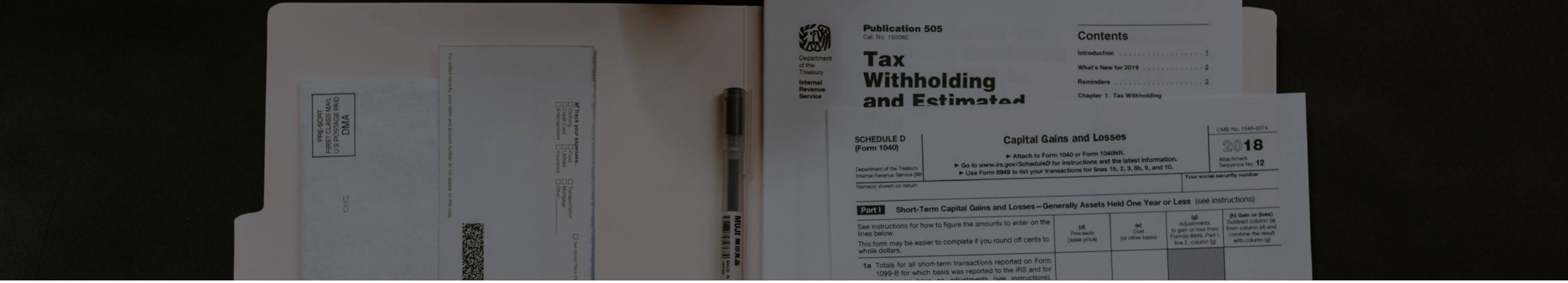
CARTER SCHWARTZE
CPAs

5 Secrets
to Tax Savings



Problems with trying to lower your tax bill...

- There are legal things you can do to pay less tax that most people aren't taking advantage of.
- Tax laws change constantly. Most tax professionals focus on just filing your taxes, they may not know how to use the latest versions of the tax code to save you money.
- You may know people that use advanced tax strategies but you don't know which ones apply to your unique situation.
- You don't know what help you may need when implementing these strategies so you don't get in trouble with the IRS or state.

This e-Guide will be perfect for you if:

- You don't know for sure if you're paying too much in your tax bill every year. You don't know what legal options are available to pay less tax.
- If your current CPA/Tax Pro/Accountant doesn't have a tax planning strategy they execute with you each year.
- Paying less in taxes could give you the cash you need to accomplish other specific goals in your life or business.

To get the best results in your taxes, you should know what doesn't work in today's world:

- Just paying your tax bill no matter what, thinking that's your only option.
- Making financial decisions throughout the year without planning for how those decisions can increase or decrease your tax savings.
- Purchasing equipment, electronics, or heavy machinery without having a depreciation strategy.
- Purchasing inventory at the wrong times of year without capitalizing that expense.
- Making the wrong labor moves or at the wrong times (payroll gymnastics).
- Not having a retirement plan for your business or making painful contributions/withdrawals.
- Not having a personal retirement tax strategy that aligns with your unique goals.
- Setting up health care plans without a strategy for the costs or the best setup for your overall needs.

The World Has Changed

The Old Way of Dealing with Taxes Doesn't Work Anymore.

What happens when you do it the old way

- You pay more in tax than you absolutely need to.
- You create tax & financial liabilities that don't have to be there.
- You can create compliance issues that are EXPENSIVE and you have to pay to be cleaned up later.
- You can set your retirement timeline back without even knowing it.
- You can cause expensive repercussions for your employees.

Things You May Have Experimented With (That don't work)

- You google tax blogs (you don't really know if those strategies apply to you or not).
- You actually implement a "DIY" strategy (but you don't know if it's actually creating tax savings without causing future harm).
- You work with a tax accountant who may be great at historic reporting but doesn't have a process or the experience for creating guaranteed tax reductions.
- You take advice from friends and family, that mean well and may have great ideas, but can't help you implement them (they suggest tax savings they've seen in the past, but they aren't up to speed with razor-sharp tax changes and they can't see your whole financial picture).

