



January–February 2016

In The LOOP

Your Magazine of Personal Finance

**Financial
Fresh Start:
Clean the Slate!**

**Entrepreneur 101:
Entity Selection**

**Fondue! Simple,
Savory, Sensational**

**Tips for Tackling
Your Taxes**

**Real Estate
Investing...
Is It For You?**

**Myth Busters:
The Real Truth
About Getting
and Staying Fit**

Clean the Slate and Make a Fresh Start!

Happy 2016—and here's to fresh starts! There's nothing quite like the ringing in of the new year to make you want to wipe the slate clean and try something new. So tap into your motivation and turn the pages of this issue to find lots of inspiring ideas and practical tips to help you create new beginnings—from finances to food to fitness, and some fact-finding in between.

If getting your finances back on track is one of your goals this year, you'll want to read our article on making a financial fresh start. We

hope that you'll also put tackling your tax preparation in a timely fashion on your to-do list. The earlier you put our tips into action, the more stress you'll save yourself later, and the sooner you will have any potential refund. If you need assistance with your taxes or other financial needs, please reach out to us—we are here to help!

Of course, getting fit is on many people's New Year's resolution list, but with so few of us actually being able to maintain healthy habits and so much questionable advice out there, it's worth separating

fact from fiction before you make a plan to achieve your goals. There are plenty of fitness myth busters to help you along in this issue as well.

We might hazard a guess that fondue is not one of the low-calorie alternatives on a typical healthy eating program. But it is delicious, so check out the feature on this tasty treat and indulge at least once this year!

Here's to a great 2016.

**Your Trusted
Accounting Advisors**





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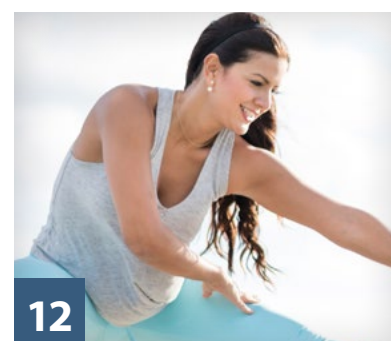
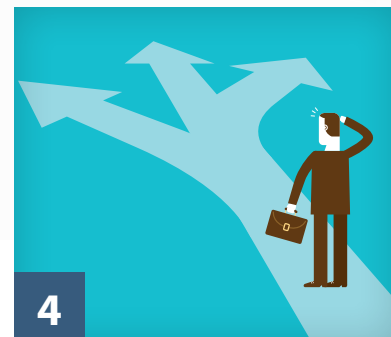
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Entrepreneur 101: Entity Selection

Educate yourself on the tax and legal implications of these entity options

Of all the choices you make when starting a business, one of the most important is the type of legal structure you select for your company. Not only will this decision have an impact on how much you pay in taxes, it will affect the amount of paperwork your business is required to do, the personal liability you face, and your ability to raise capital in the future.

If you're contemplating starting a business or changing the entity type of your existing business, review the following summary and ask our firm for advice if you have any questions.

A **sole proprietorship** is the simplest form of entity in terms of setup and tax payments. As a sole proprietor, you are responsible for claiming the profit and loss of the business as your income. You also must pay self-employment taxes. The drawback of a sole proprietorship is that you are personally liable for any damages or credit issues that arise from your business operations.

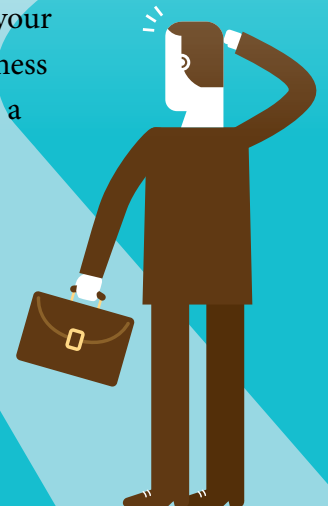
A **corporation** is an entity that is separate from its owner and is formed under the laws of the state in which it is operating (with Articles of Incorporation).

Choosing to establish a business as a corporation limits the liability of the individuals participating in it and, from a branding perspective, it may also provide additional credibility to your business.

