



Protecting Your Retirement and Family

The fall season always brings a feeling of new beginnings as everyone heads back to school and begin to prepare for the new year. Fall may also bring a feeling of refocus as we work to reach year-end goals that may have been pushed to the side. As business leaders and owners, we are often so focused on helping our clients and leading our businesses that we forget to invest in ourselves and our families. Take a moment to consider the following ideas as tax efficient ways to leverage your hard work:

1 If you do not have a company retirement plan consider setting one up.

Whether you are a one-woman show or have a company with hundreds of employees, you should consider putting

a company retirement plan in place. As business owners, we put everything into our companies but down the road, we need to be able to get this money out. Retirement plans have many benefits such as:

- Reducing the company's tax liability
- Creating opportunities for tax-free growth
- Employee recruitment and retention
- Protection from creditors

Each company is unique and your retirement plan should be set up for your specific needs. It pays to consult a professional when setting a plan up.

Similarly, if you already have a plan in place, you should have the plan reviewed periodically. Ask your advisor to review the plan with a goal of making sure it is still set up with your retirement needs in mind.

2 Consider funding a ROTH IRA.

A Roth IRA is an individual retirement account allowing a person to set aside after-tax income each year (up to \$6000 in 2019). Money in a Roth IRA grows tax free and when you take it out in retirement you will pay no taxes. However, there are income limits if you want to fund a Roth IRA directly. Government regulations stipulate that if your 2019 annual salary is more than \$122,000 (single) or \$193,000 (married filing jointly), you are not allowed to contribute directly to a Roth IRA. If your income is above this level there is a back door way to contribute to a ROTH IRA. You fund a traditional IRA with after tax dollars and then immediately convert it to a ROTH IRA thus gaining a tax-free account for retirement.

3 Protect your loved ones in case bad things happen to you.

As a family business owner, this is a topic I often think about. What would happen to my business if I was not here tomorrow and would my family know what to do? Three steps that you should consider taking, if you have not already done so is to:

- Review and update your will with a professional estate attorney
- Set up a buy-sell agreement with any partners or a valued employee
- Set up a family or advisory board that will take over if you were to die or become incapacitated. I set up a family board when my children were teenagers and we have been meeting twice a year since then to discuss what is going on in the business. This was and still is a great way to get insight from my children, and it also is a way to prepare them if they do have to make a decision about the company in the future.
- If there are other family members in the company, it is even more important to add structure to the areas of ownership and succession planning. Most family business issues are caused by lack of communication or misaligned goals. Although there are many financial decisions centered around succession planning, it is important to remember that this is an emotional process. It's important to take your time and consult several advisors while looking at options.

4 Purchase company insurance.

Owners and key employees have the ability to purchase long-term care and key person insurance through their company. This provides a tax-advantage when paying the premiums and ensures that the individual is protected in the future from any health or succession issues. Key person insurance will provide funds similar to life insurance but are designed to be used for either replacing the individual, or even selling the business. It is important to not only get this insurance on yourself but also any other employee that is invaluable to your company.

In summary, these are just a few of the ways that you can protect your retirement and your family as a woman business leader. It is key, however, to make sure that you are complying with the appropriate laws and regulations. This is often where the advice of professionals with specialization in the areas you are considering is well worth a consultation. ☺



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