

# ClientLine®

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## REVIVE YOUR RETIREMENT FUNDING STRATEGY

Few people would argue about the wisdom of putting money away for retirement. Yet, many of us either don't start, take time off from contributing, or abandon this strategy altogether when financial obstacles hit. However, most people can revive their retirement savings strategy at almost any age by making a few changes in how they deal with money.

### THAT'S LIFE

We may know that time and compounding make a powerful combination, but we often let other financial obstacles get in the way of saving. We buy first homes, have children, pay for their education, deal with parents' long-term care, and more, so we put retirement savings on the back burner. So, let's say you let some time slip by. While it's difficult to catch up, every little bit helps.

For starters, consolidate your retirement plan assets if you have contributed to savings plans at previous jobs. Roll funds into an IRA or your current employer's plan, if allowed. You'll benefit from the ease of having all your retirement assets in one place with potentially lower overall fees.

Also, take advantage of your plan's automatic tools, including automatic contributions, rebalancing, and escalation. The latter feature increases your contribution when you earn a pay increase.

### MORE MONEY

If you have a 401(k) plan, know that IRS contribution limits are generous.



Effective in the 2025 tax year, active 401(k) participants who attain age 60 and are at least age 63 by the end of the calendar year can contribute the greater of \$10,000 or 150% of the catchup contribution. Consider opening a traditional IRA, which may help you put away a little more tax-deferred money for the future.

Looking for extra money to put toward retirement? Find more money to invest by cutting back on expenses like dining out. Consider gigging to earn extra cash in addition to your primary income. And think about delaying retirement because even a couple of years of extra contributions and potential growth can make a difference.

Talk to your tax professional to learn about these and other ways to help get your retirement savings back on track.



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### GET PREPARED

Now's the time to prepare your company's books for tax time. Your tax preparer may have a checklist to help you get organized. Start by reconciling your accounts as of December 31.

If you paid independent contractors, you have until the end of January to get those tax forms out. Remember that you'll need to send copies to the IRS.

Pull out receipts for depreciable assets purchased in 2024. Your tax preparer will need these to update your records and calculate depreciation for your tax return.

Once you have all your tax documents ready, call your tax professional to schedule your appointment early so you can file your taxes on time.

Do not underestimate the importance of accounting for the growth of your business. Work with your accountant throughout the year to monitor cash flow and profits.

## CLIENT PROFILE

Mike is looking for creative solutions to recruit and retain employees, which has become an issue for him. What are some helpful ideas?



The first step is to identify the real cause of your staffing shortage. Are you paying competitive salaries and recognizing employees for accomplishments? Is there room for advancement?

Once you have identified any blind spots, address them. Additionally, you could add some benefits that they'd appreciate.

Some popular perks to consider include: additional paid vacation days, educational opportunities, alternative schedules that allow employees to work early or late shifts, or even four 10-hour days, which promotes work-life balance.

Another option may be remote work. Some employees may be more productive at home, saving you office space costs. Others may appreciate a hybrid approach, working remotely certain days of the week.

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*Client Profile is based on a hypothetical situation. The solutions discussed may or may not be appropriate for you.*

# DISABILITY INSURANCE FOR BUSINESSES

Do you know there is a type of insurance that may help keep your business afloat in hard times? **Business Overhead Expense (BOE) insurance** is particularly suited for a smaller company or practice that depends on a few people for most of its ability to operate successfully.

## WHAT IT DOES

When a person crucial to the business's success can't work because of a disability defined by the insurance contract, BOE insurance can cover certain everyday expenses. These expenses can range from employee salaries and employment taxes to mortgage or rent payments, utility bills, and insurance premiums. The policy will typically have a monthly cap for what it will pay.

BOE insurance may have an elimination period of 30 to 90 days or longer before it begins paying benefits.

Policies typically have a maximum term during which benefits are paid, with the most popular being a year or two, although some are longer. This differs from disability income insurance, from which payments can last until age 65 or beyond, depending on the policy terms. Premiums for BOE are generally tax-

deductible, but benefits are taxable. Remember, though, that the benefits typically pay for expenses your business may still deduct.

## THE DIFFERENCE

While BOE insurance benefits protect your business financially by paying many fixed expenses, it may not pay for the owner's salary. That's where disability income insurance comes in.