A **subchapter-s corporation** (or s-corp) is a corporation in which owners are considered employees. The entity is required to pay employees a reasonable salary. Profit or losses of the entity flow through to the individual shareholders. Any salary paid is subject to traditional employer and employee payroll taxes. The remaining profit flows through to individual shareholders and, while subject to income tax, it is not subject to payroll taxes and is considered passive income. In order to maximize the tax benefit of an s-corp, it is key that the owners find a balance between wages and profit distribution.

A **limited liability company** (LLC) is not a corporation, but it has the liability protection of a corporation. Single-member LLC entities pay tax like a sole proprietorship. Multiple-member LLCs can also be formed, which pay taxes like a partnership.

Just as important as choosing the right type of entity for your business is making sure that the entity you choose is set up correctly. This is a step that can be confusing, especially to first-time business owners. If you're considering a new business or changing your existing business entity, talk to a financial professional for advice before you make your selection. ■



Fondue! Simple, Savory, Sensational!

Cheese, wine, and crusty bread...there's not much about a spread featuring traditional fondue not to like. Plus, it's the perfect treat to share, so why not fire up your fondue pot and enjoy a relaxing get together centered around this simple, savory, and sensational recipe?

As all of the international grammar gurus out there may well know, the word fondue is the feminine passive past participle of the French verb *fondre* ("to melt")—now used as a noun to describe the hot and delectable dunking dish so many of

us love, but rarely take the time to enjoy.

Make this the year you dust off your fondue pot and fill it with cheesy, chocolaty, or broth-based goodness—starting with this classic recipe from Chef Ryan Hardy.

Classic Cheese Fondue

Ingredients

- 1 pound Gruyère cheese, coarsely shredded
- 1/2 pound Emmentaler cheese, coarsely shredded
- 1 1/2 tablespoons cornstarch
- 1 garlic clove
- 1 cup dry white wine
- 1 tablespoon Kirsch
- Salt and freshly ground white pepper
- Crusty bread cubes, hard salami, and small dill pickles (for serving)

Instructions

In a bowl, toss the Gruyère and Emmentaler with the cornstarch. Rub the inside of a cheese fondue pot or medium, enameled cast-iron casserole with the garlic, then add the wine and bring to a simmer. Add the cheese mixture all at once. Using a wooden spoon, stir over moderately low heat just until the cheese is melted and smooth, about 5 minutes. Stir in the Kirsch and season with salt and pepper. Serve with the bread, salami, and pickles.



Suggested Wine Pairing

Although cheese fondue is made with white wine, it's so lush that a firmly tannic red makes a great match (the tannins cut the richness). Try an Hermitage or Crozes-Hermitage from northern Rhône. ■

Source: foodandwine.com

Financial Fresh Start!

Clean the slate from past money mistakes

Even with the best intentions, sometimes painful financial setbacks happen. If you find yourself dealing with a job layoff, high medical expenses, or another unexpected financial burden that stretches your finances and your stress level, now is the time to take control before your setback becomes even more serious. One of the most important things to do when you find yourself facing financial problems is to

own them. Don't ignore them and don't let yourself believe that they will work themselves out without you having to take action. But don't beat yourself up about your financial situation either. Treat it as an opportunity to learn some hard financial lessons, wipe the slate clean, and move forward all the wiser—and hopefully wealthier—in the future. Start on the road to financial recovery by reviewing the following steps.

Talk to a financial professional

A minor credit card balance is one thing, having several credit cards maxed out and creditors threatening to turn you over to collections is quite another. Only you know whether you can truly handle your financial situation, or if you need to call in the experts. If you feel that you do need additional help, don't be embarrassed. Talk to a trusted financial advisor like your CPA (who has likely helped many



others recover from financial problems) and develop a sound financial plan.

Know your personal situation

Take a big picture view of your finances so that you know exactly what you are dealing with. Is your setback an isolated incident or an ongoing issue? Is it temporary or permanent? Know exactly how much money you'll need to get yourself out of debt if you need to, and know the status of your current assets.

