

BUSINESS
OWNERS:

PLANNING
FOR THE
FUTURE



MAEDER
WEALTH GROUP

Running a business is no small feat. As fellow entrepreneurs, we understand the stress and rewards that come with balancing multiple roles – HR, Accounting, Client Relationships, and Business Development. We know what it's like to meet payroll and be mindful of every penny. With all the tasks on our daily agenda, it's understandable why looking ahead can seem impossible.

Beyond the day-to-day operations of your business, are you thinking about the future of your business? Do you have an exit strategy or succession plan in place? How are you going to handle your retirement? These are just some of the questions you need to consider to provide confidence in your – and your business's – future.

1. PAY YOURSELF

As the owner of your own business, you have to determine what will work best for you and the business when it comes to compensating yourself. Depending on the business structure and your business's stage of growth, you can opt for regular payroll and/or profit withdrawal strategies.

When you pay yourself a regular salary just as you would an employee of the company, taxes are deducted upfront. You can also pay yourself with what's known as an "owner's draw," where you withdraw money from the profits of your business on an as-needed basis. The owner's draw provides you with much more flexibility, allowing you to draw depending on business performance, but you need to budget for a tax bill at the end of the year.

Finally, as a business owner, there are tax-efficient strategies to compensate your employees for an exceptionally successful year. Consider profit-sharing strategies to help minimize your tax burden.





2. SAVE FOR RETIREMENT

As a business owner, you may not have the luxury of an entire human resources department to assist you with the nuances of saving for retirement. However, retirement as a business owner doesn't need to be complicated.

First, develop and maintain a personal investment plan; this may also include focusing on yearly business goals for growth. A critical component of your investment plan should include a retirement savings plan, such as a 401(k) or Simplified Employee Pension (SEP) IRA.

Finally, position yourself, your loved ones, and your business with life insurance. There are various options for life insurance, especially business owners, so it's worth investing the time to research and alleviate financial concerns in the event of your passing.

3. LOWER YOUR TAX BURDEN

Finances for business owners can quickly become overwhelming when it comes to tax season. One of the best pieces of advice we can share is to invest in a proactive CPA for tax planning purposes. As the professionals, CPAs will be able to guide you to make tax-efficient choices throughout the year to potentially alleviate the tax burden that comes with owning your own business.

Additionally, take a close look at your business expenses. To comply with tax rules, and therefore maximize deductions, keep an organized recordkeeping system to track your business's income and expenses. Most expenses incurred in business are deductible, but you must have accurate receipts and/or travel logs to make the most of your qualified deductions.

Lastly, a retirement plan can immensely alleviate a business owner's tax burden. A qualified retirement plan can provide you with a tax deduction for your contributions and defer tax on earnings on said contributions.

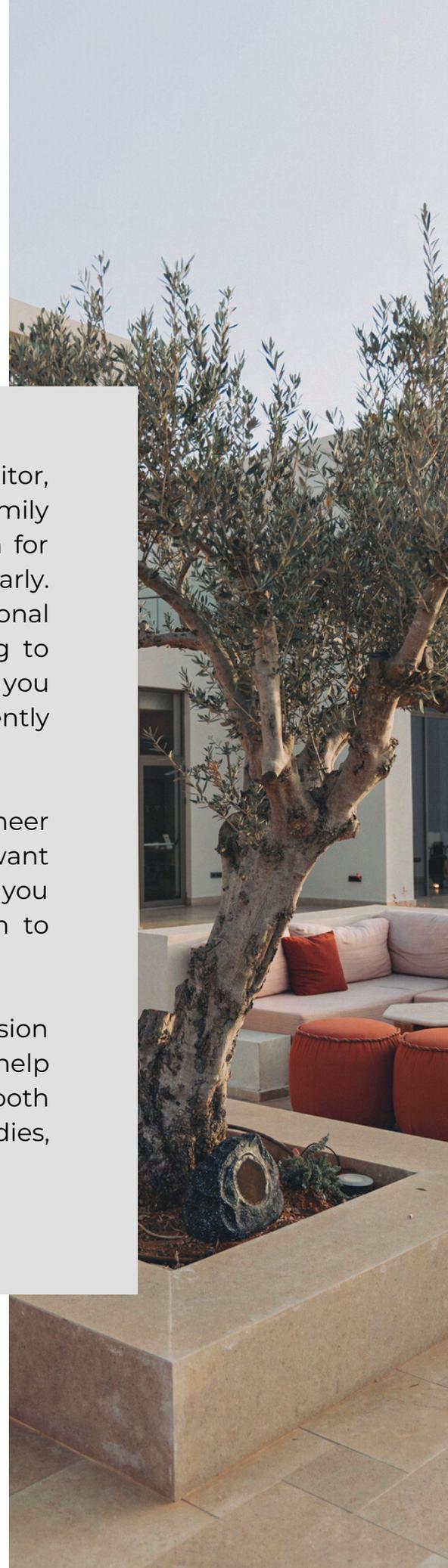


4. PLAN YOUR EXIT STRATEGY

Exit strategies can be structured as a sale to a competitor, strategic merger, the next generation of your family taking over or sale to employees. But, a quality plan for succession or exit strategy is to start planning early. Determine an anticipated retirement date and personal retirement plan. How much income are you looking to draw in retirement? How old do you plan to be when you retire? These are all factors to determine how to efficiently plan for your business's exit strategy.

With the goal in mind, you can then reverse-engineer what needs to be done in order to retire when you want with the income to support the retirement lifestyle you prefer. Conduct a comprehensive business valuation to get the clearest snapshot of your business's value.

Finally, when planning a business's exit or succession strategy, implementing a buy-sell agreement can help increase the value of your business and smooth transitions in ownership when a business partner dies, retires, or exits the business.



5. HOW CAN I HELP TO PRESERVE MY PERSONAL WEALTH TIED TO THE BUSINESS?

You've spent countless hours creating a successful business and legacy. Because of this, you want to be sure and take every possible measure to make your wealth last. To do so, start with a plan to shelter cash flow. This may include maximizing pre-tax investment options, such as 401(k)s or Health Savings Accounts (HSA).

Also, consider your business's succession plan. Will your family eventually take over? Consider key employees in the plan as well. Do you want to recognize any vital employees in the plan? Do you have key person life insurance that should be accounted for in the business's future plan?





We know that being a business owner comes with a unique set of challenges, especially considering finances. However, as professionals in investment planning and having served hundreds of business owners, we can help provide you with the clarity and confidence you need for your – and your business's – future.

Take charge of your future by enlisting Maeder Wealth Group as your financial professionals.

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P: 424.247.7350

F: 424.237.2148

christian.maeder@wfafinet.com

maederwealthgroup.com

**2780 Skypark Drive, Suite 230
Torrance, CA 90505**

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