The Better Way

A unique method we use
that guarantees better results

5 SAVINGS METHOD (“S5” METHOD”)

01

Intelligent Asset Inventory

We utilize proven depreciation methods

02

Retirement Plans Analysis

Show you how to maximize Retirement Contributions

03

Cashflow Plan Analysis

Guide you on when & how to accelerate expenses

04

Owner & Employee Benefits Review

Setup optimized Healthcare, HSA costs/contributions

05

Entity Structure and Labor Strategy Review

Manage Family Member Compensation & Entity conversion

Why does the S5 Tax Strategy method create drastically better results than anything else?

It focuses on:

- The key elements of the tax code that any business can take advantage of regardless of industry, revenue size, or geographic location.

It eliminates:

- Paying more than your minimum legal required tax bill.
- Guesswork for where your tax savings can come from.
- Liability of missing potential savings or executing a strategy that would make you an audit target.

Unlike working with a tax firm that doesn’t use this method, or doing Google searches, the S5 Method:

- Analyzes your business holistically to identify the most possible savings.
- Identifies the specific areas of your financials that align with the highest tax savings.
- Highlights the actions that you can implement in the shortest amount of time.

The Best Part Is:

- You don’t have to be a financial wiz yourself.
- Spend hours of time away from your business just working on this strategy.
- Invest hard-earned cash without having a tangible return on your investment.
- Even know every question to ask - the method identifies the questions for you.

STEP 1

INTELLIGENT ASSET INVENTORY

Goal = Proven Depreciation

STEP 1 INTELLIGENT ASSET INVENTORY

When you own an asset, that asset has a stated value on your balance sheet. The IRS allows you to track the difference between how much that asset is worth year-over-year. As the asset loses value, you can deduct that difference from your income. Traditionally this was deducted equally over the life span of the asset (straight-line). However, if you know the rules, the IRS allows you to depreciate the asset faster (accelerated depreciation).

How to do it:

Look at your most recent financials & past tax returns. Identify what assets my business owns (e.g. equipment, supplies, inventory). Determine which assets may or may not be depreciated using an optimized & intelligent strategy.

What happens when you do this the right way?

- You don't get in trouble with the IRS.
- You reduce your income legally so you can lower your tax bill.
- You fully understand the true value of the assets in your business so you can make better decisions around these assets.

What happens if you do it the wrong way or skip it altogether?

- You could get in trouble with the IRS.
- You could be losing income deductions that are legally yours.
- You could be wasting strategic value from assets you already own and have paid for.

How to know if you can benefit from this step?

- You have assets in the categories mentioned (equipment, supplies, inventory).
- You are in the market for new assets in the next 12 months.
- You have purchased assets in the last calendar year.

How to do it easier, faster, & better with our help?

- We review your past tax returns.
- We analyze your assets and any current depreciation.
- We make specific recommendations for proven depreciation methods to reduce your tax bill as much as legally allowed.

STEP 2

RETIREMENT PLAN ANALYSIS

Goal = Optimize Retirement Contributions

STEP 2 INTELLIGENT RETIREMENT PLAN ANALYSIS

As a business owner, the IRS understands there are costs for providing retirement benefits to staff. You can leverage those costs by utilizing certain rules. There are specific rules for businesses with employees vs. those without. Without employees you can leverage a Solo 401k = $61,000/year if under 50 & $67,500 if over 60 or a SEP for $61,000/year regardless of age.

How to do it:

You'll need a custodian to hold the account.
You can either manage the assets inside the account or you can have a professional do this for you to ensure the highest possible return with the least amount of risk.

What happens when you do this the right way?

- When you make a retirement plan contribution some or all of that money can be deducted.
- This can save $1,000s in taxes.
- This can maximize your retirement account so you can grow your nest egg faster.
- If you work with the right custodian and portfolio manager, you can optimize your investments inside this account so everything is working in the direction of your goals.

What happens if you do it the wrong way or skip it altogether?

- Without the right guidance, you may open the wrong type of account.
- You may miss key deadlines for when you can make contributions.
- When you put that money in an account without an optimized investment strategy, the return on your investments won't be maximized for your specific goals.

How to do it easier, faster, & better with our help

- We help you find a custodian for retirement accounts.
- We can ensure you don't miss key deadlines.
- We can make sure your financial professional has your investments in a portfolio optimized for your specific retirement goals.
- You'll know you're doing everything in your power to reach your retirement goals + leverage all possible tax deductions.