Assess available financial resources

Determine what resources are available to you, both from your own accounts as well as other resources. For example, if you are facing medical bills, have you made sure everything has been covered appropriately by insurance? If you've been laid off from your job and you have medical expenses, look into Consolidated Omnibus Budget Reconciliation Act (COBRA) extended health insurance coverage, as well as unemployment insurance. If you have an emergency fund this may be the right time to start using it.

Establish financial priorities

Once you know exactly what your situation is and what resources you have available to you, you'll need to set priorities. Know which bills have to be paid immediately, and what things you can prioritize later. Go through your budget to determine if there are opportunities to decrease costs by eliminating non-essential items.

Determine what resources are available to you, both from your own accounts as well as other resources.

Create a personal financial plan

Work through your budget and your bills, and decide how you can get everything paid. Can you earn more with additional hours at your current job or a side job? Can you spend less?

Know exactly how you'll be spending your money over the next several months, and make a plan to track your progress.

Contact your creditors

If there are some bills you absolutely cannot afford to make minimum payments on, contact your creditors to work through payment options. Make these phone calls before your bills end up in collections, because once they are in collections, your options become more limited.

Facing a financial crunch or a true monetary crisis is not something that anyone hopes to do, however, it can happen. How well and how quickly you recover really depends on your ability to take ownership, honestly assess your situation, and access the appropriate help and resources you need. ■





Real Estate Investing... Is It for You?

Investors are often attracted to real estate because of its significant potential for profit. On the flipside (no pun intended), the possibility of losing it all should always be lurking in the back of investors' minds because, as with any investment, there is risk involved.

Remember, slow and steady tends to win the real estate investment race when you are just starting out.

If you are considering getting in on the real estate game, or increasing your activity in the market, take these tips from seasoned real estate investors to heart.

Tips for novices

The single most important first step for aspiring real estate investors is to determine one's exit strategy. Two basic exit strategies are 1) to buy and hold rental properties

as a landlord; or 2) to become a flipper and hopefully make a substantial profit upon the sale of the property.

Like any investment, real estate investing requires an action plan. If you have been successful in the market once and you want to try to scale your success, it is important to look at the funds, the time, your credit, and your long-term goals so you know whether your vision is realistic.

It's also important to determine which type of real estate investing you want to get into and why. Choose a specific target market and study it intensely. Then set a goal, create a business plan and establish systems to achieve the desired goal. Lastly, take small, common sense steps daily toward achieving your goal, such as talking with sellers, owners, and local real estate professionals.

Again, slow and steady tends to win the real estate investment race when you are just starting out.

Tips for seasoned investors

For veteran investors, it's critical to have plenty of money put aside to act as a buffer. Once an investor has scaled out to a larger portfolio of properties, it is important to have enough cash on hand in order

to rehabilitate 10 to 15 percent of those properties every year.

In addition, being prepared is also good advice. Plan for the best, but prepare for the worst. Life and property insurance can provide much-needed financial protection for both property owners and their real estate assets, respectively.

From a flipper's perspective, seasoned professionals need to stay focused on location and price. The best advice is not to overpay for what you're buying, because you'll get squeezed on the back end by buyers. Plus, if you overpay and invest significantly in the properties you buy, you're not going to make a profit.

New and seasoned real estate investors benefit from a strategic approach

No matter whether you are a new real estate investor or have been in the market for a while, it is important to work within your financial limits and to make sure that any deals you negotiate are part of a strategic business plan in addition to being financially and legally sound. You'll also want to be sure that you understand the tax implications of property purchases and sales and have your exit strategy at the ready should you need to implement it. ■

Source: U.S. News & World Report Money

Don't Miss These Tax Deadlines



Keep these dates handy to avoid paying penalties:

Business Tax Deadlines

- **March 15, 2016**
Filing Deadline
- **September 15, 2016**
Extension Deadline

Estimated Quarterly Tax Payment Deadlines

4th Quarter 2015:
January 15, 2016

1st Quarter:
April 18, 2016

2nd Quarter:
June 15, 2016

3rd Quarter:
September 15, 2016

Individual Tax Deadlines

April 18, 2016
Filing Deadline

October 17, 2016
Extension Deadline

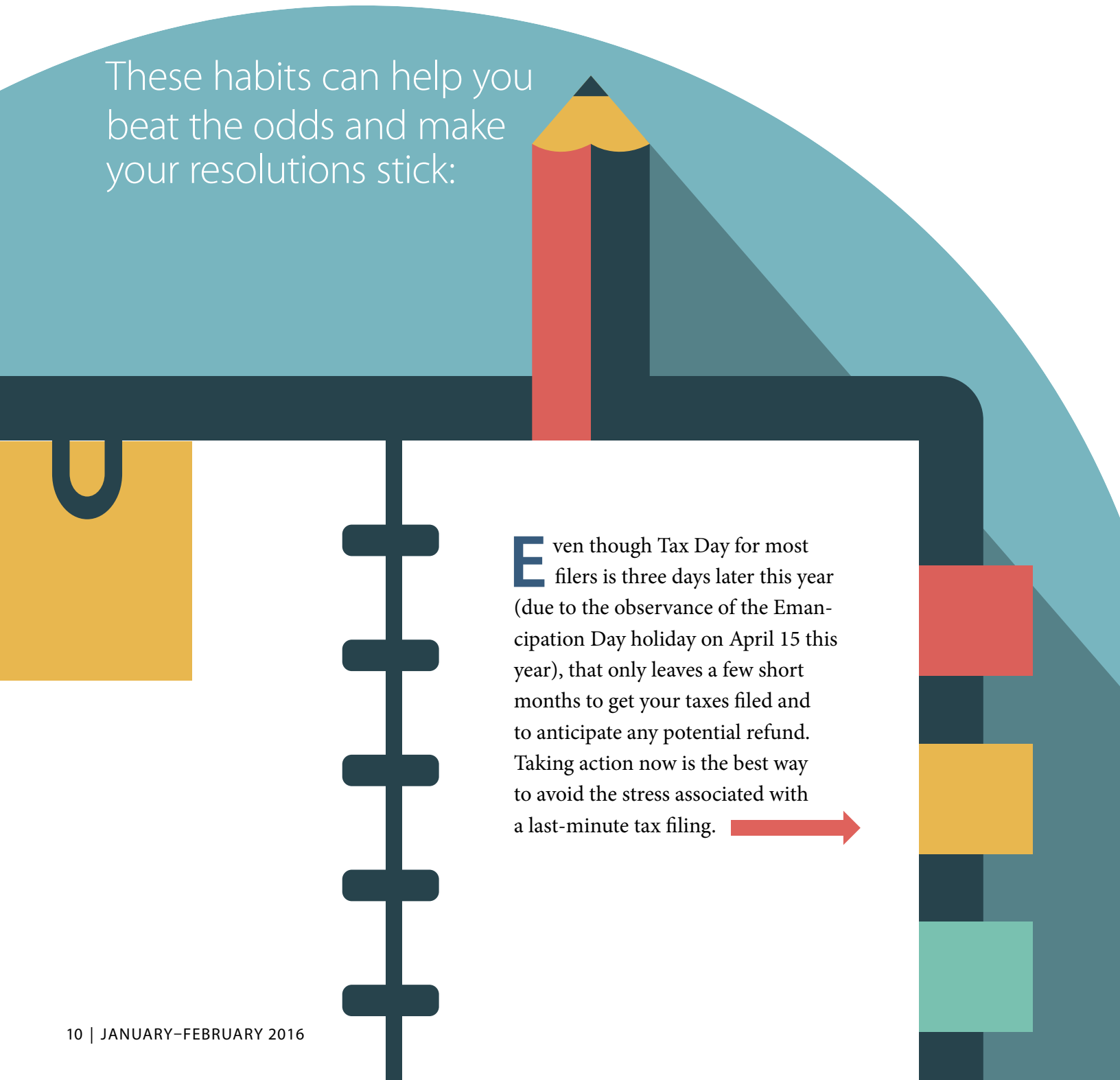
IRA Contribution Deadline:

April 18, 2016


Please visit
www.tax.gov/calendar
for additional information

Timely Tips for Tackling Taxes

These habits can help you beat the odds and make your resolutions stick:



Even though Tax Day for most filers is three days later this year (due to the observance of the Emancipation Day holiday on April 15 this year), that only leaves a few short months to get your taxes filed and to anticipate any potential refund. Taking action now is the best way to avoid the stress associated with a last-minute tax filing. →



By taking the following steps now, you will be breathing a lot easier when tax time comes around:



Talk to a tax professional

If you choose to engage the expertise of a tax professional to ensure that you optimize your tax situation, the time to do so is now. This will allow you to make an appointment with your CPA and enough time to gather your needed information without breaking a sweat.



