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The CFO Advisor

Guidance for Small Business Success™



Can you believe that we are already halfway through the year 2020? In the past several months, our businesses and personal lives have changed drastically as we learn to deal with the effects of the COVID-19 crisis. However, with each passing day we continue to adjust, recover, and refocus with a brighter outlook on the future.

In this issue of “The CFO Advisor,” you’ll learn how to keep your business moving in an upward momentum in this new environment. You’ll learn tips for keeping innovative, maintaining productivity, and continuing to thrive in shaky, unpredictable times. You’ll also learn several tips for keeping your business and personal information protected in a virtual environment, including how to avoid falling victim to common online scams.

After reading this issue, you’ll be better equipped to continue your journey on a stronger and more positive note.

Until next month...

Dwight L. Hulse, CPA/CITP, CGMA



Is A Roth Conversion Right For You?

In the midst of COVID-19 and the resulting stock market crash, many investors are wondering whether they should continue contributing to their retirement account, or whether they should look into a Roth conversion.

A Roth conversion is where you would take the pre-tax dollars currently in your retirement account (whether a traditional IRA or a qualified retirement plan sponsored by your employer) and pay tax on them while they remain in a tax-free Roth account.

Considering the current market and “low” tax rates, it may be a good time to take advantage and make a Roth conversion.

Tax rates are at an all-time low and while the funds in your retirement account may have taken a hit, if you convert on the current amount, you’ll pay less in tax.

Here are some additional benefits to making a Roth conversion:

- There is no income limit and no limit on the amount to be converted for individuals to do a Roth conversion.
- The earnings after you convert will continue to grow tax-free, indefinitely.
- You will avoid the required minimum distributions.
- The IRS treats all of your Roth IRAs as one account -- so if you had a Roth account more than five years old, the IRS would treat the new one as if were also more than five years old.

However, there are also some downfalls to take into

consideration:

- If you do not have the funds outside of the retirement account to pay the tax, it does not make financial sense to make the conversion.
- You can no longer “go backwards” and recharacterize a Roth IRA conversion from a traditional IRA (a maneuver banned by the Tax Cuts and Jobs Act of 2017).
- If you have dependents applying for financial aid, Roth conversions will need to be included as income reported on the financial aid form.

It’s important to note that some have “advised” that you can take withdrawals and stretch tax payments over three years by contributing the withdrawal to an IRA. However, this strategy has not been given the official “OK” by the IRS and could result in a costly penalty for the taxpayer.

When deciding whether or not it is a good decision for you to make, you’ll want to take into account the two main considerations:

- Your current tax rate versus what you or your beneficiaries will pay on withdrawn funds in the future.
- The value of your assets in your retirement account.

As with any traditional retirement account, you should always consult with your tax specialist prior to making any changes or deciding to make a Roth conversion.





The Innovation Cycle: Three Ways to Maintain Momentum

Keeping an air of innovation and inspiration alive in the workplace can be a difficult task, especially during these times but there are ways for leaders to keep the momentum going once the spark has been lit.



While your teams have their heads down at their desks working on your core business, technological advances — and the accompanying opportunities for disruption — are happening more quickly than ever.

Even organizations who are ahead of the curve are conducting regular programs focused on education, and replanting the seeds of inspiration and innovation.

Innovation is not a one-off initiative.

Keeping innovation at the top of the leadership's priority list is important for multiple reasons:

1. A Spark of Inspiration. According to the most recent "State of the American Workplace" report by Gallup, only 30 percent of the U.S workforce is engaged in their work.

So how can leaders engage, or re-engage, their workforce? According to the study, after an uplifting interaction, everyone leaves with a jolt of energy and inspiration. But what impact did that have on their mindset? Slowly, after a few weeks, they get back to their normal routine.

Leaders can keep the spark of inspiration alive within their organization by bringing in speakers, launching an internal initiative, or hosting a workshop to galvanize their employees.

2. Information Overload. Start-ups and technological advances

are surfacing at an alarming rate. One hundred million businesses are launched annually, according to the 2015/2016 GEM Global Report.

