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Online Advisor – August 2024

Upcoming dates:

September 2

- Labor Day

September 16

- Filing deadline for 2023 calendar-year S corporation and partnership tax returns on extension
- Due date for 3rd quarter installment of 2024 estimated income tax for individuals, calendar-year corporations, and calendar-year trusts & estates

Scammers are always scheming up new ways to steal your money. At the same time, the altruistic IRS is trying to protect you by staying one step ahead of the fraudsters. In this month's newsletter, read about the latest scams flagged by the IRS that you should be on the lookout for this summer.

Also in this edition, find out how to avoid the back-to-school shopping trap, tips to increase the worth of your most valuable asset, and a list of buzzwords that can help expand your professional vocabulary.

As always, feel free to pass this information on to anyone that may find it useful and please call if you have any questions or concerns.

Beware of Scammers Targeting Your Tax Info, Warns IRS

Social media is an easy way for scammers and others to try encouraging people to pursue some really bad ideas, and that includes ways to magically increase your tax refund.

– IRS Commissioner Danny Werfel

Tax scammers continue to become more sophisticated, which means it's more important than ever to pay attention to any person or message asking you to provide confidential information. Here are several of the more prevalent scams to be on the lookout for, according to the IRS.

- **Phishing and smishing.** Taxpayers continue to be bombarded with email and text scams from fraudsters attempting to lure you into providing valuable personal and financial information that can lead to identity theft. Phishing involves fraudsters sending emails claiming to come from the IRS, while smishing uses text messaging and alarming language such as ***Your account has now been put on hold!***



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What you can do: *Never respond to phishing and smishing messages, and never click on a link! Report all unsolicited emails, including the full email headers, claiming to be from the IRS to phishing@irs.gov.*

- **Online help to create an IRS account.** A scammer may offer to help you set up an online account on www.irs.gov. While the IRS's online account tool can provide convenient access to your tax information, it's also a valuable source of information for identity thieves who use information from your account to submit fraudulent tax returns using your name in order to get a big refund.

What you can do: *Schedule an appointment with someone you trust if you need help creating an online IRS account.*

- **Fake charities asking for donations.** Scammers masquerading as charitable organizations try to lure you into making a contribution after natural disasters and other publicized tragedies. Scammers also use fake charities to swipe personal and financial information from you, in addition to targeting certain groups such as senior citizens.

What you can do: *Visit www.irs.gov, then search for Tax-Exempt Organization Search Tool. Use this tool to confirm that a charity to whom you want to donate is a legitimate organization registered with the IRS.*

- **Fake tax advice and AI tools.** Social media routinely circulates inaccurate and misleading tax information. These articles and videos share wildly inaccurate tax advice, including some that involve urging people to misuse common tax documents such as Form W-2 or Form 1099. They will make it especially convincing by using AI as a buzz word.

What you can do: *Don't turn to the internet for tax advice. Remember, AI-generated ideas can also pull in inaccurate information as well!*

It's easy to fall victim to tax scams. So stay vigilant and if you see a scam, let everyone know. It's with increased awareness that we can decrease the number of scam victims.

Ideas to Lower Back-to-School Shopping Costs

With inflation hiking the prices of everything over the past 4 years, and schools asking families to fork over larger and larger sums of money every year to help with shared supplies, the cost of your back-to-school shopping trip can quickly spiral out of control.

Consider these ideas to lower your back-to-school shopping costs.



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- **Wait until fall to refresh school wardrobes.** Most kids and teens go back to school during the heat of summer, thus any clothing you buy for back-to-school may not work for those winter months. With that in mind, it can help to wait until closer to fall to invest in a school wardrobe that will last. This way, you can spend your clothing budget on sweaters, pants, and cold-weather clothing that kids can wear through the following spring.
- **Stick to your school's shopping list for each grade.** Wait until you have your school's list for each grade in hand before starting your back-to-school shopping. It's far too easy to overspend when you don't have the list.
- **Price shop online.** With the school shopping list in hand, you can compare prices for back-to-school essentials online with prices advertised by local stores. If you can order some supplies cheaper online and buy the rest with local retailers, you'll save money in the end.
- **Wait until school starts to buy any extras.** Many school shopping lists have a mix of essential items as well as required items your kid doesn't really need. If you're on the fence about whether your child will need or even use certain items, consider waiting until school starts to find out.
- **Consider buying refurbished electronics.** If your school shopping list asks you to buy pricey calculators or tablets, looking for used items on auction websites or second-hand sites can help you save big.
- **Crowdsource items you need.** Ask people you know or who live near you if they have access to items you need in the short-term. You may find that your neighbors still have calculators or musical instruments from when their kids attended school, or that a teacher friend of yours has some extra supplies they can't use.
- **Consider crowd buying.** If you have some extra money and have access to a warehouse shopping center, consider coordinating with other families to bulk buy common items and lower the cost for everyone!