Disability can happen to anyone. According to the Social Security Administration, more than one in four 20-year-olds will become disabled before reaching retirement age. Talk to your insurance professional to learn more.



## MONEY HACKS

Life is busy, so we often can't find the time to manage financial tasks, whether big or small. Consider these ways to save time.

### MODERNIZE

Most financial institutions offer apps that let you see statements and make deposits. If you direct deposit your paycheck, ask your bank to automatically transfer a set amount to savings each pay period.

Use budgeting apps to help track your expenses.

### BUNDLE SERVICES

Most insurance companies offer discounts when you buy multiple policies, such as home and auto insurance.

Also, eliminate less-used subscriptions and when possible, bundle other services to find savings

# A WIN-WIN PLANNING SOLUTION

Looking for a tax-efficient way to support your favorite charities while providing for your heirs? A charitable lead trust (CLT) may be a solution. With a CLT, you can make a meaningful impact on causes you support while potentially reducing your tax burden.

## WHAT IS A CHARITABLE LEAD TRUST?

It's a legal arrangement that allows you to transfer assets to a trust, which makes annual payments to the charity of your choice for a specified period. Once that period ends, the remaining trust assets can be passed on to your heirs or beneficiaries.



## A UNIQUE OPPORTUNITY

A key advantage of a CLT is its ability to generate tax savings for you. Trust funding can offset some of your income, estate, and gift taxes. Additionally, any appreciation of the trust assets during the charitable period won't be subject to

estate or gift taxes when passed on to your heirs. This can effectively transfer wealth to future generations while supporting causes that matter to you now.

Creating a charitable lead trust is a complex financial decision that requires careful consideration and the advice of tax, legal and financial professionals.

## Q

I worked as a ride-hailing driver for the first time in 2024. What will I have to pay tax on?

## A

Ride-hailing drivers are considered to be independent contractors. You can deduct expenses paid for your car, including gas, maintenance, and insurance. You may also include depreciation or lease payments. Keep accurate records.

Alternatively, you can take the standard deduction and deduct 67 cents per mile in 2024, but be sure you track mileage explicitly driven for business.

While employees split Social Security and Medicare taxes with their employer, independent contractors are responsible for the entire amount—15.3%. Self-employment income only applies to your net earnings or profit.

A charitable lead trust is an irrevocable trust that aims to reduce a beneficiary's potential tax liability.

# STICK TO THE BASICS

History shows that every investor needs to cling to these well-known fundamentals to build toward their financially-secure future.

**Remain Calm.** Resist the urge to overcorrect when the market drops. Selling in a panic means you could miss out on any potential recovery.

**Stay Invested.** Even the experts cannot predict when markets may turn. Trying to "time the market" usually leads to poor decisions.

**Stick to Your Strategy.** Stay the course by maintaining a balanced mix of assets aligned with your needs, goals, time horizon, and risk tolerance.

**Diversify.** You can create a somewhat shock-resistant portfolio by owning a diverse variety of assets.

**Rebalance.** Market fluctuations can throw your investment mix out of line with your objectives. This means you may have to buy or sell assets to maintain your desired level of risk.

**Be Patient.** Recoveries to new highs historically follow significant stock market declines. Sometimes, it takes weeks, and sometimes, years.



# 6 WAYS TO FIND MORE MONEY TO BUDGET

Do you ever wish you could find extra money for your child's college expenses or retirement? Maybe you would like to take a bucket list vacation or buy a larger home. Whatever your financial goals, finding the money to help pursue them can be challenging but not impossible. Here are some ways to find more money:

1. Eliminate one designer cup of coffee per week. At \$4 per cup, you'll save over \$200 for the year.
2. Skip one monthly \$70 restaurant outing and save more than \$800 annually.
3. Clean out your basement or garage and sell unwanted items online, through an app, or yard sale.

4. Keep your car or SUV an extra year or two. When your car loan payments end, you could save thousands if you keep your vehicle and avoid another car payment.

5. Review your television and smart-phone apps to eliminate paid services and features you don't use. You might stream rather than watch TV through more traditional outlets, which can save you a bunch.

6. Find ways to exercise at home and cancel your gym membership. Save hundreds.

Find money in these and countless other ways and establish an emergency fund to ensure surprise expenses don't get in the way of your plans.



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