LET'S TALK MONEY®

November/December 2019

Year-End Tax Tips for Business

As we near the end of the year, now is a good time to examine ways your business can reduce taxes during this period.

Move Things Around

Depending on whether you believe 2019 will have brought more or less taxable revenue than your 2020 estimates, consider pushing up or pushing back equipment and other capital purchases. In the same vein, send out invoices by December 31 if you expect a better next year or in January if you anticipate smaller profits next year.

Depreciate Now

Another way to lower your business income is to use IRS Section 179 to accelerate depreciation of certain property into one year instead of over a number of years. The recent tax law changes, according to the IRS, raised the maximum Section 179 expense deduction from $500,000 to $1 million, indexed to 2018 for inflation. The phase-out limit also increased from $2 million to $2.5 million.

Carry Over Deductions

If you couldn't use all of your deductions, credits and losses in previous years, you may have some remaining that you can carry over to reduce this year's taxes.

Defer Taxes Smartly

One time-tested way of accomplishing the dual goals of saving for retirement and lowering taxes is to contribute to a tax-deferred retirement plan. Contributions you make in your name or for employees are usually tax-deductible, while you get to potentially defer taxes on earnings in your retirement account and those of your employees.

Start a Plan

If your business doesn't sponsor a qualified retirement plan, consider doing so before year-end, if possible. Work with your accounting and financial professionals to determine whether a 401(k), SIMPLE or Simplified Employee Pension (SEP-IRA) Plan is best for your company and its employees.

Home Sweet Home

If you work from home, you may be able to take a home office deduction. Just make sure that your place of business, whether it is a standalone office, your garage or a bedroom corner, is used exclusively for your business.

Explore Business Structure

How you legally structure your business can have an impact on your business taxes. Talk it over with an attorney experienced in this area to learn if an LLC, S corporation, C corporation or sole proprietorship is best for you.

Karen Petrucco
Account Manager

LTM Client Marketing
125 Wolf Road, Suite 407
Albany, NY 12205

Tel: 518-870-1082
Fax: 800-720-0780
kpetrucco@ltmclientmarketing.com
www.ltmclientmarketing.com

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

Small Business Version

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Five Ways to Stay Safe Online During the Holidays

If you're among the increasing number of consumers who will make holiday purchases online this holiday season, it makes sense to learn how to protect your identity and other personal information. Consider the following steps to make your online shopping more secure.

1. Trust Matters – Shop only on retail sites you know and trust. If you're not sure, check for independent reviews of a company and its products.

2. Safeguard Your Vital Info – Strong passwords are a must, especially if you store credit card information on an online retailer's website.

3. Make Sure the Site is Secure – Anytime a website accepts or stores your financial and other identifying information, it should be secure. A website won't be private if it doesn't have a lock icon or an "s" after the "http" that begins its address.

4. Use a Credit Card – Use a credit card from a company that will work for you to resolve disagreements with retailers and offers your money back if the card is misused. Debit cards typically don't offer the same security.

5. Stay Private – Don't use public Wi-Fi for any purchases and don't offer any information a retailer will not need, such as your social security number.

What to Look for in Travel Insurance

If you book a vacation package or cruise trip for the holidays, you may want to protect your financial investment with travel insurance. All travel insurance, however, is not the same, so you should look for certain features that you may want as part of any travel protection you buy.

What Qualifies

Examine the events a policy will recognize as qualifying for insurance benefits, such as trip cancellation due to illness or a death in the family, a missed connecting flight or a natural disaster. Many policies will not, however, insure your trip's cost if you cancel because your boss needs you.

What's Covered

It pays to understand what's covered by your travel insurance. Will it reimburse you for lost luggage? How about medical costs incurred overseas (because your health insurance may not cover them) or even a medical evacuation? You may need to buy a separate health insurance policy to pay for medically-related costs incurred abroad, but talk with your existing health insurer first to see if you're already covered.

What's Not

When buying travel medical insurance, make sure all of your stops are included if you are visiting multiple countries. Also check to ensure any coverage includes preexisting conditions.

Some policies will reimburse you for other events, such as theft involving your belongings and your identity, and a few will reimburse you if you cancel a trip for any reason. Read your travel insurance policy's fine print to make sure you get the coverage you want.

Giving to Charity Still Matters

With the most recent federal tax changes including a much larger standard deduction, charity watchers wondered if the resulting smaller number of taxpayers itemizing deductions would hurt charitable giving. The jury is still out.

Mixed Results

In 2018, charitable giving rose modestly, but the number of donors actually decreased, according to the Fundraising Effectiveness Project. The increase was due to a greater number of donations of at least $1,000, according to the organization.

Give More

If you itemize deductions on your tax return, you can deduct even more charitable cash donations. Deduct qualified gifts up to 60% of your adjusted gross income (AGI). That's up from 50%. Rules differ if you donate appreciated assets, but they can potentially lower your capital gains. Talk to your tax professional to learn how.

If you might otherwise take the standard deduction and you contribute to a donor-advised fund, consider bunching two or three years of donations into one, and then itemize all of them on your tax return and take the standard deduction in subsequent tax years.

Give Regardless

Even without the tax deduction, the main reason most people give to charity still exists: to make a difference. Remember that charitable contribution tax changes will expire with many other individual provisions after 2025 unless made permanent before then.