STEP 3

CASH FLOW PLAN ANALYSIS

Goal = Accelerate Expenses and Create Better Cashflow

STEP 3 CASH FLOW PLAN ANALYSIS

- Cash flow is the life of every business. Seeing and analyzing how much money you have coming in and going out can impact almost every area of running your business.
- The IRS knows there are expenses to running any business. When you increase your expenses, you lower net income.
- Supplies, inventory, & purchases you were already expected to make in the following year, can be accelerated to the current year.

What happens when you do this the right way?

- You're not accelerating things you don't need or are making purchases that don't have a net benefit to your business.
- You're saving money on taxes so you're creating additional capital you can use to fund the operation of your business.
- You have an overall cash flow plan you are using to manage all your revenue and expenses so you know what decisions will lead to the best possible results.

What happens if you do it the wrong way or skip it altogether?

- If you don't get your timing right, you can be making purchases that don't lead to specific tax savings in the year that has the greatest impact.
- You can overextend yourself by trying to execute this without understanding the impact on your overall cash flow plan.

How to do it easier, faster, & better with our help

- We help our clients with budgeting and specific cash flow projections throughout the year.
- We monitor major expenses being made by our clients and make custom recommendations for when to execute those purchases for the largest tax benefit.
- We make sure you understand your overall cash flow plan so you're not being over-extended and can even help you take advantage of financing opportunities so you're in a safe cash flow position.

STEP 4

OWNER & EMPLOYEE BENEFITS REVIEW

Goal = Healthcare/HSA costs/contributions

STEP 4 OWNER & EMPLOYEE BENEFITS REVIEW

- The IRS allows you to deduct certain costs for paying for healthcare when you own a business.
- When, how, and what mechanisms you leverage to pay for your healthcare can have a tangible impact on your tax bill.
- You want to make sure you're paying for health care in the most efficient way and to do that you can deploy a few key strategies.

How to do it:

- Document who in the organization needs healthcare.
- Identify what specific healthcare strategies are available to you.
- Anyone can have an HSA if you choose a compliant health plan.
- If you don't have access to a compliant plan you can implement a flexible spending account.

What happens when you do this the right way?

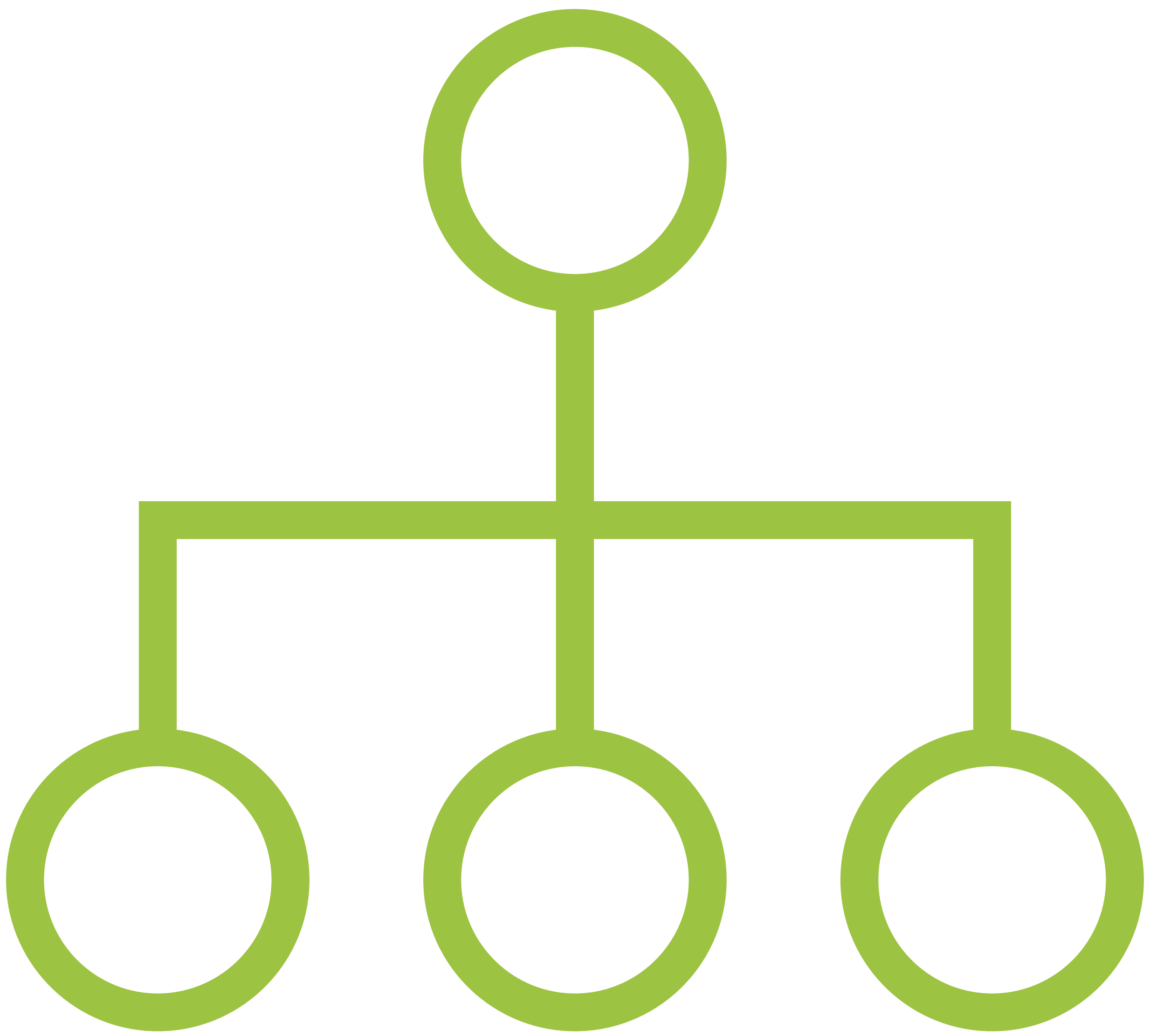
- You decrease your tax bill.
- You increase your employee retention.