Collect and consolidate your information

Gather all of your tax-related documents in one place. These generally include receipts for charitable donations, business expenses, property tax records, and medical bills. If this step is difficult, make a mental note to organize your tax documents as they accumulate next year.



Create a tax information center

Chances are, you will receive additional tax documents by mail and email in the next few weeks such as a W-2 from your employer or a notice from your bank showing the mortgage interest you paid. As these documents and emails come in, add them to the collection that you created in step 2. This will help you find them easily when you're ready to file your tax return.



Decide if a retirement and/or education account contribution is in order

If you have the means, consider contributing to your retirement fund or an education fund. You can contribute to *eligible* retirement and education accounts before the April 18 tax deadline and get a deduction for the tax year. This is an ideal way to maximize your contribution limits, and reduce your tax burden. Be sure to check with an accounting professional to ensure you are in compliance with eligibility limits.



Prepare yourself to pay additional taxes at filing time

By getting a jumpstart on your taxes, you should be able to ascertain if you will owe a significant amount of unpaid taxes. If you think this is the case, *now* is the time to start saving. Start making some adjustments to your budget where you can.

Being prepared is one of the best tax strategies you can have.

And, of course, consider adjusting your tax withholding or estimated tax payments (if you are self-employed) so that you can correct the situation for next year.

Being prepared is one of the best tax strategies you can have. While you may think that tax season is months away—it will come around quickly! By taking a little time now to complete the steps on this checklist, you'll be a lot less stressed when the April tax deadline is here! ■

Myth Busters: Don't Believe the Health Hype!

Think you know the facts about getting fit? You may be surprised to learn how many are really fiction with these myth busters from Web MD:

Fitness Myth No. 1:

Running on a treadmill puts less stress on your knees than running on asphalt or pavement.

Running is a great workout, but it can impact the knees. Because it's the force of your body weight on your joints that causes the stress, it's the same whether you're on a treadmill or on asphalt. The best way to reduce knee impact is to vary your workout.



Fitness Myth No. 2:

Doing crunches or working on an “ab machine” will get rid of belly fat.

While an ab-crunching device might strengthen the muscles around your midsection and improve your posture, being able to “see” your abdominal muscles has to do with your overall percentage of body fat. If you don’t lose overall body fat you won’t see the ab muscles—and to do this you need both cardiovascular and strength-training elements.

Fitness Myth No. 3:

An aerobic workout will boost your metabolism for hours after you stop working out.

This statement is actually true, but the calorie burn is probably not nearly as much as you think. Your metabolism will continue to burn at a slightly higher rate after you finish an aerobic workout. The catch is that the amount is not statistically significant. In fact, it allows you to burn only about 20 extra calories for the day. While there’s a little bit more of a metabolic boost after strength training, it’s still marginal.

Fitness Myth No. 4:

Getting fit is all about exercise.

When it comes to reaching and maintaining your ideal weight, what you eat over time actually has much more impact on your weight than how much you exercise. That is not to say that exercise isn’t important—it is—but you’ll lose weight faster and keep it off longer if you learn how to eat sensibly and moderately rather than using fad diets to take weight off in the short term or over-exercising to compensate for poor eating habits.

Sweating is not necessarily an indicator of exertion, it’s your body’s way of cooling itself.

Fitness Myth No. 5:

If you’re not working up a sweat, you’re not working hard enough.

Sweating is not necessarily an indicator of exertion, it’s your body’s way of cooling itself.

This means that it’s possible to burn a significant number of calories without breaking a sweat.

