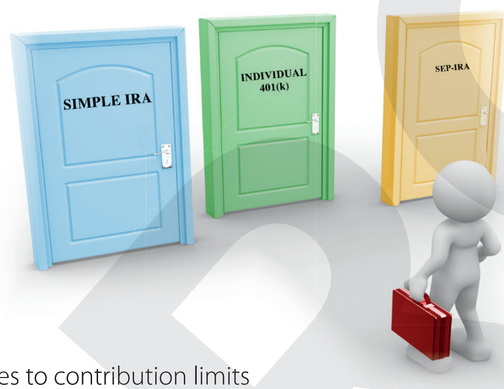
LET'S TALK MONEY®
January/February 2020

One Person, One Plan

Make contributing to a company retirement plan a New Year's resolution, even if you *are* the company. Today's retirement plan options offer choice, flexibility and ease of use, while they typically feature tax-deferred contributions and potential growth, and increased contribution limits for participants age 50 and older. Here is a look at three of these plans with contribution limits: .*

SIMPLE

The cost of setting up a SIMPLE IRA is reasonable, and the plan offers some flexibility. You can either match up to 3% of compensation if your company matches employees' individual contributions or put away up to 2% of salary, not to exceed $13,000 in tax year 2019. Small business owners who have employees must also contribute to eligible employees' accounts.



SEP-IRA

When it comes to contribution limits among qualified retirement plans, the Simplified Employee Pension (SEP) is generous. Solo business owners may contribute up to $56,000 or 25% of net earnings of up to $280,000 in 2019, whichever is less. If you're self-employed, the calculation is more complicated. You can also make catch-up contributions at age 50 and beyond. There are exceptions if your business has another defined contribution plan in addition to the SEP-IRA, and rules for which employees qualify.

Individual 401(k)

Whether you have a solo business or make extra income on the side, you may qualify to put money away into an individual, or solo, 401(k) plan. And as a solopreneur, you can contribute to your 401(k) plan as both an employer and an employee.

For 2019, you could defer up to 100% of compensation or earned income, up to $19,000, plus another $6,000 if age 50 or older.* Then, as an employer, you could have contributed more — with combined contribution limits potentially as high as the SEP's. If you hire employees and they meet the plan eligibility requirements, you must include them in the plan, and all employees, including you, will be subject to nondiscrimination testing.

Compare

All three of these plans have specific rules and regulations that you must follow, including penalties for early distributions, so talk to your tax and financial professionals to learn more.

*https://www.irs.gov/pub/irs-pdf/p560.pdf

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

Small Business Version
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Smart Money Moves for the New Year

Go through your budget with a fine-toothed comb to find dollars you needn't spend, and then put them toward your most important goals.

If you don't already maintain one, create an emergency fund for life's unexpected financial shocks.

Pay estimated taxes on untaxed gig income, realized investment gains and other income to save on penalties and interest.

Keep your vehicle after you make the last payment and put the extra money toward retirement, a child's college education or other long-term goals.

Increase your retirement plan contributions — your retired self will appreciate it.

Check How Much You're Withholding

The start of a new year is a good time to make sure you have the right amount of money withheld from your paycheck. You may want to withhold less if you consistently receive refund checks or more if you have untaxed gig or other income. Marriage, pay raises and new deductions could also warrant a change.

Know that you could owe the IRS a penalty and interest when you underestimate taxes. To change your withholding, ask your employer for a W-4 form and add allowances to withhold less or request fewer allowances to withhold more.

Ways to Help Minimize Your Taxes

Big Changes

Don't forget the obvious when looking for tax deductions and credits. If you were married last year or became a new parent, you'll find increased deductions and potentially new credits. If you don't itemize on your tax return, the standard deduction for joint filers in 2019 is $24,400; it's half that for a single tax filer.

You can also find tax credits if you care for an elderly person declared as a dependent or pay for child care if you qualify by income. Tax credits are more valuable than deductions because they reduce your taxes, not your taxable income.

For Itemizers

If you itemize on your tax return, you can deduct real estate and local income taxes, up to certain limits. You might also deduct donations to qualified charities and home office expenses.

Don't forget that you have until the 2019 tax-filing deadline to contribute to a traditional IRA, which may reduce your taxable income, or a Roth IRA, which may reduce taxable income in the future.

What is the AMT ?

While the most recent changes to federal income tax regulations reduced the number of people who must pay the Alternative Minimum Tax (AMT), the tax is sizable if you're the one paying it.

