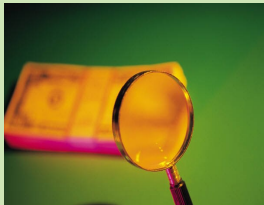


LINDSEY & WALDO

CERTIFIED PUBLIC ACCOUNTANTS

"You see the numbers, we look for the opportunities."



SPECIAL POINTS OF INTEREST:

- Is your Social Security taxed?
- Plug the holes in your leaky bucket
- Are you a leader?
- Richard's reads
- Call-in times, referrals, and more...

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Taxing Times

Dedicated to helping our clients keep the money that belongs to them through a focus on tax.

VOLUME 14, ISSUE 5

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Ask the Taxpert



Question: How are Social Security benefits taxed?

Answer: That depends. (My favorite tax question answer.)

In the worst-case scenario, 85% of your benefits would be taxed. (This doesn't mean you pay 85% of your benefits back to the government in taxes—merely that you would include 85% of them in your income subject to your regular tax rates.)

To figure out how much of your benefits are taxed, you must first determine your other income, including certain items otherwise excluded for tax purposes (for example, tax-exempt interest). Add to that the income of your spouse if you file jointly. To this add half of the Social Security benefits you and your spouse received during the year. The figure you come up with is your total income plus half of your benefits – called provisional income. Now apply the following rules:

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Fight This Complacency

If your business is still going after a few years, you're in select company. That's the good news.

The bad news might be that you could be headed for oblivion, and not just because the AI robots are coming. (Though, the robots ARE coming!)

We've all heard the old adage: At least 85% and maybe as high as 98% of new small businesses fail before they hit the five year mark.

That rate may have been even higher over the past decade.

Whether you feel the economy is going up or going to **** in a hand basket, now is the time to plug the holes in our leaky buckets.

And, this economy is certainly revealing some "holes" in some of my friends' and clients' businesses, here in the area and beyond. Others are doing well, thriving even ... but, I want to say that discovering business problems can be a healthy process, however painful -- and certainly always worth it.

When a small business ends up failing, often the "conventional wisdom", especially among many other accountants or service professionals in the financial arena, is that the reason for that failure is "undercapitalization" and "poor fiscal management".

But, see, I can point you to businesses that have failed with enough money to do everything they needed to do ten times over. And yet still, some management consultant will tell you it's "poor management ability".

I suggest to you that what it is in most cases is that once the business owner was in business, **they were done thinking they needed to sell.**

It's amazing, but many people in many types of businesses believe they don't have to sell.

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Fight This Complacency—*continued from page 1*

For example, most doctors believe that they don't have to sell. There are a lot of restaurant owners who believe that. Incredibly, there's a lot of retail store owners who believe that "we open the doors and the customers come to us," and "we don't have to 'sell' anyone."

I hope you see how dangerous that thinking is. It may not be "classic" cold-calling or prospecting ... but, can you really believe that the patient consultations with doctors aren't also a form of sales process?

You obviously have some method you use to promote your business, or you wouldn't even be in existence. But, you probably only have one method or two methods or three methods that you use consistently. So, a good way to add a boost to your bottom line is to increase the number of methods you use.

The more methods, the more business. As marketing legend Dan Kennedy said, "Diversity is the creative opposite of laziness." So, you need to think, "How can I use more methods to attract the right kind of people to do business with me -- more than any other competitor will use?"

The more methods, the more business.

Hopefully, that thinking process has begun to take place for you today. Again, I don't pretend to be a "guru" ... I just see what works, and I pass it on.

One of methods that I see works well is word of mouth. You see that too, right? The hard part is creating a system to get referrals instead of waiting, and hoping, they come to you.

Hint: the best referrals you get probably won't come from your current customer/client/patient.

A major part of that system is networking. No, I'm emphatically not talking about going to various meetings and passing out business cards. I'm talking about building relationships with other like-minded business professionals. Professionals who are also interested in growing their businesses. If you're interested in meeting the professionals we work with, we'd be happy to introduce you.

