

# LET'S TALK

# MONEY<sup>®</sup>

May/June 2023

## Retirement Planning: The Right Approach

As a business owner, you might be counting on the sale of your business to fund your retirement. That expectation may lead you to believe that increasing your business's profitability is the key to a lucrative sale. But, according to the Exit Planning Institute,\* up to 80 percent of businesses don't sell — or sell for less than expected — leaving most owners unable to cash in on their business's profits and potentially depriving them of retirement income.

### Value Over Profit

The key to positioning your business for an eventual sale lies with increasing the business's intrinsic value. Instead of focusing only on growing your profits, shift some of your focus to making improvements in these crucial planning areas: sales, marketing, leadership, people, operations, finance, and legal. While there are no guarantees, building intrinsic value may help make your business more attractive to potential buyers.

### Retirement Planning

Funneling most of your profits back into the business can provide you with a substantial income as long you're still working. But, when you eventually step away, you run the risk that, without a sale, you will be left with no money to fund your retirement. Investing a portion of your profits outside of your

business can provide diversification\*\* and offers a way to save for retirement that is distinctly separate from, and not affected by, business performance. Additionally, investing some of your profits in tax-favored retirement accounts may reduce your immediate tax obligation and, in some instances, move you into a lower tax bracket.

### A Strategic Plan

Business owners can benefit from not thinking of business planning as an isolated activity. Combining personal financial planning with business planning can

put business owners on the right path for reaching both business and retirement goals. Your financial professional can help you devise a strategic plan to help increase wealth and build your retirement savings.

*\* The Institute provides education and resources to professional business advisors.*

*\*\* Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*



**Karen Petrucco**  
Account Manager

**LTM Client Marketing**  
45 Prospect Ave  
Albany, NY 12206

**Tel:** 800-243-5334  
**Fax:** 800-720-0780  
sales@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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# Say “I Do” to a Post-wedding Checklist

If you thought you were done with to-do lists once your wedding was over, think again. Reviewing personal information and financial accounts and making any changes should be a priority. The checklist below can help.

## Checking and Savings Accounts

Determine whether you want to merge your bank accounts, maintain separate accounts, or both. One option is to have a joint account to pay expenses you incur as a couple and individual accounts for personal expenses.

## Who Owes What

Make a list of student, auto and personal loans; credit card debt; mortgages; and legal obligations, such as child support or alimony payments. Now might be a good time to assess each spouse’s financial habits and work out a compromise, especially if one of you is a saver and the other is a spender.

## Beneficiary Designations

Change your beneficiaries on retirement accounts and insurance policies. Most retirement plans require you to designate your spouse as beneficiary unless your spouse agrees in writing to naming someone else.

## Update Documents

If you’ve changed your name, you’ll need to update your Social Security card, driver’s license, passport, bank and credit card accounts, insurance policies, etc. You may also need to amend your address if it changed when you married.



## Tax Withholding

File a new W-4 form with your employer, adjusting your tax withholding from single to married and changing your name, if applicable.

## A Couples Spending Plan

List all your expenses and create a budget you can both agree on. Make sure you include putting money in an emergency fund, with the goal of saving at least three to six months’ worth of living expenses.

## Future Goals

Set short-term (1-3 years), mid-term (3-9 years), and long-term (10+ years) savings goals, and create a strategy for reaching each one.

## Meet and Greet

Set up a meeting with a financial professional to explore all your goals and design a strategy that can help move you toward them.

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## Infographic: The Name Game

Here’s a snapshot of the important documents and accounts you’ll need to update if you changed your name and/or address when you married.



**Employers**  
(Benefits, Payroll, etc.)



**Professional Licenses/Associations**



**Educational Institutions**



**Financial/Retirement Accounts**



**Online Accounts**



**Passport**



**Insurance Policies**



**Social Security Card**



**Property Titles/Mortgage**



**Legal Documents**



**DMV**



**Email Addresses**

# FAFSA 101

Do you have a child who is headed to college in 2024? If so, you'll want to fill out and submit a FAFSA when the form becomes available on October 1, 2023. FAFSA stands for *Free Application for Federal Student Aid*. It's used to determine the amount of the loans, grants, and other federal financial aid a prospective student qualifies for. In addition, colleges use the FAFSA when deciding on a financial aid package to offer an applicant.

## Create an Account

The first step in the process is for your child to set up an online account at [studentaid.gov](https://studentaid.gov). Both parents and students should create a login and password to access the account. Make sure you write down your sign-in credentials because you'll use them during all the years your child is in school.



- ❖ Parents' federal tax return
- ❖ Untaxed income, such as child support
- ❖ Cash, checking/savings account balances, and investments (stocks, bonds, real estate, but not your home)
- ❖ List of schools (up to 10) where information should be sent. You can add to this list later on if you need to.

## Gather Documents

Before you begin the application, assemble all the documents you will need to complete it. The list includes:

- ❖ Student's Social Security Number
- ❖ Parents' Social Security numbers, if your child is a dependent
- ❖ Alien registration number if not a U.S. citizen

## The Deadline

Students have until June 30, 2024, to apply for the 2023-2024 academic year. However, it's wise to apply early before the bulk of the funds has been awarded.

