply sit on the plan and give limited advice.

Can I Self-Direct My Retirement Plan?

When it comes to investing the money in your IRA or other retirement plan, don't feel trapped into using one of the menu options you get from your financial advisor--<u>you don't have to settle for a select group of mutual funds when investing your retirement money.</u>

Instead, you can self-direct your IRA into all kinds of legal investments, including small companies, real estate, loans or precious metals.

IF YOU WANT THIS FLEXIBILITY you should seek to place your retirement account with a self-directed retirement plan custodian who will allow you to invest in any option you choose!!

When instructing clients about self-directing, the usual reaction I hear from investors is, **"Why haven't I ever heard of self-directed IRAs before, and why can I only invest my current retirement plan into mutual funds or stocks?"** The reason is, the large financial institutions that manage most U.S. retirement accounts don't find it administratively feasible to hold real estate or non-publicly traded assets in retirement plans.

The most popular self-directed retirement account investments include rental real estate, secured real estate loans to others, small-business stock or LLC interest, and precious metals such as gold or silver.

HOWEVER, when self-directing your retirement account, there are a few **IMPORTANT RULES** to be aware of. **These rules don't restrict what your account can invest in**, but rather with whom your IRA may transact. In short, the prohibited transaction rules restrict your retirement account from engaging in a transaction with a disqualified person (such as a spouse, parent or child for example).

In sum, the IRA must hold the property strictly for **investment.** The property may be leased to your cousin, friend, sister, or a random unrelated third party, **but it can't be leased or used by the IRA owner or the aforementioned prohibited family members or business partners.** Only after the property has been distributed from the retirement account to the IRA owner may the owner or family members reside at or benefit from the property.

Many self-directed retirement account owners, particularly those buying real estate, use an IRA/limited liability company (LLC) as the vehicle to hold their retirement account assets.

An IRA/LLC is a special type of LLC, which consists of an IRA (or other retirement account) investing its cash into a newly created LLC. A few important notes:

- The IRA/LLC can be managed by the IRA owner;
- The “Manager” then directs the LLC;
- The LLC takes title to the assets, pays the expenses to the investment;
- and the IRA receives the income from the investment.

At my law firm, we have been setting up these “Special Purpose IRA/LLCs” for over 10 years and have been amazed at what clients have been able to accomplish in building up their retirement accounts in a tax-free or tax-deferred format.

Bottom line: Don’t give up on saving using a retirement account. So many Americans are frustrated with the performance of their retirement accounts and their options for investment that they become apathetic and give up on the entire process. **PLEASE KNOW** you have *choices, options and the power* to contribute **SIGNIFICANT** amounts to retirement accounts that can grow tax free, tax deferred and completely asset protected.

Additional Resources:

See “Tax & Legal Library” Video Series: 7 Videos on Retirement Plans

YouTube Video: “Buying Real Estate in Your IRA”

Radio Show: “Zombies or Retirement—Which One Scares You Most”

See “Strategic Wealth Alliance” LIVE Webinar Recording: “How to Build the Perfect IRA/LLC”

See Chapter 22 & 23 - Retirement Plan Options & Self-Directing Your Retirement Funds: “Tax & Legal Playbook—Game-Changing Solutions for Your Small-Business Questions”

Summary

As you can see, my message is **much more than just saving TAXES!!**

Make a plan. Start NOW saving more on your tax returns. Demand more from your tax preparer, planner and financial advisor. ***You are the captain of your own ship***. ***Don't think a tax return is simply plugging in numbers—there is strategy involved!***

I have so much more to share with you. Please look up the additional resources at the end of each chapter.

Wealth building, entrepreneurship and saving taxes are all part of the equation. A much bigger equation!!

It's worth the pursuit.

Start with the basics. Make a list of strategies that "spoke to you" as you were reading this short e-book. I tried to present them in a format where you obtain the maximum benefit from the concepts with links to additional resources to learn more.

THANK YOU for reading through this e-book. I took A LOT of time to share these thoughts, feelings and strategies with you.

Keep living the dream!

Mark J. Kohler
CPA, Attorney at Law, Entrepreneur, Family Man, Surfer

***For more information or a consultation with one of our attorneys, CPAs, paralegals or accountants, serving clients nationwide, please call us at **888-801-0010.** And—be sure to check out my website at **markjkohler.com**.*