"If a man has any greatness in him, it comes to light, not in one flamboyant hour, but in the ledger of his daily work." - Beryl Markham ✱



What I'm Reading...

NOW

Blood Defense by Marcia Clark

Be Our Guest by Disney Institute with Theodore B. Kinni

RECENTLY

Bone Canyon by Lee Goldberg

Infinite Giving by Ivan Misner, Ph.D., Greg Davies, and Julian Lewis



"Dear IRS, I am writing to you to cancel my subscription. Please remove my name from your mailing list." - Snoopy



Six Short Lessons on Leadership

By: Ivan Misner

If you're a business owner or entrepreneur, you know how challenging it can be to find the path towards leadership that works for you. If you find yourself wondering how to become a leader in business, follow these six short lessons on leadership:

Focus on solutions, not problems

If you focus always on the problem, people will always be coming to you with their problems as a leader. All too often, when facing a problem, the first thing we tend to do is focus on the negative situation. We continue to repeat our patterns, doing the same things that do not work, until we dwell in a feeling of negativity. Many people let their minds wander toward the negative, which then prompts them to focus on more problems instead of searching for ways to resolve the situation and grow from it. You must begin to start focusing on ways to actually resolve the situation by focusing on solutions. Do not just react, take the time to fully analyze the problem then make a list of possible solutions.

Continued on back cover ➞

Ask the Taxpert—continued from page 1

1. If your income plus half your benefits is not above \$32,000 [\$25,000 for single taxpayers], none of your benefits are taxed.

2. **For married taxpayers filing a joint return.** If your income plus half your benefits exceeds \$32,000 but is not more than \$44,000, you will be taxed on (1) one half of the excess over \$32,000, or (2) one half of the benefits, whichever is lower.

Example (1): S and D have \$20,000 in taxable dividends, \$2,400 of tax-exempt interest, and combined Social Security benefits of \$21,000. So, their income plus half their benefits is \$32,900 (\$20,000 plus \$2,400 plus 1/2 of \$21,000). They must include \$450 of the benefits in gross income (1/2 (\$32,900 - \$32,000)). (If their combined Social Security benefits were \$5,000, and their income plus half their benefits were \$40,000, they would include \$2,500 of the benefits in income: 1/2 (\$40,000 - \$32,000) equals \$4,000, but 1/2 the \$5,000 of benefits (\$2,500) is lower, and the lower figure is used.)

For single taxpayers substitute the following for the above:

If your income plus half your benefits exceeds \$25,000, but is not more than \$34,000, you will be taxed on (1) one half of the excess over \$25,000, or (2) one half of the benefits, whichever is lower.

Example (1A): S has \$20,000 in taxable dividends, \$2,400 of tax-exempt interest, and Social Security benefits of \$9,000. So, S's income plus half S's benefits is \$26,900 (\$20,000 plus \$2,400 plus 1/2 of \$9,000). S must include \$950 of the benefits in gross income (1/2 (\$26,900 - \$25,000)). (If S's Social Security benefits were \$3,000, and S's income plus half S's benefits were \$30,000, S would include \$1,500 of the benefits in income: 1/2 (\$30,000 - \$25,000) equals \$2,500, but 1/2 the \$3,000 of benefits (\$1,500) is lower, and the lower figure is used.)

3. If your income plus half your benefits exceeds \$44,000 [\$34,000 for single taxpayers], the computation in many cases grows far more complex. Generally, however, unless your income plus half your benefits is fairly close to \$44,000 [\$34,000 for single taxpayers], if you fall into this category, 85% of your Social Security benefits will be taxed.