Back-to-school shopping can be expensive. Use these tips to cost-effectively get your kids ready for the new school year.

Increasing the Worth of Your Most Valuable Asset

If someone asks what your most valuable asset is, your answer might be your house, vehicle, or investment portfolio. But there's another answer to this question that's worth considering – yourself.

As you seek out opportunities to increase the value you bring to the table both in your personal and professional life, here are some ideas.



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- **Meet one new person each week.** Research shows that up to 85% of workers land a new job through networking. In other words, who you know may be more important than what you know. Consider expanding your network and potential job prospects by meeting someone new in your industry, or a related industry, each week.
- **Learn a complimentary skill.** This will help you create meaningful points of difference that you bring to the table every day. For instance, if you're an engineer, learn how to be a better writer. If you're a marketing executive, consider taking finance and accounting courses. Or consider becoming an expert in an area of interest to help you land a complimentary job or meet people with similar interests.
- **Increase awareness about yourself.** You may be the best in the world at what you do, but if companies don't know you exist, you'll never get better opportunities! Joining an online forum related to your industry and finding opportunities to volunteer and help other people is one way to increase awareness about yourself to prospective employers.
- **Aim for a personal best in your favorite activity.** Get in shape (and stay in shape!) by picking your favorite activity and aiming to achieve a personal best. If you're a runner or a walker, for example, pick a time that would be a personal best for completing a set distance, then work toward achieving that goal. Taking care of your physical and mental health will help you accomplish more in every other area of your life.
- **Improve your interpersonal communication.** Think about the most important relationships in your life – whether it's with your parents, spouse, children, best friends, or someone else – and find three ways you can improve your communication skills with those people. With the time, money, and education that many spend to improve their professional skills, consider a small investment to improve your interpersonal skills.

Expand Your Professional Vocabulary

In our fast-moving world, using concise yet descriptive words and phrases can be very powerful when communicating important thoughts and ideas.

While the term can incite eye-rolls if overused, certain words and associated phrases can be helpful as a communication tool when you don't have the time for an in-depth conversation. Here are some of the latest business buzzwords to help you expand your professional vocabulary or better understand them when thrown at you.

- **Headwinds & Tailwinds.** Headwinds are outside factors that get in the way of where you want to go. They can be macroeconomic factors like interest rates, or can be closer to home such as new regulations in your industry. Tailwinds are positive factors that help move



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something in a better direction for you, like a competitor getting out of the market or demand increasing for your product. It's like riding your bike on a windy day – it's out of your control, but riding is so much easier with the wind at your back than in your face.

- **Forcing Function.** Ever get stuck in the middle of a project or have delays caused by someone not doing their part? A forcing function is a secondary action or factor related to the activity you are trying to accomplish that forces resolution or a decision. An example is an expiration date on a sales proposal. The date is the forcing function to ensure a decision is made on the proposal. This prevents the proposal from lingering indefinitely.
- **Ecosystem.** In business, an ecosystem is the collective group of people and organizations that comprise a given industry. To be in the ecosystem, an organization needs to have an impact on everything else within that ecosystem. For example, the tax preparation ecosystem is made up of clients, tax preparers, the IRS, state & local tax authorities, suppliers, and competitors. If something changes with anyone in this ecosystem, everyone involved is impacted in some way. To be successful in any industry, you need to understand the specifics that drive behavior in your industry's ecosystem.
- **Table Stakes.** Like many business buzzwords, table stakes is a term first popularized at the poker table before finding a similar application elsewhere. It refers to the minimum functionality or service delivery that is expected for an offering in a given industry. Take streaming services like Netflix, for example. Table stakes include 24/7 access, original content, and subscription tiers. Without these features, a streamer's market share would quickly diminish.
- **Value Proposition.** Often referred to as a *value prop* for short, a value proposition is a concise statement that explains the value a business provides its customers, often in comparison with their competitors. It's essentially an elevator pitch designed to get a prospective customer interested in the business. Without a solid understanding and communication of the business's value proposition, all other benefits the company can offer may go by the wayside. So it's very important to get this right.

