



FIND YOUR HIDDEN TREASURE

Strategies to potentially increase your cash flow

Many people are frustrated today with high taxes, upside down real estate, underperforming businesses and less cash flow in their pockets than desired. Hidden treasures are those nuggets of potential new found money that occur when a financial strategy is implemented. As financial strategists we are constantly asked how a person can increase cash flow and decrease taxes. With the current state of the economy, pension debate, and the uncertainty with the future of Social Security it's more urgent than ever to ensure that you have a long term plan in place.

According to AARP, 85% of retirees will have to retire to a part time or other job to supplement income. What can you do to avoid this and potentially create more cash flow now? Look at your personal expenses & find ways to deduct them as business expenses. Those new found deductions could mean less tax due and more cash in your pocket.

One of our core areas of comprehensive planning is business strategy. There are many opportunities to uncover hidden treasures in your business. For example, if you are taking a salary of \$150,000 a year from your S-corporation business it is possible to simply reduce your salary to \$50,000 and take the \$100,000 from the business profits. By doing this you can potentially eliminate or reduce your self-employment tax. Please understand that every situation is unique and you should consult with your tax advisor to see if this strategy will work for you. Another strategy is looking at your businesses benefits. You want to look for benefits that can provide for the employees while providing a tax deduction for the business. This can be found in various pension plans, disability, or health plans. You may find ways to repurpose old inventory and use it as a loss leader or bonus. You can also find marketing partners interested in your

favorite clients (who do not sell a competitive product) and ask them to do some cross marketing with you. You market to their list and they market to your list.

Who hasn't been hit hard in real estate over the past few years? Through comprehensive strategy there are ways to potentially turn your upside down real estate around so they are once again creating cash flow. One strategy again is repurposing. This is where you turn the house into college housing, a senior living facility, or a sober living home. By doing this you rent the room or bed and not the house. Another strategy is a chattel appraisal, and no we are not talking about cows! A chattel appraisal is a way to accelerate depreciation on a rental property. At Conaway & Conaway we are always in appreciation of depreciation. New found treasure in your real estate could also be allowing rents to potentially be offset by depreciation or other expenses. These expenses could include home office, travel, or management.

It is important to keep in mind that a comprehensive plan includes all members of your power team. Many of the strategies mentioned include the collaboration of your tax and financial advisors. Other power team members could include an attorney or real estate professional. Let us help you find your potential hidden treasure today. Call our office and schedule your **FREE** power hour today.

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