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The CFO Advisor

Guidance for Small Business Success™

Welcome to the **October** edition of “The CFO Advisor!” Thanksgiving is just around the corner so let us be the first ones to wish you a Happy Thanksgiving!

This month’s newsletter starts with “Five Strategies to Minimize Your Tax Liability.”

If your business is growing, you need to take note of some potential trouble spots which you will find on page 3, plus some advice on leadership and how to effectively get your message across.

We will also be sharing ways on how to be a better version of yourself by unleashing your creativity juices and some health tips on why taking a cold shower is good for you.

Lastly, communication is vital in any business. In this month’s newsletter, you’ll learn how to get the attention of your readers by sending emails that get results.

Until next month.

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Five Strategies to Minimize Your Tax Liability

Paying taxes, while a civic duty, isn’t always an enjoyable experience, mostly because of the intricate paperwork and complex tax laws involved.

However, that stack of papers could result in considerable tax savings, with the proper planning and strategies.

Here are five strategies that can help you achieve this:

1. IRA Contributions

Contributing to a retirement plan is one of the best ways to reduce your tax liability. Most plan contributions are write-offs that don’t require you to itemize deductions to reap the benefits of the contributions. For example, making contributions to a Traditional IRA lowers your taxable income because the contribution to the Traditional IRA is made with pre-tax dollars. Keep in mind that contributions to Traditional IRAs are taxed as ordinary income when funds are withdrawn.

There is also the Roth IRA, however, you won’t reap any immediate benefits from contributing to it. Provided that you meet the withdrawal rules, distributions from the Roth IRA are tax free when withdrawn, unlike the Traditional IRA. Check with your tax specialist on eligibility requirements for either one before you contribute to one.

2. Make Your Heart Smile/Give Back

Making a charitable contribution goes beyond simply writing

a check. You can donate items such as clothing, toys, books, used household items, and automobiles to your favorite charity. Be sure that the organization that you are donating to is a qualified 501(c)3 organization, otherwise, you will not be able to claim a deduction for the donations.

3. Flexible Spending Accounts (FSA)

Contributions to an FSA reduces your gross income, therefore reducing your taxable income. These accounts are pre-tax accounts that allow medical care, child and dependent care, and health insurance to be paid with tax-exempt dollars. Pre-determined, tax-free amounts are deducted from an employee’s paycheck by the employer and placed in a special account that

releases the funds to the employee when expenses are incurred. FSA plans can also make payments directly to medical providers.

4. Itemize Your Deductions

Generally, if you have mortgage interests, property taxes, medical and dental expenses that exceed 7.5% of your AGI, charitable contributions, and certain other deductions that can be claimed on the Schedule A, it might be in your best interest to itemize instead of claiming the standard deduction. Itemized deductions can reduce your taxable income. However, for tax years 2018-2025, the standard



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Tax Liability

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deduction amounts have been increased and it may make more sense for you to claim the standard deduction instead of itemizing. Before filing your tax return, do the math to see which way will provide the greatest tax savings: itemizing deductions or claiming the standard deduction.

5. Contribute to an Employee Deferral Plan Such as a 401(k)

Does your employer offer a 401(k) or other type of deferral plan? If so, you might want to take advantage of it and have your employer deduct contributions from your paycheck. The contributions are made with pre-tax dollars, which means the contributions are made from your gross income before taxes are paid. Taxes are then calculated on the reduced salary amount after the deduction has been taken out. A reduction in salary means a reduction in your taxable income. Keep in mind that when you make a withdrawal from a 401(k) plan, the distributed amount is taxed at your ordinary income tax rate.

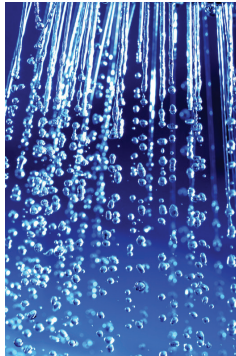
There are other ways that you can minimize your taxes as well. It just depends on your individual situation. Being in the know is half the battle.

Take A Cold Shower — For Better Health

An article on the Success website spells out the benefits of taking cold showers ...

Showers keep you clean, but a cold shower can be good for your health. An article on the Success website spells out the benefits of taking cold showers:

- **Immunity.** Scientists believe there's a correlation between cold showers and increased production of an amino acid called glutathione, which boosts the immune system, gets rid of toxins, and eases stress.
- **Better skin health.** A hot shower removes important oils from the skin, making it dry and itchy. Cold showers reduce skin inflammation. They also prevent your hair from becoming brittle.
- **Muscle recovery.** There's a reason why athletes soak in ice baths after a tough game. The cold water helps speed their recovery time and relieve soreness quicker.
- **Better moods.** Cold showers may prevent depression, according to researchers at Virginia Commonwealth University. Decreasing the temperature of your water and then spending two or three minutes under cold water sends a lot of electrical impulses from the nerves in your skin up to your brain, which could have an anti-depressive effect.



Believe In Yourself: How To Develop Your Confidence

Confidence doesn't come naturally to everyone.

Even the most successful people have struggled with it in their careers. The good news is that you can develop it, just like any muscle or character trait, if you're willing to work hard. The better



news: These tips can help you strengthen your confidence. Here's what to try:

- **Don't compare yourself against others.** Focus on your own achievements and ambitions, not anyone else's. Other people will always be more successful than you at different stages of your life and career, and obsessing about them will only send your confidence plunging. Concentrate on identifying and improving your own unique strengths and skills.
- **Track your success.** Keep a log of your accomplishments: large and small. Recording victories daily will make you feel more successful, and looking over your progress will boost your self-esteem. In addition, reviewing your achievements should give you some good ideas for what to work on next.
- **Practice being assertive.** Take an active role in pursuing success, no matter how anxious you feel. Start by visualizing situations where you feel nervous, and picture yourself being assertive. Make these scenarios as vivid as you can so you'll be ready for them in real life. Check your body language in a mirror, and practice good posture and a self-assured expression. Then go out and take a few chances, starting with low-risk situations. Once you've survived those, you can move on to bigger personal challenges. You may be surprised by how well practice makes perfect.

