ClientLine®

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WHERE TO FIND SMALL-BUSINESS GRANTS

To help you boost your business resources—or start a new business—in 2024, you may want to consider a small-business grant instead of a loan. Why? You don't have to pay back a grant. However, your business will most likely have to include any grant amounts in taxable income.

GET STARTED

Consult your tax and financial advisors, then do some research. Following are some places to look.

FEDERAL AGENCIES

Grants.gov is a comprehensive database of government small-business grants administered by various federal agencies, such as the Departments of Education and Veterans Affairs.

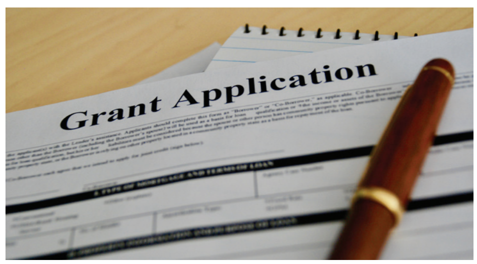
Small Business Innovation Research and Small Business Technology Transfer programs connect small businesses with federal grants and contracts from 11 agencies.

The USDA Rural Business Development Grant program provides financing to strengthen and grow small businesses in rural communities.

The SBA's Program for Micro entrepreneurs or PRIME Investors offers grants to microenterprise development organizations.

STATE AND REGIONAL RESOURCES

The U.S. Department of Commerce helps businesses find financing (including state or regional grants), secure locations, and recruit employees.



Small Business Development Centers (SBDCs) provide support for small businesses and aspiring entrepreneurs. They're often associated with local universities or a state's economic development agency.

Minority Business Development Agency Centers (MBDA) is a national network of business centers dedicated to growing and promoting minority-owned small businesses. These centers help business owners access capital, secure contracts, and compete in emerging markets.

The SBA's State Trade Expansion Program funds state governments to implement small businesses STEP grants to cover costs to start or expand into international markets.

GIFT RETURN POLICIES

Attention shoppers: Several companies have updated their return policies. According to a goTRG survey* of 500 U.S. retailers, 72% of retailers cite returns as a moderate-to-severe problem. As a result, 60% of retailers are tightening their policies, with free returns no longer the standard for 2023 holiday shopping.

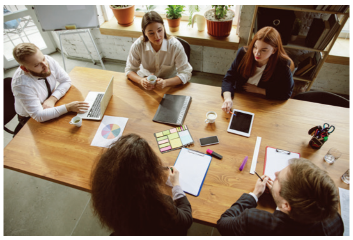
HOW MUCH TIGHTER?

While shoppers say free returns are important, 66% of businesses surveyed charge something for at least some returns—up from 60% last holiday season. For 67% of companies, the fees charged are additional shipping or restocking fees. Some businesses note restocking costs so high that about 25% have turned to zero-sum refunds. Retailers are also shortening return windows to cut returns and offering incentives to shoppers who return items bought online to brick-and-mortar stores.

**Cost of Retail Returns*, goTRG.com, 2023

CLIENT PROFILE

Jack's advertising agency recently scored its largest account ever. Assembling the new account team will require him to hire an artist, copywriter, and project coordinator. His last new hires didn't assimilate as well or quickly with existing staff as Jack wanted. Going on suggestions from a friend in human resources, here's what Jack is trying this time.



Meet and Greets. Periodically sponsoring in-person/online company meetings with all employees whenever hiring or new projects warrant them.

Mentors. Whether individually or in small groups, having a seasoned employee work with new hires can help bring newbies up to speed on company culture, history, etc., and job requirements.

Company Social Events. Jack has found that small social events are great for welcoming new hires. So far, the agency has sponsored a BBQ at a local park, tickets to a local hockey team game, and a family day at a local amusement park to kick off projects that required hiring and/or team reassignments.

Client Profile is based on a hypothetical situation. The solutions discussed may or may not be appropriate for you.

BE AWARE OF THIS ESTATE-PLANNING CHANGE

When property, like the family home or other appreciated assets, passes at your death, do you want to saddle your beneficiaries with capital gains tax? You may do just that if you pass your home through an irrevocable trust.