CAUTION: If you aren't paying tax on your Social Security benefits now because your income is below the above floor or are paying tax on only 50% of those benefits, an unplanned increase in your income can have a triple tax cost. You'll have to pay tax (of course) on the additional income, you'll also have to pay tax on (or on more of) your Social Security benefits (since the higher your income the more of your Social Security benefits that are taxed), and you may get pushed into a higher marginal tax bracket. This situation might arise, for example, when you receive a large distribution from a retirement plan (such as an IRA) during the year or have large capital gains. Careful planning might be able to avoid this onerous tax result. For example, it may be possible to spread the added income over more than one year, or liquidate assets other than an IRA account, such as stock showing only a small gain or stock whose gain can be offset by a capital loss on other shares.

If you know your Social Security benefits will be taxed, you can voluntarily arrange to have the tax withheld from the payments by filing a Form W-4V. Otherwise, you may have to make estimated tax payments. ✖

Looking for Someone You Can Rely On?

We really believe in the process of referrals, so part of the service we provide is to be sure to refer our clients and associates to other qualified businesspeople in the community.

Below, you'll find a list of areas in which we know very credible, ethical, and outstanding professionals. If you're looking for a professional in a specific area we've listed, please feel free to contact us. We will be glad to put you in touch with the people we know who provide these services.

- | | |
|---------------------------|---------------------------------|
| ◆ Banker | ◆ Veterinarian |
| ◆ Medicare Supplements | ◆ Health & Wellness Supplements |
| ◆ IT Specialist | ◆ Printer |
| ◆ Financial Advisor | ◆ Mortgage Broker |
| ◆ Your Next Chapter Coach | ◆ Bathroom Remodeling |
| ◆ Payroll Processor | ◆ Cruise Agent |
| ◆ Accident Insurance | ◆ Attorney |
| ◆ Realtor | ◆ Custom Monogramming |
| ◆ Business Insurance | ◆ Air Conditioning Repair |



**This month's special
Member-Only call-in times
for Lindsey's Insider's
Circle will be 5/9/22 from
2:00 to 4:00 pm.**

**To schedule your
appointment, contact
Kristen at
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Six Short Lessons on Leadership—continued from page 2

For more on this topic, I recommend the book, *The Solutions Focus*
by Mark McKergow.

Collaborate with your team

Work with your team together. My team and I still struggle to agree on certain things when we work together on something, but it's part of the fun of collaboration. Collaboration thrives when everyone is humble enough to accept what others bring. You have your own strengths as an individual and so does everyone else.

Apply the organizational rules like Mandela, not Attila! Fascism is not a good leadership style!

Be a culture champion

Walk the talk. Leadership is about using your experience and wisdom to move others in a positive direction; it's about empowering others by serving as an example. You have to know the culture of your chapter.

What you do, thunders above your head so loudly, I cannot hear the words you speak. Live the core values and walk the talk.

Care about the success of others-REALLY care!

Great leaders demonstrate integrity, consistency, compassion, and flexibility. They listen, create safety, focus on the goal and remain flexible in how to achieve the goal. They are unafraid of vulnerability, apologize when they make mistakes, and build deep, lasting relationships.

Do not lead with a cookie-cutter approach. You can't treat all situations or people exactly the same.

Adaptive capacity

It is important for leaders to develop the contextual intelligence to deal with challenges. This is the ability to adapt to the current situation, we can never conceive of all the potential problems in any given situation. This means that one's ability to adapt is truly an important key to being a great leader. Do your best to understand the landscape and adapt.

However, you cannot plan for every unexpected situation. "What cannot go wrong will go wrong."

Finally, leadership is about accomplishing more than people thought possible. In your business, what are your wildest dreams? What's your ultimate goal? Never lose that idea and constantly be working towards it.

*Reprinted by permission from IvanMisner.com. Dr. Ivan Misner is the founder and Chief Visionary Officer of the world's largest business networking organization, BNI (www.bni.com). Founded in 1985, the organization now has over 10,600 chapters throughout every populated continent in the world. In the last twelve months alone, BNI generated 12.3 million referrals resulting in \$19.2 billion worth of business for its members. Dr. Misner is a New York Times Best-selling author. His latest book *Infinite Giving. The 7 Principles of Givers Gain*® is a book about building a life and business where you don't have to choose between winning or helping others. ※*

