

THE FINANCIAL EDGE

October 2019



GHOST & DARKNESS: WHAT SCARES YOU?

Personal comments by Mary

One of my favorite movies is Ghost and Darkness, it is about two men eating lions that slow down the building of a railroad in Tsavo, Kenya in the early 1900's. The movie stars Val Kilmer and Michael Douglas. I've watched it many times. In 2016, I went to Kenya and visited the famous area of Tsavo. I missed the lions in that part of Kenya. I did see them in the Mara, which is central Kenya, just not in Tsavo. I saw large males laying in shade late in the day as we were driving the dusty lava rock trails in the Land Rover. While in the hot air balloon ride I saw a female, who had just taken down a zebra and was sharing it with her cub. The animals seem much bigger without bars between us.

I recently came across the real story written by the engineer and big game hunter, John Patterson, who accepted the job as project manager on the railroad. Yes, the lions did cunningly hunt the men working on the railway.

The movie portrays them very much like he described his experience. Patterson eventually killed and stopped the two lions. I don't know if I would have the courage to go on foot to hunt these animals.

Halloween brings to mind those scary things. I am not a fan of horror movies. I don't need to scare myself by watching them. I find life itself is scary enough for me. Experience has also taught me that majority of what we are afraid doesn't come true. Even though the two lions are named Ghost and Darkness, we are always surrounded by things that go bump in the night.

Are they real or imagined?

Happy Halloween!
Mary Guldán-Lindström



"I work with Mary for the personal service, familiarity, knowledge of complicated issues and her accessibility. I have confidence that we have made the correct choices and I have accurate estimates and tax returns. I value her organization and long term planning aspect."

Pat Quinn
Business Owner/Investor

YOUR REFERRALS ARE APPRECIATED AND WILL BE TREATED WITH UTMOST CARE!

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THE BOOK REVIEW

TITLE: Building a Storybrand (Take 2)

AUTHOR: Donald Miller

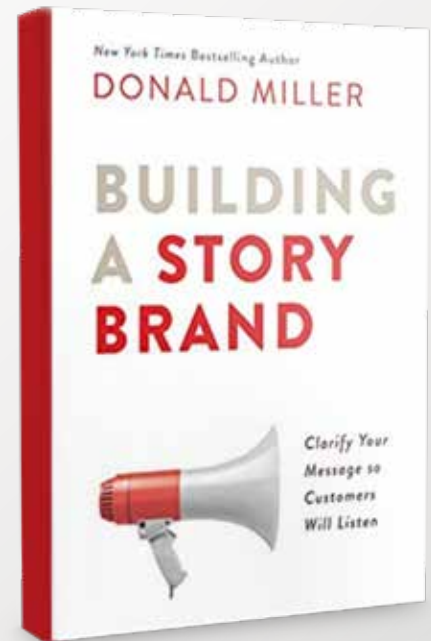
TOPIC: Marketing

EASY TO READ: \$\$\$\$\$ (5 out of 5 dollars)

APPLICABLE TO SMALL BUSINESS: \$\$\$\$\$ (5 out of 5 dollars)

Summary: Donald Miller points out faults in what is out there for marketing. He asks; Are we boring? Confusing prospects? Confusing clients? Do we know what we are selling? Do we sell to their needs or our needs? The book provides a step by step plan to improve our story and improve our marketing results.

My recommendation: I had to reread this one. I think my marketing is clear until I get a question. I discovered I am too close to my message to understand how my audience sees it. It is beneficial to work through this process with another person – could be your marketing team, your website designer or a trusted advisor. Lots of good stuff.those quick decisions and when I need to relook at them.



Pages: 228 | Published: 2017







QUALIFYING FOR A 20% RENTAL PROPERTY INCOME DEDUCTION

By Mary Guldán-Lindstrom CPA

Under the new tax law, a rental property investor may qualify for the new 20% qualified business income deduction. However, does rental property qualify as a business? To simplify this question the IRS created a safe harbor rule.

Here are the IRS requirements to qualify for the new safe harbor rule to get the 20% income deduction:

-  Keep separate books and records are maintained to reflect income and expenses for each rental real estate enterprise.
-  Have 250 or more hours invested per year. These hours include services performed by owners, employees, and independent contractors and time spent on maintenance, repairs, rent collection, payment of expenses, provision of services to tenants, and efforts to rent the property. Note that time spent arranging financing, procuring property, reviewing financial statements or reports on operations, and traveling to and from the real estate, will not be considered hours of service for the enterprise.

-  Maintains contemporaneous records, including time reports, logs, or similar documents, regarding the following: hours of all services performed; description of all services performed; dates on which such services were performed; and who performed the services.
-  Attach a statement to the return filed for the tax year that the safe harbor is relied upon. This must be done each year.