As its name indicates, the AMT is an alternative to paying ordinary federal income taxes. Generally, it hits taxpayers with high income and deductions, with the latter including state and local taxes, mortgage interest and incentive stock options. The AMT disallows some credits and deductions typically allowed on an ordinary tax return.

By the Numbers

The AMT is designed to ensure wealthy individuals pay at least some income tax. The AMT exemption amount for 2019 for single and joint filers respectively is $71,700 and $111,700, with the exemption phasing out at $510,300 and $1,020,600. *

**https://www.irs.gov/newsroom/irs-provides-tax-inflation-adjustments-for-tax-year-2019*

How to Save for a Down Payment

A home for many Americans is the largest purchase and continuing expense, and the down payment for one can be a big chunk of change. If you're buying your first home, you may shift your savings efforts into another gear by following these steps:

- Check your credit rating and raise it, if possible, to get the best mortgage rates
- Reduce your debt and put the savings toward your down payment
- Temporarily eliminate or downsize a few areas of your life, from travel to restaurants, and save more
- Work overtime or find a part-time gig to increase your income — and down payment
- Put bonuses and pay raises toward your down payment

6 Questions to Ask Before Buying Your First Home

Owning a home remains part of the American Dream, but doing so requires a strategy and discipline. If you're looking to buy your first home, answer the following questions to help ensure you do everything you can to make this experience a success.

How Much House Can I Afford?

It's important to calculate all your costs, from monthly expenses such as mortgage, taxes and insurance to occasional maintenance and repair costs.

Where Do I Buy?

Determine if your new home will add or subtract expenses to your budget due to the commute and public school taxes.

How Much Should I Put Down?

In most cases, you'll want at least a 20% down payment on your new home. Smaller down payments often trigger the necessity of private mortgage insurance, which will add to your total costs.

Have I Done my Homework?

Make sure your credit rating is as strong as possible and comparison-shop for your best mortgage options.

Which Mortgage is the Best?

Many first-time homebuyers try to limit upfront costs, but doing so can increase your total costs if folded into your loan. Instead, look to pay no points when possible and limit other closing costs, including origination fees. When comparing mortgages, know that shorter-term options — such as a 15-year mortgage — usually offer lower rates and lifetime costs than a 30-year mortgage does.

What Do I Buy?

This ultimately depends on your financial means and lifestyle. First-time homebuyers may consider buying a lower-cost condo, but buying a two-family home can be a cost-effective option. You may want the finest home in the area, but a fixer-upper will likely be less expensive and a good candidate for price appreciation if you are handy and can make some updates.

Insuring Your Business

If you read this newsletter regularly, you know that we talk about how life insurance can help fund various business agreements and fill out an attractive employee benefits menu. Life, health and disability income insurance play prominent roles, but as a business owner you likely need to insure your company in a number of other ways. These are some ways businesses protect their financial investment:

The Foundation

If you run a business, you'll need property insurance and general liability insurance. Property insurance protects your premises and business equipment financially if certain types of losses occur due to fire, theft and some weather events. General liability insurance protects you in case a person receives a bodily injury at your business site. Many insurers will offer a Business Owner Policy (BOP) that combines this and other coverage.

Specialized Coverage

Some BOPs offer insurance to protect your business against losses caused by business interruption, employee theft and other liabilities. Depending on your business, you may also need Directors & Officers (D&O) insurance, Errors & Omissions (E&O) insurance, which may also be sold as professional liability insurance, cyber and identity theft insurance and product liability insurance.

If you have employees, your state will likely require you to cover them with worker's compensation insurance, and it will probably mandate that your company vehicles have liability coverage, which you can find in a commercial auto package. You'll need separate policies or endorsements for flood and earthquake coverage, and you may want to have an umbrella policy for extra coverage.

Core Offerings

Whether you run a one-person business or have 100 employees, you may want to consider how your business can help meet individual life, disability income and health protection needs. Health insurance is among the most important benefits you can offer prospective and current employees, while life insurance and disability income insurance financially protect employees and their loved ones against two potentially large exposures.

As we enter 2020, now is not only a good time to talk to your property and casualty insurance professional, but to discuss with your insurance professional the individual and business challenges health, life and disability income insurance can help meet.

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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.

Financial Industry Regulatory Authority

ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

October 11, 2019

Reference: **FR2019-1004-0085/E**

Org Id: 20999

1. 2020 Lets Talk Money January/February Business
   Rule: FIN 2210

The communication submitted appears consistent with applicable standards.

Reviewed by,

Wayne L. Louviere
Manager

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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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