More information and help with filling out the FAFSA are also available on the website: <https://studentaid.gov>

# Paying with Cash

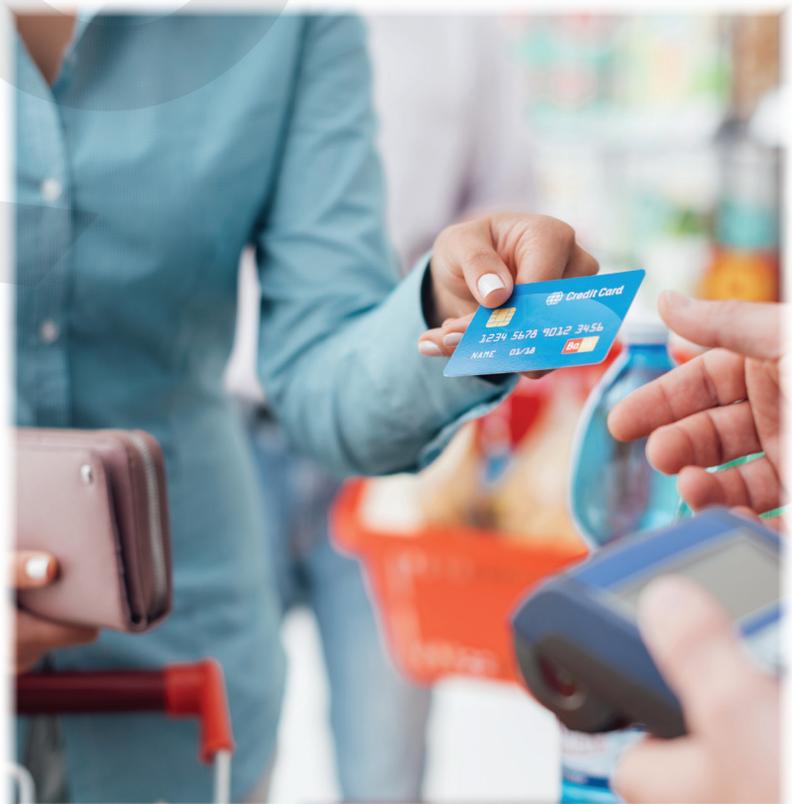
These days, credit and debit cards are the payment of choice for many people, and paying with cash may seem kind of old school. But, there's a good reason why you might want to start carrying money in your wallet. Fees that credit card companies charge merchants are on the increase, and businesses are responding by tacking on surcharges to cover the cost of making credit card purchases.

## Small Business Perk

Alternatively, some independent merchants and other small businesses sometimes offer discounts to customers who pay cash. One benefit of using cash is that it can make you more aware of an item's cost and how much you're spending.

## Plan Ahead

Knowing you'll receive a discount if you pay cash or may incur a fee if you use your credit card can help you plan. If you decide to use a card, choosing one with rewards may help offset surcharges.



# Keep Your Business in Shape

Staying on top of your business's daily operations takes effort and planning. Little is accomplished without a clear vision of where your business is headed and how you plan to get there. Following these critical steps can help you plan, considering not only business goals but personal goals as well.

## Your Financial Plan

Financial planning can be a significant expense for business owners but one that should not be overlooked or minimized. Prioritizing business and personal financial goals can help you identify relevant investing and tax planning strategies. For example, by timing income and expenses in a way that reduces or defers taxes and maximizes deductions and credits can increase your bottom line. And, managing your budget according to a well-designed business plan will allow you to determine the cash reserves needed to cover all expenses and still turn a profit.

## Business Protection

Natural disasters, lawsuits, weather events, or other incidents could be devastating for your business. Various types of business insurance can help protect against potential risks to your financial well-being. General liability protects your business from claims of bodily injury or property damage. Business interruption replaces lost income if your business cannot operate because of damage to your site. Professional liability covers claims related to mistakes



in professional services. Commercial umbrella extends the limits of liability policies. Many business owners opt for a business owners policy (BOP), which combines protection for all major property and liability risks in one package.

## Succession Planning

Succession planning is a strategy used to pass ownership of a business to the next generation or to new leadership. Its purpose is to help ensure the business will continue to run without interruption when the owner retires or dies. Prospective leaders are trained in all aspects of the business to help them develop the skills, knowledge, and understanding needed to successfully take over operations.

## Key Person Life Insurance

Your business should consider purchasing a life insurance policy for each partner or key employee, naming another partner/key employee as beneficiary. If a partner or key person dies, the policy's proceeds can be used to fund the purchase of the business.

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## ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

January 05, 2023

Reference: **FR2022-1228-0080/E**

Link Reference : FR2022-1107-0148

Org Id: 23568

1. LTM May Jun 2023 Business  
Rule: FIN 2210

This review is based on your representation that this communication will include disclosure of the firm's FINRA member name, pursuant to FINRA Rule 2210(d)(3).

The communication generally appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury  
Principal Analyst

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