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ONLINE ADVISOR

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CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS
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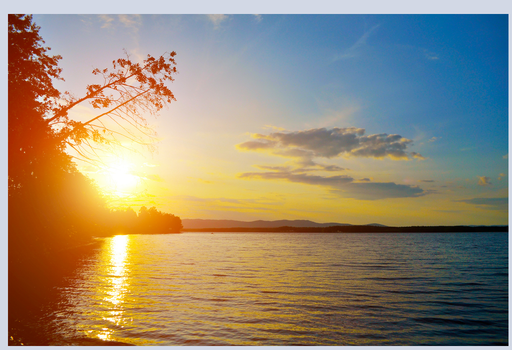
This month's letter includes a review of five ways to take advantage of IRA accounts to reduce your tax burden. Plus lots of tips to improve your credit score!

Please feel free to forward the information to someone who may be interested in a topic and call with any questions you may have.



5 Great Things to Know about IRAs

IRA's can be a powerful tool to lower taxes all while saving for retirement or other predetermined uses. Here are five fairly unreported things to know about IRA's.

1. **A nonworking spouse can have an IRA.** If your spouse doesn't work, you may still be able to open and contribute to an IRA for your spouse, assuming that you work and file a joint tax return. This can be a great way to help reduce your taxable income each year.
2. **Even children can have IRAs.** If your child has earned income, you can open and contribute to an IRA. Just ensure you can document the earnings. While your child can contribute their own earnings, many parents will help keep track of things like babysitting money, then match those earnings in either a traditional or ROTH IRA. Often the ROTH IRA is preferred, because the future earnings could be tax free! Your child's IRA is managed by an adult until the child is old enough for the account to be transferred to their name.
3. **You may still contribute to an IRA if you have a 401(k) or similar program at work.** As long as you do not exceed the income limits, it is ok to have both an IRA as well as other forms of retirement savings plans. It's simply important to know your options and plan accordingly.
4. **Non-deductible contributions may be made.** If you exceed IRA income phaseouts, contributions to your IRA may not reduce your taxable income for the year. But you may still want to make after-tax contributions to a non-deductible IRA. Remember, while you are taxed on the contributions to a non-deductible IRA, the earnings can still grow tax-deferred.
5. **It's not just for retirement.** With traditional IRAs, if you withdraw funds before the age of 59 1/2 you may be subject to income tax AND an early withdrawal penalty. But there are exceptions to this rule. These include withdrawals for a first time home purchase, major medical bills, college costs, birth/adoption and many others. However, it

Upcoming dates:

September 5

- Labor Day

September 15

- Filing deadline for 2021 calendar-year S corporation and partnership tax returns on extension

- Due date for 3rd quarter installment of 2022 estimated income tax for individuals, calendar-year corporations and calendar-year trusts & estates is important to know the rules BEFORE you withdraw the funds.

Tax rules surrounding IRAs are vast and complex. But within the rules are numerous situations that if you know they exist, can help you plan for a more tax-efficient future.

Tips to improve your credit score

Credit scores are used to determine interest rates on mortgages, car loans and even the amount you pay for insurance premiums. Because of this, it is a good idea to review ways to improve yours. Here are some ideas:

- **Look for errors on your credit report.** The place to start is a review of your credit reports. You are entitled to get a free copy of your credit report every 12 months from each credit reporting company: Equifax, Experian and TransUnion. So get a copy of your report and review it for accuracy. Aggressively follow up to correct any errors using the process outlined by each credit reporting company.
- **Pay bills on time.** The easiest way to improve your credit is to have a string of on-time payments for all bills reported to the credit agencies. This is the most important part of your credit score equation. So while reviewing your credit report, pay special attention to who is reporting your payments and note if any are delayed. Then gather all your monthly bills, identify the due dates, and take advantage of automated tools to ensure the payments are always on time.
- **Get credit card utilization as low as possible.** The amount of credit you're using at any given time is called your credit utilization, and is the second-biggest factor in your credit score next to paying on time. For example, if your credit card limit is $5,000 and your balance is $3,000, your credit utilization is 60%. Try to reduce this percentage to no more than 20%. You can do this by spending less, paying off as much of your balance as possible, or increasing your credit limits.
- **Sign up for score-boosting programs.** A newer way to help improve your credit is to include information on your credit report that normally isn’t reported. Programs like Experian Boost and UltraFICO help you add bills such as rent, utility, and cell phone payments to your credit report, and to analyze how you use your checking, savings or money market accounts. Be aware that these program

may ask for access to you bank accounts and could easily work against you if the reporting has a negative impact on your credit if there is a billing problem.

- **Avoid requests for new credit.** Trying to open a new credit or loan account could lower your score by as much as 10 points. The more inquiries made by creditors who are trying to assess your creditworthiness when trying to open a new account, the more impact it has on your credit score. If you notice a number of vendors are making inquiries, you can always turn off this function with credit agencies. Just remember to turn it back on if you are actively refinancing your mortgage or looking for other credit. While in the long-term your score can be maximized by having a diverse mix of different types of credit accounts, in the short-term adding new accounts will negatively affect your score.

How quickly you can raise your credit score obviously depends on your individual situation, but following these tips will lead to a higher credit score sooner rather than later.

Ideas When Reviewing Franchise Agreements

Buying a franchise may seem like an easy way to get into business, but there are many things to consider before you make a commitment. Here are some thoughts.

Background

A franchise agreement is basically a contract between you and an owner (franchisor) which allows you to use the owner's trademark, trade name, business systems, advertising support, and business know how. In exchange for this right, you pay fees (often a portion of your business revenues) to the franchisor. As with any business relationship, specific obligations and benefits can vary dramatically.

Some franchisors offer a full range of services to help you get started, including training, site selection, marketing plans, and products. Others give you little more than the legal right to use their name or symbol, after which you are on your own.

Where to begin

Initial and ongoing expenses vary widely among franchises, so determine all your costs before you invest. For example, some franchisors require franchisees to pay for licensing fees, building renovations, equipment purchases, operations manuals, real estate leases, and other start-up costs. Other franchisors may require you to pick up such costs as training, insurance, and advertising. So review the agreement to fully understand your obligation.

Doing your due diligence

Understand any restrictions on competing with other franchisees or selling your business. While the agreement will lay out your legal obligations, talk to other franchisees of the franchisor that you are considering. Do they get the training and ongoing support outlined in the agreement? Is the promised advertising actually delivered and is it very effective? If you hear extensive complaints, you should probably keep looking.

Remember the Document is a Required Disclosure

The franchise disclosure document is a legal document the Federal Trade Commission requires franchisors to provide to prospective franchisees before selling a franchise. There are 23 different sections that a franchisor is required to disclose, from potential litigation or bankruptcy issues, to initial fees, other fees and financial statements. Don't get overwhelmed, as the entire document can run several dozen pages. This document can contain a treasure trove of information. And any omission is a potential legal liability to the franchisor, so it is worth your time to be thorough in your review.

As always, it’s a good idea to seek professional advice before investing in a new business.

EXCITING COUTO DEFRANCO NEWS:

The team at Couto DeFranco is very proud to be marking our
30th Anniversary – a significant milestone.

Reflecting over our journey so far, it is with tremendous gratitude that we express our many thanks to all of our clients. We are honored to have your trust and will work tirelessly to continue to deserve it.

We would not have been able to do it without you!

Click Here!