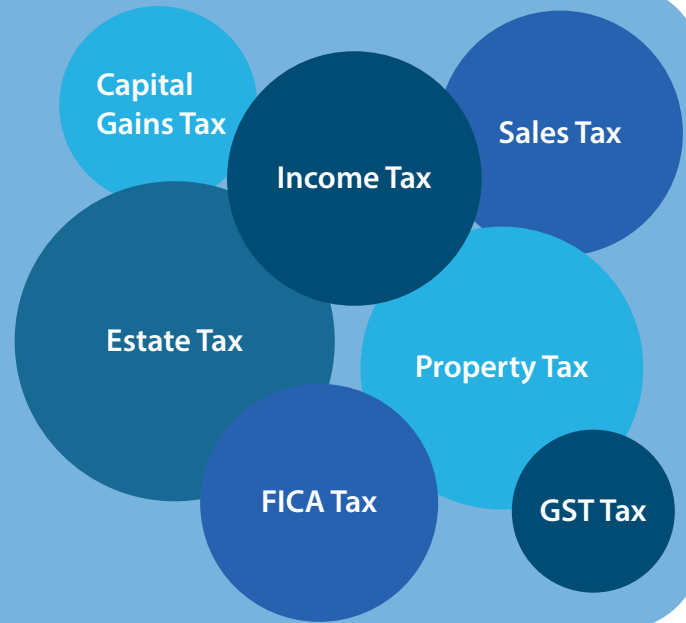


Tax Planning

Did you know, the majority of small business owners in the U.S. pay too much in taxes?

Many people only see their tax professional when it is time to file a new return and never engage in proactive tax planning to avoid future tax exposure. Here is some information that might be helpful as you consider planning for your tax liabilities:



Proactive Income Tax Planning

While many people have a CPA or other tax professional assisting them with preparing and filing tax returns and planning around past year's deductions, expenses, and tax liabilities, very few of them ever engage in proactive planning for tax liability in future years. Proactive tax planning can include:

- Entity Structuring to allow for greater deductions or income shifting in the future
- Tax Diversification to create accessible funds that are treated differently for tax purposes
- Retirement and ERISA planning to defer taxes on income today until needed in retirement
- Charitable Planning to take advantage of more deductions each year from charitable gifting

Regular Income



Tax Free Income

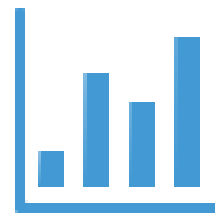
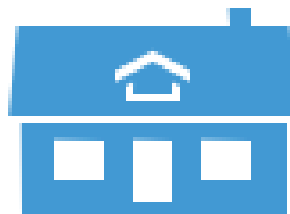


Assets/ Investments



Planning Around Capital Gains Taxes

Capital gains taxes are realized upon the sale of a capital asset such as real estate, business interests, stocks, or other assets. While capital gains tax rates are generally more favorable than regular income tax rates, they can still add up and add to your overall income tax liability. There are multiple strategies for avoiding, delaying, or minimizing capital gains taxes on the sale of an asset. You should consult with competent legal counsel and a tax professional to decide if a particular strategy might work for your situation.



Planning for Estate and Gift Taxes

The United States has a second system of taxation for transfer taxes including gift and estate taxes. As of 2018, the unified lifetime exemption amount for an individual for estate and gift taxes is over \$11.25MM. With some simple planning it is fairly easy to exempt \$22.5MM as a married couple, beyond that planning becomes more complicated and should be carefully considered with competent legal counsel. Each year if you gift less than \$15,000 per individual recipient you will not have to worry about gift tax exposure or planning around the lifetime exemptions, but any more than that and you should consult legal and tax counsel for guidance.

Also consider:

- Will you be selling a business or asset in the near future and realizing capital gains?
- Is your total estate including insurance over \$5MM and have you considered possible estate taxes?
- Have you positioned yourself for the least tax exposure over your lifetime or for more tax in the future?
- Is your business structured properly to avoid unnecessary taxes?
- When is the last time you had your most recent 3 years tax returns reviewed to maximize savings?

If you have questions or are interested in a consultation, feel free to contact our professional network through your LSPN advisor/ representative or visit our website at www.lspnpro.com

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