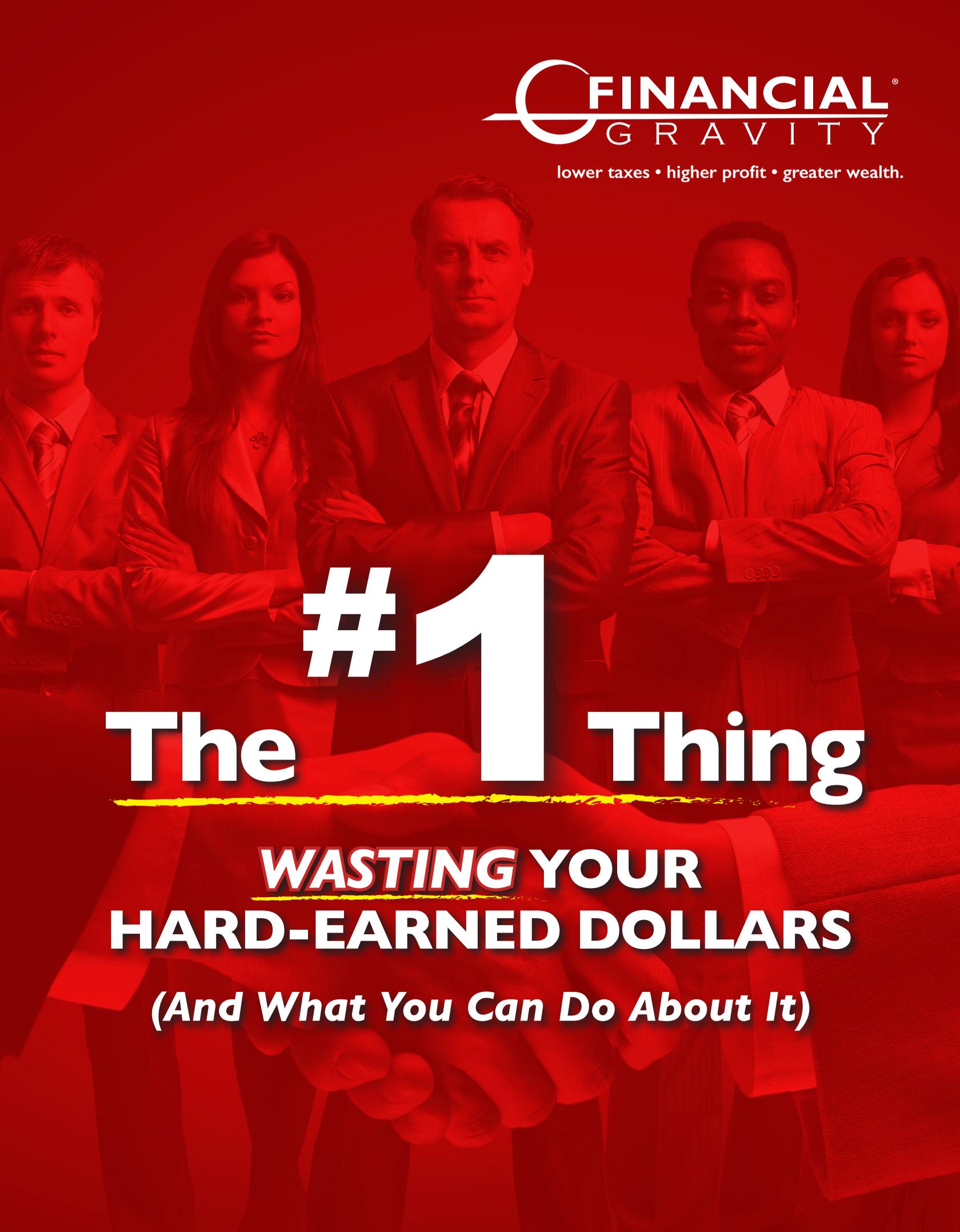




lower taxes • higher profit • greater wealth.

A group of five business professionals (three men and two women) in suits, standing with their arms crossed. The entire image has a red color overlay.

The #1 Thing

***WASTING YOUR
HARD-EARNED DOLLARS***

(And What You Can Do About It)

TAXES ARE DESIGNED FOR YOU TO LOSE

Individual income tax is the single most important levy in the United States.

In the U.S., income tax STILL provides nearly **HALF of the federal government's revenue** (as reported by the *Wall Street Journal*).

Did you also know that, on average, other developed nations only get **1/3 of their revenue from income taxes?**

So, I have to ask....

What is it about the "Free World" that makes our citizens deserving of MORE taxation and MORE restrictive income withholdings than MOST other developing nations?

ONE PROBLEM, ONE LOOPHOLE, AND ONE BIG FAT LIE ABOUT TAXES

A few years back, a good friend of mine, Keegan Vance, was teaching a basic Economics course at a local community college.