Organizations are feeling the sense of urgency to not only update their innovation strategy, but keep up with all the potential disruptive threats and opportunities on the horizon.

Newsletters, conferences, workshops, and advisers are just some of the other ways to seek out and filter relevant content.

3. Education Is Key. A few months or years pass, and so do those skill sets one studied so hard to learn or implement.

Even with a degree, a certification, or an intense 10-week course on the books, the mind can get stagnant and skill sets start to fade. To avoid tunnel vision or an antiquated approach, educating newcomers and re-educating seasoned employees is essential.

Supporting education initiatives facilitates thinking outside of the box and investing in your employees.

How COVID-19 Will Change Consumer Behavior

The coronavirus crisis is likely to change American culture and behavior long after it's passed. Ad Age points out these trends that are likely to endure:

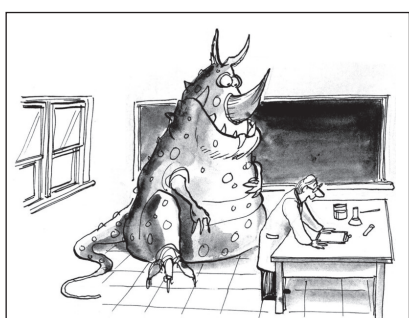
• **Trust in tried-and-true brands.** The stress of change will coax consumers into sticking with time-tested brands, experts say. Launching anything new will be difficult as Americans shy away from what they're not already familiar with.

• **Do-it-yourself will stay strong.** We're already cooking more at home and trying out new recipes, and that's likely to continue. For example, sales of yeast rose 650% for the week ending March 21, compared with the same period last year, reflecting how many Americans are baking more often.

• **We'll rely more on digital outlets.** Just

as digital streaming is replacing going out to the movies, digital shopping is on the upswing. For example, almost 40% of online grocery shoppers in April made their first online grocery purchase in March.

• **Flexible work is here to stay.** A poll of 500 adults age 40–50 said they expect to go back to their previous routines, including work, school, recreation, and entertainment. However, as working from home has boomed during the pandemic, it's likely that more employers will offer this option and employees will scoop it up, experts predict.



"Is it possible that toxic dumping could create a vile organism? Nah."

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!



Guard Against Phishing Scams During The Outbreak

The implications of COVID-19 are scary enough without adding the threat of online fraud or identity theft. However, determined criminals are “phishing” for information by posing as officials of the CDC, as health experts offering cures, and even as your own employer.

The Norton website shares these clues that can help you spot a scam and keep your data safe:

- **Requests for personal information.** Government agencies and legitimate organizations won't ask for your Social Security number, passwords, or other private details. Don't turn any of that over.
- **Untrustworthy links.** You can determine where a link is actually going by hovering your mouse over it and looking at the URL. Many times you'll be able to tell that it's not a legitimate online destination. On the other hand, some scammers can create very realistic looking destination URLs, so be cautious and delete the link in case of any doubt.
- **Grammatical mistakes.** Errors in spelling, punctuation, and grammar are telltale clues of a phishing attempt. Again, delete the message immediately.
- **Generic greetings.** “Dear sir or madam,” or “To whom it may concern,” mean that the sender has no idea who you are.
- **Instant action.** Phishing scams will insist that you respond immediately. Don't panic. Just delete the message right away.



Security Tips When Meeting Virtually

Whether you're using Zoom, Skype, or some other videoconferencing technology these days, security is essential.

You don't have to be an IT whiz to implement some basic conferencing policies. These come from the *Computerworld* website:

- **Get the right software.** Consumer-grade software usually doesn't have all the administrative tools you need to keep meetings secure. Look for tools created for professional use, and update them regularly.
- **Use the waiting room.** A waiting room allows the meeting administrator to confirm that only authorized people can join the meeting.
- **Enable password protection.** Whichever

service you use, it should provide a meeting ID number and a separate password or PIN. If you create your own password, use a password generator to avoid something easy to guess.