What happens if you do it the wrong way or skip it altogether?

- You over or under contribute.
- On the HSA side, it's not a "use it or lose it" plan.
- With a Flexible Spending Plan, you could lose certain benefits if your costs are not timed correctly.

How to do it easier, faster, & better with our help

- We can help you strategize which healthcare contribution options are the best for you and your unique situation.
- We look at the overall financial needs of the business and help strategize healthcare costs as part of that plan.



STEP 5

ENTITY STRUCTURE & LABOR STRATEGY REVIEW

Goal = Make sure the entity and whom the entity is paying, are structured correctly for the most tax savings.

STEP 5 OWNER & EMPLOYEE BENEFITS REVIEW

- Different entities are taxed in different ways.
- Based on the structure you choose and your labor costs inside your entity, you can leverage or take advantage of specific tax savings.
- Every business should verify if they're in the correct structure for their specific needs:
  - Needed liability protection.
  - What state you're operating in.
  - What industry you're in or what your business does.
  - Tax structures that will allow the greatest savings.

- Two strategies business that can deployed based on your entity structure could be:

  1. Forming or converting to a Corporation or LLC to take advantage of potential tax savings.
  2. Employing family members inside of the entity.

  This can lower the businesses taxable income if the employee-family member is your child, the earnings can be utilized to fund a ROTH IRA or 529 Plan.

What happens when you do this the right way?

- The employee actually has to do something in the business and the compensation must be reasonable for the job performed.
- You can get more money into your family and minimize the tax liability because if this is their only job the child will not owe any income tax on earnings up to the standard deduction ($12,950)

What happens if you do it the wrong way or skip it altogether?

- There is payroll compliance involved so if you don't "administer" this correctly and have the right payroll process in place, you can lose your advantages or create a larger mess that needs to be cleaned up.
- If you don't execute this correctly inside your overall tax plan, you can be paying more than your fair share of tax.

How to do it easier, faster, & better with our help

- We work with our client's entity structure and labor costs from top to bottom so we can identify how members of your family can be utilized to maximize tax savings and benefit your business.

NEXT STEPS

- Schedule a free Discovery Call.
- We can discuss your specific needs in detail.
- We'll put together a roadmap for how we can help you pay less tax in your next filing.

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