If you have rental income it is in your best interest to evaluate your situation and take action to comply so you can take advantage of the new tax deduction.

2019 TAX PLANNING IDEAS TO REDUCE YOUR YEAR END TAX BILL – PART II

By Mary Guldán-Lindstrom CPA

Tax time is just around the corner. Here are some steps you can take to minimize your personal income tax bill.

MAXIMIZE YOUR RETIREMENT CONTRIBUTIONS.

☸ 401(k) contributions limit is \$19,500 with a catch-up contribution of \$6000 for those 50 or over – max of \$25,500.

☸ Traditional IRA plans of \$6,000, with a catch-up contribution of \$1,000 for those 50 and over – max \$7000. For those covered by a workplace retirement plan such as a 401(k), there are phase outs in which you can deduct it. Please check with your advisor to determine the maximum amount in your situation. Contributions due by April 15, 2020.

☸ If you are self-employed you may be able to contribution up to 20% of your net income to a SEP IRA or Keogh plan. Contribution has to be made prior to filing your return or due date. Or consider a solo 401(k).

FUND A HEALTH SAVINGS ACCOUNT. If you have a high deductible insurance policy that qualifies, a business owner can fund an HSA account for \$3550 single or \$7100 for a family policy. There is also a \$1000 catch up for those over 55. For a 2019 tax benefit contribute before you file your return or by April 15, 2020.

MAXIMIZE YOUR HEALTH INSURANCE TAX CREDITS. If you receive tax credits to reduce your health care insurance premiums watch your income. If it exceeds \$62,300 for married folks you will be denied the tax credit and get charged the full premium, which could be close to \$30,000.

CAPITAL GAINS. Review your capital gains and capital losses to minimize your overall taxes.

☸ If you have capital losses over \$3000, consider generating capital gains to utilize the loss. You can only take a \$3000 loss; the rest will be carried forward.

☸ Donate appreciated stock. You can avoid the capital gain income on appreciated stock if you donate the stock directly to the nonprofit (501c3). You receive the fair market value for the donation and avoid the capital gain income.

☸ Consider directly donating a part of your required minimum distributions from your retirement account directly to a nonprofit. This can reduce your taxable income if you are over 70 1/2, taking RMD's and give to charities. You avoid reporting the income.

LIKE-KIND EXCHANGES. If you plan to sell investment real estate, consider doing a like kind exchange. By purchasing a higher cost property, you can roll the gain into the new property and defer the gain until you sell the new property. Know the rules before you do this.

Itemized deductions in most situations will not provide a tax benefit since the standard deduction increased to \$12,000 and \$24,000.

☸ Be sure to pay at least \$2,500 of your home real estate taxes by December 31 for the \$300 WI school tax credit.

☸ Consider paying your donations every other year, so that you can exceed the standard deduction.

Qualified business income deduction. If you report pass-thru business income from a sole proprietor, partnership, s corporation or rental income and your income exceeds \$150,000 if filing single or \$300,000 if married it may definitely be worth the investment to do tax planning.

These suggestions are for discussion purposes. Majority of the items mentioned have very specific requirements. The requirements can be complicated and may yield different results based on your unique situation

To learn more about your options - please **CONTACT** us for a "Tax Strategy/Tax planning" meeting to understand the full implication of the items mentioned above.

"Improving the lives of small business owners" **FOCUS\$CPA** Inc

SMALL BUSINESS OWNERS

TAKE CONTROL & PLAN FOR THIS YEAR'S INCOME TAXES.

LET'S MEET TO FINE TUNE YOUR TAX STRATEGY.

If you earn profits, you pay taxes. Avoid surprises, especially ones that cost money and learn how you can pay less. The 2017 Tax Reform Act was the biggest tax law change since the 1980's. We're still learning the unique opportunities and pitfalls.

Contact Jodi to set up a Tax Planning Meeting:

920-351-4842

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DID YOU KNOW? A LITTLE WISCONSIN HUMOR

This came to my attention the other day. According to Jeff Foxworthy you may live in Wisconsin **IF**...

- Your local Dairy Queen is closed from September through May
- Someone in a Home Depot store offers you assistance and they don't even work there,
- You've worn shorts and a jacket at the same time
- "Vacation" means going anywhere North of Milwaukee for the weekend
- You measure distance in hours
- You know several people who have hit a deer more than once
- You have switched from 'heat' to 'A/C' in the same day and back again
- You install security lights on your house and garage, but leave both doors unlocked
- You carry jumpers in your car and your wife knows how to use them
- You design your kid's Halloween costume to fit over a snowsuit
- Driving is better in the winter because the potholes are filled with snow
- You know all 4 seasons: almost winter, winter, still winter and road construction
- You have more miles on your snow blower than your car
- You find 10 degrees "a little chilly"

IF you actually understand these jokes you definitely do live - or have lived - in Wisconsin.

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