- **Keep links private.** Don't share invitations or links via social media — only through your organization's email system.
- **Lock the meeting.** Once everyone has signed in, lock your meeting down to prevent any unauthorized users from trying to hack in. Of course, some people may drop out temporarily. Let them back in, but be sure to relock once they return.
- **Don't record meetings unless necessary.** If you must record, make sure every participant is aware of it.
- **Educate hosts.** If employees are planning their own meetings, be sure they're aware of the proper procedures for holding a secure conference.

Expert Financial Advice For Staying Solvent

Now that we are halfway through the year and several months into the current crisis, it is clearer than ever that the COVID pandemic isn't simply a health threat, but an economic threat that could last for months or even years to come.

As we continue to deal with the toll that the crisis has taken on our finances, here are four tips on how you can keep things under control:

1. **Increase your back-up emergency fund.** It has always been advised to save up for at least three months of bills in the case of a financial emergency. However, now is the time that you may want to consider saving more. This crisis will likely be around for a while, and three months of savings may not be enough if you lose your source of income.
2. **Ask to put your bills on hold.** Many creditors are providing options for helping consumers and giving them a



break during the crisis. Some mortgage lenders are giving homeowners a break on payments, and in many states and communities, evictions for nonpayment of rent are prohibited. Student loans can be withheld for two months. If you have bills that you are having trouble paying, contact your creditors to see what options they have during the crisis.

3. **Be smart about your purchases.** Online shopping is easier than ever, with many items just a click away. However, nonessential purchases should be put off as long as possible. While at home, reduce your energy bills by doing your best to conserve electricity and water.
4. **Don't panic sell.** It may be tempting to sell your stocks and get out at a time when the stock market is severely down. However, the market will eventually improve. Therefore, it is important to try and stay on course as much as possible and continue investing.



Quotes:

“If we command our wealth, we shall be rich and free. If our wealth commands us, we are poor indeed.” — **Edmund Burke**

“Many folks think they aren't good at earning money, when what they don't know is how to use it.” — **Frank A. Clark**

“Management's job is to convey leadership's message in a compelling and inspiring way — not just in meetings, but also by example.” — **Jeffrey Gitomer**

“The most talented, thought-provoking, game-changing people are never normal.” — **Richard Branson**

“Can't you see that the courage to risk, to dare, to toss that gold coin up in the air over and over again, win or lose, is what makes humans human?” — **Jennifer Donnelly**





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FBI Warning On COVID-19 Scams

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FBI Warning On COVID-19 Scams

The COVID-19 outbreak and its impact on the economy are giving crooks the opportunity to take advantage of widespread fear and uncertainty. The FBI is warning against “money mule” scams, in which fraudsters enlist innocent people into moving money around for laundering purposes. Specifically, the bureau advises you to watch out for two common schemes:

Work-from-home scams

These promise lots of money for little to no effort. Red flags include:

- The “employer” you communicate with uses web-based email platforms such as Gmail, Yahoo, Hotmail, Outlook, etc.
- You are asked to receive funds in your personal bank account and then “process” or “transfer” funds via wire transfer, ACH, mail, or money service businesses, such as Western Union or MoneyGram.
- You are asked to open bank ac-

counts in your name for a business.

- You are told to keep a portion of the money you transfer, which could expose you to criminal charges.

Overseas individuals

Watch out for emails, private messages, and phone calls from individuals you do not know who claim to be located abroad and in need of your financial support.

Criminals are trying to gain access to U.S. bank accounts to move fraud proceeds from you and other victims to their bank accounts. Common scenarios include individuals who claim they are:

- U.S. service members stationed overseas asking you to send or receive money on behalf of themselves or a loved one battling COVID-19.
- U.S. citizens working abroad asking



you to send or receive money on behalf of themselves or a loved one battling COVID-19.

- U.S. citizens quarantined abroad asking you to send or receive money on behalf of themselves or a loved one battling COVID-19.
- People working in the medical equipment business asking you to send or receive money on their behalf.
- Affiliates of a charitable organization asking you to send or receive money on their behalf.