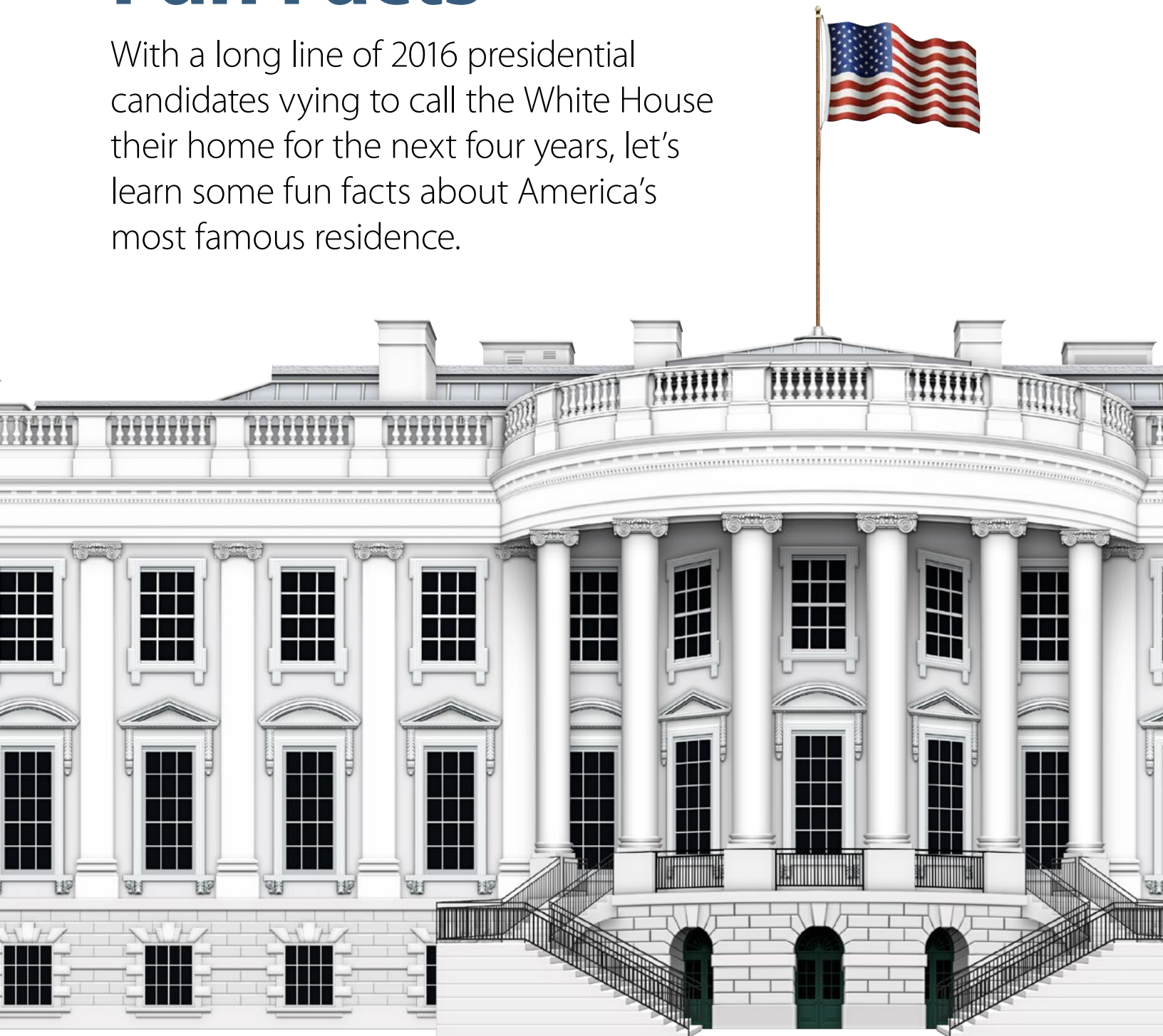
Try taking a walk or doing some light weight training. You’re unlikely to be drenched in sweat, but that doesn’t mean that you aren’t burning calories or doing your body good. In fact, if you enjoy moderate activity more than the more vigorous fitness options, that’s okay—you’re likely to stick with it longer anyway.