Avoid These Money Mistakes!

Millennials, many who came of age during the last recession and have record amounts of student debt, are sometimes hesitant to make financial decisions. However, they shouldn't let their hesitation lead to these money mistakes:

Being Too Extreme

With time on their side, Millennials can afford to be aggressive financially. This doesn't mean they should put all -- or any of – their money into questionable investments. At the other extreme are Millennials who won't accept any risk, no matter how small. Explore your financial opportunities and make the appropriate choices.

Operating Without a Net

If you don't have an emergency fund, you are living without a financial safety net. Put a few dollars into a separate fund each paycheck to help cushion potential financial shocks, including unemployment and expensive home or auto repairs.

Not Saving Enough

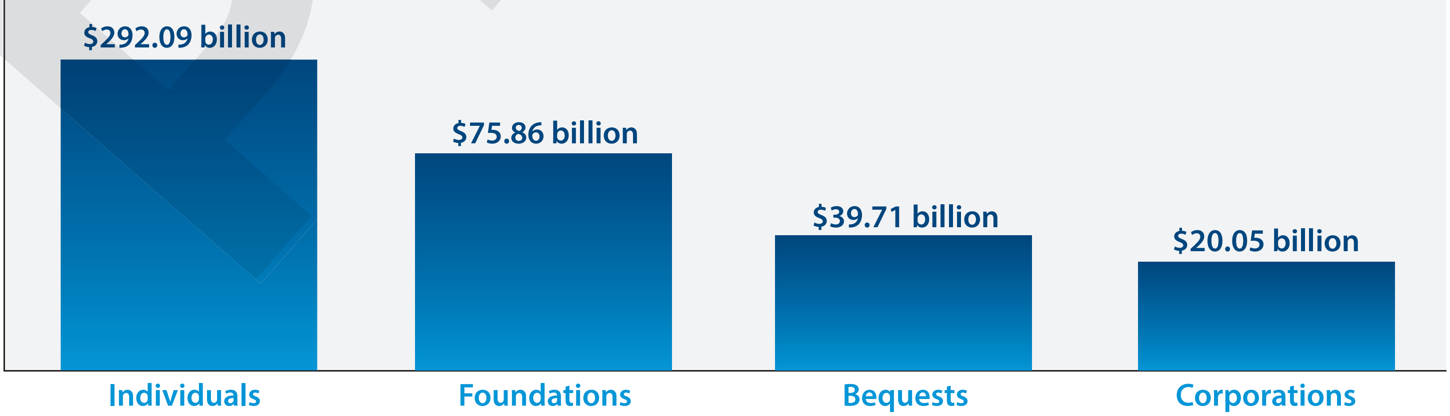
Your savings will grow exponentially with the time you give them to grow, so save something – anything – starting today. Your older self will appreciate your early efforts.

Ignoring Your 401(k)

If you have a company-sponsored 401(k) plan and you're not contributing to it, you're missing a big opportunity. Contributions are tax-deferred and potential earnings grow tax-free until withdrawal. Plus, you're really missing out if you don't contribute at least what your employer will match.

How We Give

In 2018, Americans gave more than $400 billion to charities and favorite causes. The breakdown from Giving USA Foundation (of 2018 contributions) is as follows:



Protect Your Business

You may know about group disability income (DI) insurance because your company offers it as an employee benefit, but did you know that there is also individual disability income (DI) insurance that can help protect your business in two ways? You can use it as a way to buy out a disabled partner or to help your company financially if you lose a key employee and, consequently, productivity due to disability.

DI to Buy

Properly structured, a DI buyout agreement or DI buy-sell arrangement can provide the funds to buy out a partner or co-owner. These types of arrangements are typically for smaller businesses and they include a number of qualifications and limits.

Such an arrangement would trigger a buyout in the event of a permanent disability as defined by the disability income insurance policy and the agreement. The insurance policy usually includes an elimination period – the period between when the disability is identified and payments begin – of between a few months and a couple of years, with the longer periods resulting in lower premiums.

DI to Protect

Another way to financially protect your business is through key person disability income insurance. As with a buy-sell agreement, a DI key-person arrangement will define what constitutes permanent disability, include an elimination period and ultimately provide the cash flow necessary to keep the business running smoothly while the key employee is replaced. A separate group DI policy such as one offered to all your employees would pay the disabled employee in the event of permanent disability.

Unlike a buy-sell agreement, key person DI would pay benefits to the company and not the employee. The company can use benefits to recruit potential successors to the disabled employee, pay for training and compensate the company for related financial difficulties while the new employee gets up to speed.

DI for the Masses

While key person DI insurance is appropriate for smaller companies that don't have an obvious or adequate replacement for a disabled key person, group disability income insurance can be a crucial employee benefit to attract hard-to-find talent and keep workers happy and productive. Talk to an insurance professional to learn more.

We Value Your Input...

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

FINRA
Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

August 14, 2019

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Org Id: 8408

1. 2019 LTM Nov/Dec Business
   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

David Y. Kim
Senior Analyst

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

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Advertising Regulation
9509 Key West Avenue
Rockville, MD
20850
t 240 386 4500
f 240 386 4568