While the business buzzwords presented here are general in nature, the ones you use may be industry- or tool-specific. So be aware of the buzzwords you use on a regular basis and make sure your audience also fully understands their meaning.

5 Little-Known IRA Opportunities You Should Know About



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IRAs can be a powerful tool to lower your taxes while helping you save for retirement. Here are 5 little-known opportunities about IRAs that can help you and other family members save even more when contributing your IRAs.

1. **A nonworking spouse can have an IRA.** If your spouse doesn't work, you may still be able to open and contribute to an IRA for your spouse, assuming that you work and file a joint tax return. This can be a great way to help reduce your taxable income each year.
2. **Even children can have IRAs.** If your child has earned income, you can open and contribute to an IRA. Just make sure you can document the earnings. While your child can contribute their own earnings, many parents will help keep track of things like babysitting money, then match those earnings in either a traditional or Roth IRA. Often the Roth IRA is preferred, because the future earnings could be tax free! Your child's IRA is managed by an adult until the child is old enough for the account to be transferred into their name.
3. **You may still contribute to an IRA if you have a 401(k) or similar program at work.** As long as you do not exceed the income limits, you can have both an IRA as well as other types of retirement savings plans.
4. **Non-deductible contributions may be made.** If you exceed certain income levels, contributions to your IRA won't be able to reduce your taxable income for the year. But you may still want to make after-tax contributions to a non-deductible IRA, as the earnings can still grow tax-deferred.
5. **It's not just for retirement.** With traditional IRAs, if you withdraw funds before the age of 59 1/2 you may be subject to income tax AND an early withdrawal penalty. But there are exceptions to this rule, including withdrawals for a first time home purchase, major medical bills, college costs, birth and adoption expenses, and others. However, it is important to know the rules *BEFORE* you withdraw the funds.

Tax rules surrounding IRAs are vast and complex. But within the rules are numerous situations that if you know they exist, can help you plan for a more tax-efficient future.

The Busy Business Owner: Get Back 15 Minutes a Day

Meetings, phone calls, emails, text messages, and water cooler conversations with your employees constantly bombard you as a business owner. Freeing up 15 minutes a day could dramatically improve both your workflow and peace of mind.

Here are some ideas for getting back 15 minutes every day:



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- **Use your phone.** Whenever possible, use your phone instead of email. Oftentimes talking with someone directly is more efficient than spending the time to compose an email. Plus, email chains can fill your inbox and require precious minutes to read and decipher. Using the phone can also help avoid potential misunderstandings, as a person's tone of voice conveys information that may be lost or misinterpreted when shared via a written message.
- **Be brief with emails.** Many tech entrepreneurs are known for their brief emails that consist of only several words. In situations where you do use email, consider crafting a response that is only several words in length. And remember the golden rule of emails: send fewer emails to receive fewer emails.
- **Plan your meetings.** Face-to-face time with colleagues, vendors, and customers is often productive and essential for growing a business. On the other hand, meetings can be a huge waste of time if not properly planned. Establish clear goals for a meeting in advance so your team can focus on priorities and get back to work.
- **Minimize distractions.** Business owners enjoy developing a rapport with their employees. These personal conversations, however, need to have boundaries so that both you and your employees can stay on task. Tell your team if there's a day you don't have time for small talk. Consider putting an old-fashioned *Do Not Disturb* sign on your door when you need to get things done.
- **Delegate when possible.** If you're a small business owner who built a company from scratch, you may be reluctant to relinquish control over day-to-day operations. But failure to delegate can sap time from more important tasks like planning, building relationships with key vendors, and growing your customer base. So develop a plan to train your employees to assume more responsibility over time.

Fifteen minutes may not seem like much, but a busy business owner can work wonders with just a little more time every day.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

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