When he got to the lesson on taxes, he created a simulation game to break down the more difficult concepts related to money and investing. As Keegan talked about the tax benefits of real estate (specifically tax-free exchanges) a student at the back of class raised his hand.

"What's your question, Jeremy?" Keegan asked.

"Sir, excuse me, but isn't it wrong to reduce your taxes like that," Jeremy asked. "Isn't that just the same thing as stealing?" "Isn't paying our taxes our duty?"

Keegan laughed. He knew that once again he was going to have to correct a very simple (yet financially dangerous) **LIE** about our income and tax responsibility.

We are somehow trained to believe that we owe the government ANY and ALL money that they want to take from us. **We are conditioned to believe that disagreeing with this tenet is not only wrong – it is unpatriotic.**

But here's the truth.

Our taxes are *not* a duty. They are *not* a responsibility.

They are a burden.

While the system was originally designed from good intent, over the years it has become **terribly flawed** by corruption and back-door political agreements.

The **PROBLEM** is the government creates the tax code.

That means the government can change it, bend it or manipulate it to serve their best interests and beef up their bottom line.

The good news is that there are LAWS – ones that work to the taxpayer's advantage. If *they* can (legally) bend the tax code to their advantage, so can we!

HERE ARE 3 RULES YOU NEED TO KNOW TO PROTECT YOUR HARD-EARNED INCOME

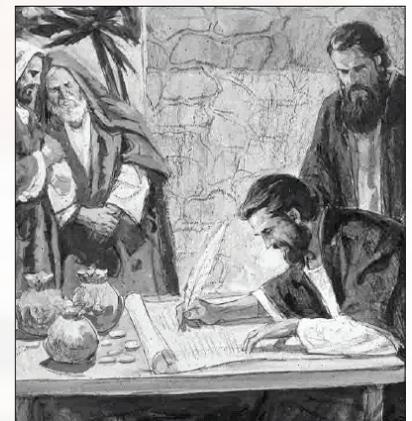
RULE #1: AVOID "GOVERNMENT" TAX ADVISORS LIKE THE PLAGUE

Since the dawn of civilization and the building of the Roman Roads, there has been one man more dreaded in society more than others. (But he's not who you might suspect.) It wasn't the criminal; the murderer who was seen as the town pariah and avoided at all-cost.

It was the **tax man**.

The only problem is that in ancient civilizations, he was easy to find.

Nowadays, the **tax man** comes in many forms.



And like a proverbial wolf in sheep's clothing, he's often the one offering you help.

Your tax advisor, or accountant, might not work *directly* for the government, but chances are he is so afraid of the tax

(BUT YOU DON'T HAVE TO PLAY THEIR GAME)

law that he will take actions that will protect himself before he will protect your income and keep you from paying more than you really owe, LEGALLY.

BUT YOU MUST REMEMBER, THE TAX LAW WAS WRITTEN TO REDUCE YOUR TAXES (NOT RAISE THEM).

If the tax code seems complex or impossible to navigate, 100% of that complexity was built with your interest in mind – not the government's.

Whether it's new deductions, more traditional deductions or a plethora of credit options like child care credits and credits for higher education, **the laws were created FOR YOU. Use Them!**

RULE #2: BUSINESS OWNERS CAN HAVE THEIR CAKE (AND EAT IT TOO)

The LLC, or *Limited Liability Corporation*, is becoming an increasingly popular way to protect a small business owner's assets.

But what about their taxable income?

LLCs are flexible and can be defined in many ways: sole proprietorships, partnerships, C Corporations, S Corporations and more.

THIS FLEXIBILITY MEANS YOU HAVE THE BEST OF BOTH WORLDS: YOU CAN PROTECT YOUR ASSETS AND GAIN TAX BENEFITS AT THE SAME TIME.

The key is choosing the right tax filing status for your LLC.

By default, an LLC is usually set-up as a sole proprietor (the highest tax and highest audited entity, but I am getting ahead of myself) considered a "pass-through" entity. This means the business itself does not pay tax on its profits. Instead, the profits are passed on to the owners (members) to report on their individual returns.

A C Corporation, on the other hand, has a different filing status and must submit a tax return and pay income on its profits. In many cases, this leads to "double taxation" for owners who are taxed at the corporate AND personal level.

