

LET'S TALK FINANCIAL WELLNESS[®]

November/December 2024

Your Business Needs a Succession Plan

Running a small business is not for everyone, but younger family members often want the challenge of taking over when founding generations retire. If you're part of a family business, here's how you can work toward continuing the business from one generation to the next, even in times of uncertainty like these.



Start with a Plan

Like everything else in business, you'll prepare best by creating and following a plan. A succession plan lists what events—death, disability or retirement—will trigger the next generation of leaders. It should also determine a valuation method—usually from a qualified valuation expert or certified public accountant—to determine the company's fair value.

Next, communicate frequently with your successors. You may have differences over how to run the business, and you'll need to resolve them—you can't run the business forever. You will want to create a development plan allowing family successor(s) to gain the necessary experience to run your concern. And you may want to begin making shared business decisions that allow your loved ones to get hands-on experience running the company.

Money Matters

While family members are learning all the tricks of your trade, create a buy-sell arrangement that works for everyone. Using the earlier valuation, detail how the next

generation will buy into the business. Also, figure out appropriate compensation to leave a loved one who doesn't participate in the business to equalize your estate.

Your sale price and schedule of payments may be included in your buy-sell arrangement, and you'll also address tax responsibilities, the value of business assets, and total liabilities. You may also want to address potential liquidity issues to avoid future problems for both the seller and buyers. Pre-paying the transfer, whether through gradual ownership shares while working together, contributing to a sinking fund, or purchasing life insurance, might help address any liquidity issues.

Begin working toward an agreement as soon as you and your loved ones decide family succession is in everyone's interests, and review your succession plan regularly because change happens. Most importantly, work with qualified legal, tax, and financial professionals to develop a plan that benefits you, your family, and your business.



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Small Business Version



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Post-Holiday Shopping Deals

If you want to score big on bargain-priced goodies, one of the best times to buy is right after the holidays. Here's how to rack up big money-savings as you start on next year's holiday shopping.

When to Shop

While brick-and-mortar and internet stores typically offer sales for up to a week after Christmas, December 26 has historically been the best day to shop. It's first come, first served. Stores looking to rid themselves of excess inventory offer deals that may rival those of Black Friday, the day after Thanksgiving. Christmas decorations usually come with the biggest discounts, so think "next year."

Shop Second Generation

Look for second- and third-generation new and refurbished electronics. While others may stand in line waiting to buy the newest smartphone, you can find a previous version at a fraction of the price. Don't forget to shop for older computers, video games, televisions and other electronics, as manufacturers get ready to roll out new models.

Use Those Gift Cards

If you really like to save, consider using merchandise exchanges and gift cards you received this holiday to lower your out-of-pocket costs even more as you shop for the next holiday season.



Budget-Saving Holiday Travel

Americans usually travel during the holidays, and even with thoughtful planning, it can cost more than a few dollars. Here's how to save money on the ground and in the air.

Road Trip

If you'll spend some time in the family vehicle, consider ways to cut gasoline costs that always seem to rise during the holidays. Some wholesale buying clubs sell gasoline at discounts that can save you a couple of dollars. You can also look for apps that alert you to the lowest gas prices wherever you travel.

If you expect to travel for hours, pack sandwiches, snacks, and games to keep the kids occupied. If you need lodging, use rewards cards if the establishment offers lower prices for members. Also, look for discount books, where you can find coupons for your favorite hotel when using rest stops on major highways and interstates.



By Air

Look to fly during off-peak hours, including on the holiday itself, for some of the lowest airline fares you will find. Also look to travel to and from secondary airports, which often costs less than flying to the big ones. To save on checked baggage charges, make sure everyone arrives at the airport with a fully packed carry-on bag or suitcase, as long as the airline doesn't charge for it.

Combo

Enlist family and friends to pick you up from the airport if you don't expect to need your own vehicle. If you have to rent after flying to a destination, don't buy insurance for the same coverage you may already have. Check with your auto insurer before traveling.

U.S. Citizens Give Generously

Americans gave an estimated \$557.16 billion to U.S. charities in 2023, according to Giving USA 2023: The Annual Report on Philanthropy for the Year 2023 (from the Giving USA Foundation, the Giving Institute, and the Indiana University Lilly Family School of Philanthropy). The total includes charitable contributions made by individuals, estates, foundations, and corporations.