Are You In Need of a Trusted Business Advisor?

If you are not my client and would like to explore whether we might be a good fit, please contact me. As an experienced business advisor, I have worked not only in private and public industries but also across many functional areas and can help you implement best practice solutions to improve profits.



Do You Have A Tough Accounting / Finance Question You Want Answered?

I love hearing from my small business clients and friends who enjoy reading my monthly newsletter. I'm always looking to answer pressing questions you might have relating to small business. If you have a question, tip or idea, please call me at 352-450-2880 or email me at dwright@dlhulseconsulting.com. Perhaps I'll feature you in a future issue!

Be A Great Leader With This Communication Advice

Here are some tips for getting your messages across ...

When you think of great leaders in business, politics, sports, or any other field, you probably remember how their words affected and motivated you. Communication is a central leadership skill, one you can't neglect if you want to succeed in your career. Here are some tips for getting your messages across:



- **Get personal.** Let people know what you think. Don't parrot your organization's press releases, nor try to hide your true opinions with vague language (e.g. "mistakes were made"). Honesty will earn people's trust. They'll accept what you say because they know you're willing to take responsibility for your words.

- **Adjust your style.** Always remember that different employees process information in different ways, and that what works with a single worker won't necessarily translate into an effective message for a group. Some people want all the facts up front; others are more comfortable starting with the context and background before moving into the issue at hand. The better you understand how employees respond to information, the more effectively you'll be able to tailor your messages.

- **Listen to people.** Good communication flows in two or more directions. You can't craft compelling messages if you don't know what your recipients are thinking. Be patient when employees need to speak to you; paraphrase what they say to confirm that you're getting an accurate picture. Pay attention to nonverbal cues, like facial expressions, body language, and tone of voice.

- **Master the data.** Not just numbers, but facts. Analyze your own assumptions — which sources of information do you automatically believe? Are they always correct? Collect information from your employees and other credible sources before making up your mind, and confirm your accuracy before announcing a decision. Use concrete data and specific examples to support your case so everyone can see where you're coming from.

Don't Get Strangled By Growth

As your organization grows, be prepared for these potential trouble spots ...

Managers can easily slip into the habit of controlling every aspect of their operations when their organization or department is small. Then, as it expands, they may have trouble giving up their authority over every decision and task. That causes problems with employees.

As your organization grows, be prepared for these potential trouble spots:



- **Time management.** Keep track of how you spend your day so you concentrate on strategy and the big picture instead of routine tasks that can be easily delegated. You want sufficient time to plan, and employees are looking for opportunities to stretch and grow themselves.

- **Business procedures.** Standardize rules and procedures as your efforts expand so you can maintain a degree of control over employees' activities without monitoring their every move. You don't want to stifle their initiative, but you have to know that they're on the right track.

- **Reach out.** Most managers shouldn't keep track of more than three to six people directly. Adding more employees means you have to rely on someone to manage your expanded workforce. As you hire, look for employees with experience and interest in effective management so you don't stretch yourself too thin.



Quotes:



"To stay alive, you have to keep moving. Running, relocating, driving, and doing everything in your power to stay in motion and make it to safety." — **M.B. Dallochio**

"Hard work spotlights the character of people: Some turn up their sleeves, some turn up their noses, and some don't turn up at all." — **Sam Ewing**

"Leadership is not about the power and status of one but the empowerment and service of all. That is what it should be and that is how it should be measured." — **Rasheed Ogunlaru**

"We should certainly count our blessings, but we should also make our blessings count." — **Neal A. Maxwell**





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SEND EMAILS THAT GET RESULTS

Here's how to make sure people read and answer your messages while they're still fresh ...

Do your emails get the attention and rapid response they deserve? Here's how to make sure people read and answer your messages while they're still fresh:



- **Grab them with your subject.** The subject line should read like a compelling newspaper headline. One technique is to use the subject line to tell people what you want up front: "Please come to the 3 p.m. meeting," for example, or "Do you have the Jones file?"

- **Limit yourself to one subject per message.** Don't overload readers with questions and data. Single-topic emails are easier to answer than lengthy essays or questionnaires.

- **Ask for action.** Tell the reader what you need him or her to do — present a report at the 3 o'clock meeting, or bring the Jones file to your office. Specify whether you want a response to your email. If it's not necessary, tell them.

- **Be consistent.** Tracking emails is easier when you keep the same subject line.

Unleash Your Creativity With These Exercises

Need to jump-start your imagination?

Even the most creative types sometimes have trouble tapping into their inspiration. Try these tricks for getting the juices flowing:



- **Gather information.** You may be stuck because you don't know what you don't know. Spend some time learning more about the subject you're involved with. You may uncover a single fact that can spark a dozen ideas.

- **Search at random.** Instead of zeroing in on your topic, try looking at something else. Pick up a magazine you've never read before, or look at a website on some new subject. You may have to open your mind to areas you've never looked at before to find what's sitting in front of you.

- **Create a list — or a map.** Try making a list of everything you know about your topic. Putting it down in black and white may help you notice a facet of the subject you hadn't considered before. Or draw a map — start with a central idea, place related concepts around it, and look for relationships that aren't obvious.