

ClientLine®

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END RECOVERY CHAOS

You may have heard the phrase: "Don't do something—sit there." That may be sage advice for small business owners who have been hustling to keep their businesses afloat this year. Taking a day to step back and reevaluate your situation and create an action plan that helps move your business forward in an orderly way could pay off in several ways. Be sure to consider these three areas:

COMMUNICATION

Consistently connect with employees in a way that makes them feel included, valued and safe. Transparency is important for both parties. Keep employees informed of any changes in company plans and ask for feedback on how things are working from their perspective. Not only will your employees feel heard, you may also get some invaluable insights.

FINANCES

More than ever, it's crucial to track every financial detail. Look at sales trends more frequently to evaluate performance. You may find that you need to shift your focus and offer modified products or services. Even if your business model hasn't changed, you may

have different expenses than usual, like personal protective equipment.

Utilizing the expertise of an accountant is helpful as you reevaluate your business financials. Also ask to explore additional tax deductions to make sure you're taking advantage of every available opportunity.

PROCESSES

Work with employees to streamline or automate some of your processes. Not only will this free up time, but small business management tools can help you scale growth. Time management trackers can also help you learn the true value of certain projects or customers so you know where your time is best spent and which services produce the most revenue.



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Document Management

Begin organizing financial paperwork by understanding how long you need to keep the following records, courtesy of the IRS, but you can also use it as a guide to reduce other financial records:

- Three years for most records if you have reported all your income.
- Four years for employment tax records.
- Six years if you under-report at least 25% of your income.
- Seven years if you filed a claim for worthless securities or bad debt.
- Indefinitely for years when you didn't file a tax return or filed a fraudulent one.

Now, put all of your insurance, investment and legal documents in a safe place and tell loved ones where they can find them.



CASH FLOW SOLUTIONS

A recent study by U.S. Bank showed that 82% of small business and startup failures were due to cash flow issues. Many times, advance planning can help alleviate these problems. Two impactful solutions include:

INVOICE TRACKING

Automated invoicing tools often make sense for the smallest of companies, because they can help track outstanding invoices effectively. This inexpensive platform can save you a lot of time and help expedite payments with automatic reminders and instant delivery. Record keeping is also easier to manage with everything stored in one online location. You can pull data to compare revenue and expenses or look at client payment trends. When tax season arrives, you'll be well prepared with information for your tax professional.

FORECASTING

Hire someone to keep accurate books and generate meticulous financial statements and reports, then read them regularly. Monitoring everything from expenses, income, inventory, overhead costs, sales, profit margins, debt reduction and more is critical. With the big picture in focus you will be able to better forecast sales in order to capitalize on them, plan inventory efficiently and target resources.

Finally, build a cash reserve with money saved through increased efficiencies. Having three or more months operating expenses available will help prevent you from running up debt when cash flow is limited.

Client PROFILE....

Lori is retired and concerned about the fallout from the pandemic affecting her finances. What steps should she take to help protect her investments?

Start by evaluating your income needs and sources. If you rely heavily on investments for income, but your portfolio took a hit, you may have to reduce your spending and withdrawal rate for a while to prevent having too little in your later years.

On the flip side, if you have been taking required minimum distributions (RMDs), but do not need the income, you can skip it this year, because the CARES Act suspended the RMD requirement for 2020. That would leave you

with more money invested and save the taxes you'd have to pay on the distribution amount.

Next, meet with your financial professional to review how recent market volatility has impacted your portfolio. Rebalance the asset allocation if necessary, to align with your risk tolerance, and short- and long-term needs and goals.

Client Profile is based on a hypothetical situation.

The solutions we discuss may or may not be appropriate for you.

COLLEGE GRADUATES SEEKING JOBS

Graduating in 2020 has been unconventional to say the least. From ending the semester with online coursework to virtual graduation ceremonies, graduates now face a very different economy as they set out to start their careers. Honing job-hunting skills is critical in this environment. Consider these tips to get started:

EXPAND THE SEARCH

Regardless of your major, take a creative approach to your job search and consider companies off the beaten path or those that have grown in recent months, rather than those that are still trying to recover (like travel and hospitality, for instance). Pharmaceuticals, telecommunications, grocery, and online retail are hiring at all levels, including marketing and administration positions. Many job search platforms have created hiring hubs that focus specifically on remote opportunities and in-demand positions. Also consider temporary or contract work to gain experience.