How to Choose

If you want to give to an organization that makes the most of your charitable giving, learn how much of each dollar goes

toward the charity and how much is spent elsewhere. You can find some organizations with websites that evaluate the legitimacy of charities and how they spend contributions.

Christmas Gifts Most Desired by U.S. Consumers in 2023.

Looking at last year's survey may help you with ideas for gift-giving this year.

Women

Money (cash or transfer)

50

Vouchers / gift cards

42

Clothing, textiles, shoes

42

Cosmetics, perfume, body care

36

Jewelry and watches

24

Books, eBooks

23

Food, drinks

22

Smartphones, tablets, and accessories

22

Men

Money (cash or transfer)

36

Vouchers / gift cards

34

Clothing, textiles, shoes

28

Smartphones, tablets, and accessories

24

Food, drinks

23

Computer, computer accessories

22

Consumer electronics

20

Jewelry and watches

16

Source: <https://www.insidenova.com>

*Respondents could pick multiple options.

Also look for a charity's IRS Form 990 and ask to see the charity's audited financial statement to ensure it meets the standards you want. Match your giving objectives with a charity's mission and demonstrated results. Look for charities that best match your values.

Get Help

If you make large charitable contributions, consider enlisting the aid of your advisor and an estate planning attorney.

Although the federal estate tax exclusion is higher than in the past, some families may exceed it while also having to deal with lower state estate and inheritance tax thresholds. Structured properly, charitable giving can both benefit your charity and reduce your estate taxes.

The Gift of Life Insurance

In this season of giving, some people want to give more to a favorite charity or organization but don't have the funds to do so. Giving the gift of life insurance is a cost-efficient way to increase your charitable giving.

Your Choice

There are a few ways to give life insurance, some of which may include current or future tax advantages. Talk to your accounting professional to learn more about how you may benefit a charity and receive tax benefits in return.

Charitable Choices

One way is to rename a charity as beneficiary, eventually removing this benefit from your estate.

Another way to make charitable use of life insurance is to ask your insurance company if it can issue a charitable rider, directing a percentage of the death benefit to a named charity. If, for example, you have a \$500,000 policy and you acquire a rider of 10%, the charity would eventually receive \$50,000, with your named beneficiaries receiving the remainder.



Act Now!

Yearend Tax-Saving Opportunities

As the year draws to a close, it's time to maximize your current year's tax deductions and other tax planning opportunities. Here's a brief checklist of moves you can make to help reduce current or future tax exposure.

Pre-pay Business Expenses

You may be able to reduce your 2024 tax bill by pre-paying certain business expenses before the year's end. For example, you can renew subscriptions, pay ahead for advertising, business insurance premiums, rent, business licenses, and other items that don't extend more than 12 months. Some other year-end moves that could cut your tax bill include:

Maintenance

Repair broken equipment and physical plant items by the end of the year.

Invest in Equipment

Buy business equipment and put it into service by year's end. Your business can deduct the entire cost of qualified equipment up to a purchase limit of \$1,220,000 for tax year 2024.

Maximize QBI Deductions

If you meet certain income limits, owners of S corporations, partnerships, and sole proprietorships may deduct up to 20% of qualified business income (QBI). For tax year 2024, eligibility for the deduction begins to phase out at income levels of \$182,100 for single filers and \$364,200 for joint filers.* If you're over the income threshold, consider finding some more deductions.

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Contribute to Retirement Accounts

Make matching contributions to employee 401(k)s.

Contribute to Health Savings Accounts (HSAs)

Employer contributions to employee HSAs, including your own, are deductible to the employer.

Deduct Losses

Scour your financials to find every deduction to which you are entitled. See your tax professional for details.

Give to Charity

Even donated equipment, computers or inventory may provide a useful year-end tax deduction.

Above all, be proactive. Book your appointment with your tax professional well before the end of the year so you don't have to scramble.

**Exceptions apply for certain service businesses.*

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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

July 25, 2024

Reference: **FR2024-0712-0208/E**

Org Id: 23568

1. Lets Talk Money Nov Dec Business
Rule: FIN 2210

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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