These are just a few of the most prevalent fitness myths for you to consider if you’re trying to improve your health this year. Don’t let them derail your fitness efforts. ■



White House Fun Facts

With a long line of 2016 presidential candidates vying to call the White House their home for the next four years, let's learn some fun facts about America's most famous residence.



- The White House was originally **natural gray** in color, which is the color of sandstone used for the building.

- The building was originally called "President's Palace" or "President's Mansion." In 1901, **Teddy Roosevelt** established the formal name by having "White House - Washington" put on all government stationery. Before then, the house was called "Executive Mansion" on official papers.

- There are **132 rooms**, 32 bathrooms, and 6 levels to accommodate all the people who live in, work in, and visit the White House.

- There are also 412 doors, 147 windows, 28 fireplaces, 7 staircases, and **3 elevators**.

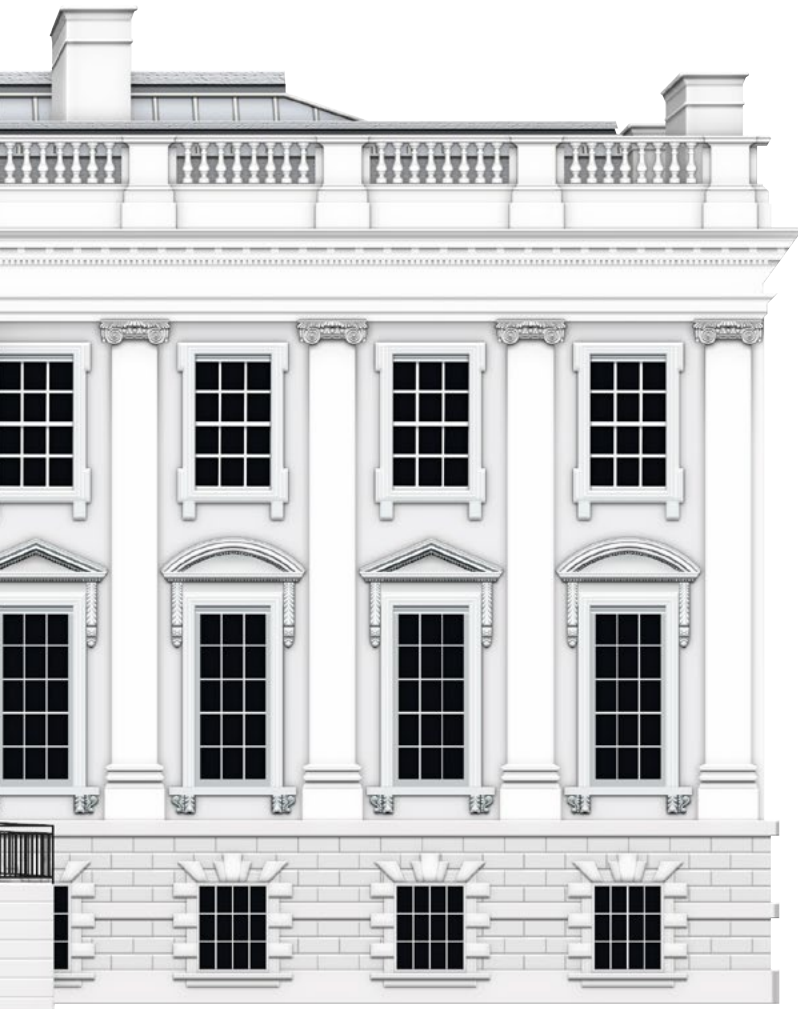
- The White House receives approximately **6,000 visitors a day**.

- The White House requires **570 gallons of paint** to cover its outside surface.

- For recreation, the White House has a variety of facilities available to its residents, including a tennis court, a jogging track, swimming pool, **movie theater**, billiard room, and a bowling lane.

- The architect for the White House was chosen through a design competition. George Washington selected the winner, **James Hoban**, on July 16, 1792, after a brief review.

- The East room present today was added on **George Washington's** recommendation, inspired from a large reception room at his own home, Mount Vernon. ■



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