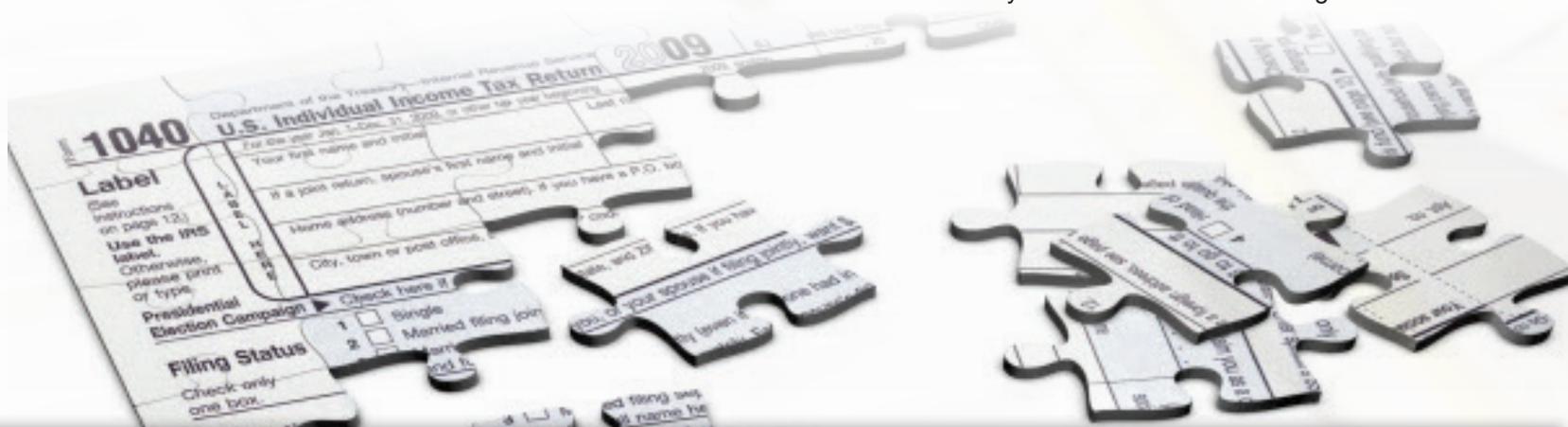
Therefore, it is often more financially beneficial to operate as a pass-through entity, EXCEPT there are THREE kinds for your LLC! Has your tax advisor or accountant told you all of this? If not, chances are their decisions have them effectively working for the government, not you.

But (just as we learned in #1) the rules were created in your favor. **You can file your company any way you wish, at any time, by making a new entity election.**

For example, when you start a new business, you can set-up as a sole proprietorship and avoid filing a double return. But you have a higher audit risk. Then, as you grow, you can change to an S Corporation to cut your self-employment taxes. Remember: the power is in your hands – **not the hands of the IRS.**

RULE #3: FOR HEAVEN'S SAKE, DON'T BE AFRAID OF AUDITS!

When I became a teenager, I gave up on silly childish myths. I let go of the Easter Bunny. I let go of the Tooth Fairy and of Santa Claus (*although I still accept his presents*). When I became a tax professional, I gave up on another myth that has saved me more money in one year than those other mythical creatures have ever given me.



OUR AVERAGE SAVINGS, PER CLIENT, IS \$21,000 PER YEAR – AND OUR RESULTS ARE GUARANTEED.



I GAVE UP THE MYTH THAT ‘TAX PLANNING CREATES AUDITS.’

There is no tangible link between individuals who do proactive tax planning and those who are flagged for an audit; in fact, it is the EXACT opposite!

WANT TO KNOW WHAT REALLY INCREASES YOUR CHANCES OF AN AUDIT?

- ▶ Having any kind of business income as a sole proprietor
- ▶ Earning over \$100,000/year as a sole proprietor
- ▶ Taking the Earned Income tax credit

If anything, filing as an S Corporation will reduce your risk of an audit (and lower your taxes) because you have moved away from the biggest audit risk of them all!

HERE ARE JUST A FEW BENEFITS OF LETTING GO OF YOUR IRRATIONAL AUDIT FEARS!

Sources

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<http://www.wsj.com/articles/top-20-of-earners-pay-84-of-income-tax-1428674384>
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- ▶ **You can start writing off your home office and some of your house expenses.** Many accountants still hold on to the long-held myth that writing off a home office creates a “red flag”. Not since Al Gore invented the internet has that been true. Add to that the fact that the Internal Revenue Code outlines 3 DIFFERENT ways you can write off a home office. They have specific rules (*aka LAWS*) that all you have to do is follow. There is even a way to write off a home swimming pool, yeah... really...it’s legal!
- ▶ **Write off your kids and spouse!** I know you already get a tax write off for your kids (*sooooo not equal to the cost!*) but, there are LEGAL strategies that will allow you to “employ” them and save \$5000 a year TAX FREE for college (*NOT a 529 plan, they are a bad idea for business owners*). “Employ” your spouse and earn \$10,000 income tax-free. Finally, you get to take advantage of the “expenses” in your household! (*Don’t tell your spouse I called them an expense, thanks!*)
- ▶ **Free Up CASH!** Proactive tax plans are one of the only places in business where you can actually use the “G” word, which in many businesses is a bad word. Guarantee!! Yes, if you let go of your fear (an irrational one), then we will GUARANTEE our results. The best part of tax planning is that it is money you have already earned, we are promising you can keep more, this is not like advertising where you HOPE you will get a return. This is taking money that you are WASTING (you consider sending money to the Federal Government wasteful, right!?) and recapturing it to use for YOURSELF in YOUR life or business.