NETWORK ONLINE

Networking is often more effective than simply searching posted jobs.

Send private messages via email or LinkedIn to people working at companies you'd like to join. Ask for a coffee date to learn more about their work. Always ask for referrals to others who may be hiring.

Stay current by joining professional groups on social media platforms like LinkedIn and maximize the impression you make with your personal profiles.

OPTIMIZE SOCIAL MEDIA

Many hiring managers check applicants' social media accounts. You can shine by actively using your social media accounts. Always keep your profiles clean. Post relevant content to platforms like Twitter and provide thoughtful commentary on issues in your desired field. Posts serve as a part of your resume and can open the door to new connections and opportunities.



IDENTITY PROTECTION

With identity theft commonplace, it's important to understand available options to help safeguard your online information.

FRAUD ALERT

This free alert requires companies to contact you to verify that you want new credit before they approve it. You only need to contact one of the three credit reporting agencies to initiate this alert.

CREDIT FREEZE

A credit freeze will prevent anyone, including you, from opening a new account.

You'll need to ask all three major reporting agencies—Equifax, Experian and TransUnion—for the freeze.

Victims of identity theft receive this service for free, but each reporting agency can charge \$5 or \$10 each time you freeze and unfreeze your credit.

CREDIT LOCK

A credit lock is good for people who have experienced identity theft and don't plan to open new credit in the near future. Generally, this service will cost a monthly fee charged by each agency and the lock ends when your agreement ends or when you unlock it using the agency's procedures or when you stop paying the fees.

... Q & A

Q I was an unemployed graphic designer, but now I'm working as a freelancer from home. What expenses can I deduct?

A Transitioning from unemployed to self-employed changes the way you file taxes. There are many deductions that could apply to your situation, from home office space, supplies and equipment to retirement contributions and health insurance premiums. It is important to consult a tax specialist and track expenses early on so that you do not overlook any deductions to which you are entitled. You can also refer to the IRS website for tips on how to deduct your small business expenses:

<https://www.irs.gov/businesses/small-businesses-self-employed/deducting-business-expenses>

Q I live in a condo and my homeowners association (HOA) is imposing a special assessment on residents to fund new roofs. Can I deduct the assessment on my 2020 taxes?

A No. If it is your residence, like any other homeowner, repairs are not tax deductible. However, you can use the assessment as a deduction if you rent out all or part of the property as a landlord, although rentals come with a whole set of different rules. Home improvements that substantially enhance the value or usefulness of the property are deductible, however.

ClientLine[®] SHORT BITS....

> CREDIT SCORE CONCERNS

A recent WalletHub survey reveals that 87 million Americans are worried about their credit scores as a result of the COVID-19 pandemic. To help track changes, potential errors, and identity fraud, Annualcreditreport.com now offers free weekly credit reports rather than free annual reports. Consumers should also know that by reaching out to lenders for help with payment flexibility, their loans will be reported to the credit bureaus as current, according to guidance from the Consumer Financial Protection Bureau.

> MILLENNIAL JOB HISTORY

According to the U.S. Bureau of Labor

Statistics, Americans born in the early 1980s averaged holding 8.2 jobs over a 14-year span of adulthood. Over half (57%) of those jobs ended in less than a year. Additionally, the study found that women were more likely to obtain a bachelor's degree than men (29% compared to 22%, respectively).

> LONG-DISTANCE MOVES DROP

A recent study from the Joint Center for Housing Studies of Harvard University revealed that long-distance moves have reached an all-time low. Moves crossing state lines accounted for 3.3% of the population in 1990, but have fallen to just 1.5% today. Part of the decline is attributed

to the large Millennial demographic aging out of the time of life in which they're most likely to move. Another deterrent of more frequent moves is housing affordability.

> SMALL BUSINESS OUTLOOK

Near-term outlooks for both real sales expectations and economic uncertainty were negative in the National Federation of Independent Business (NFIB) April SB survey. But the survey also revealed that the number of owners expecting better business conditions in the next six months jumped 24 points compared to the previous month.

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