BACKGROUND

Generally, the appreciation in assets sold or disposed of during your lifetime is subject to capital gains tax. There's an exception for property passing at your death to your beneficiaries. They'll generally receive the property at a "stepped-up" value equal to the current fair market value. Thus, capital gains tax is eliminated on appreciation realized during your lifetime. In the past, appreciated property in irrevocable trusts generally has received this favorable treatment.

Recently, though, the IRS has questioned this treatment for property passed to beneficiaries through an irrevocable trust. The IRS's grounds are that once property is placed in an irrevocable trust, the person who placed it there no longer owns it. Nor does ownership shift to the trust beneficiaries. And in most cases, the property isn't included in a person's estate for estate tax purposes.

WHAT'S DIFFERENT NOW?

A 2023 IRS Revenue Ruling* clarifies that property in an irrevocable trust that is not includable in your taxable estate at death will no longer receive a stepped-up basis. While the ruling may

sound like a death knell for certain estate-planning strategies, it doesn't have to be. An irrevocable trust can be constructed to include assets in your taxable estate, allowing your beneficiaries to receive a stepped-up basis.

BOTTOM LINE

Most families don't have estates large enough to be subject to estate taxes, even with the inclusion of the family home's value. So, chances are that you can still pass your home to your heirs without estate- and capital-gain tax liability.

Estate and capital-gains taxation and planning with trusts are complex processes, so work with your legal, tax and financial professionals to ensure the documents are drafted properly.

**IRS Revenue Ruling 2023-2*

While **56%** of Americans believe estate planning is important, only **33%** have documented their end-of-life plans.

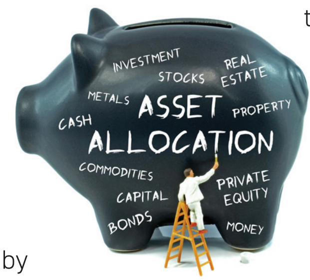
Caring.com

DO YOU KNOW WHAT YOUR ASSET ALLOCATION IS?

The financial markets have had their moments in 2023. And if you haven't checked your portfolio and retirement plan asset allocations in a while, you could be in for a jolt. Your allocations may be out of line with your current investment goals, timeline and tolerance for risk, but you can fix the problem by rebalancing asset classes.

TO REBALANCE OR NOT?

Let's say you set or rebalanced your allocation at the beginning of 2023. If your investment time frame and risk tolerance are basically the same currently, you have it easy. Compare your current asset allocation to the allocation you set in January.



Generally, if one or more of the asset categories varies by more than 5%, you should consider rebalancing the weight in each asset class to better match your investment strategy.

KNOW YOURSELF

If your investment goals or risk tolerance have changed significantly, you'll probably want to develop a new allocation strategy. The objective is to invest aggressively enough to meet your timeline and goals, but not make you nervous.

CONSULT PROFESSIONALS

Work with your financial professional to evaluate the need to rebalance your portfolio at least annually. Your tax advisor can check for tax repercussions before you make any moves.

Q **This last quarter of 2023 is the first time my sideline business has had an employee besides myself. I'm used to paying estimated taxes for my FICA responsibility, but what's required for my new employee?**

A Short answer: Your business generally should withhold 7.65% (6.2% for Social Security; 1.45% for Medicare) of the employee's earned income up to $160,200 for FICA. It's also required to match that amount on the employee's behalf. The full 15.3% is then reported (IRS Form 941) and paid to the IRS quarterly in January (fourth quarter 2023), April (first quarter 2024), July (second quarter), and October (third quarter). We can help you.

NEW AT THE SBA

Earlier this year, the Small Business Association (SBA) made changes to its programs that will widen access to government-backed small business loans. The change allows more non-bank lenders to offer SBA loans, expanding access to funding for underserved businesses. Additionally, implified lending criteria will save time on loan documentation, providing a more efficient path to approval.

THE COMMUNITY ADVANTAGE SBLC

The SBA is also implementing the Community Advantage SBLC license for nonprofits and mission-oriented lenders who wouldn't otherwise qualify to be SBA lenders. These lenders primarily focus on underserved markets, including startups and minority-, veteran-, and women-owned businesses. Community Advantage lenders also work in rural and low-income communities.

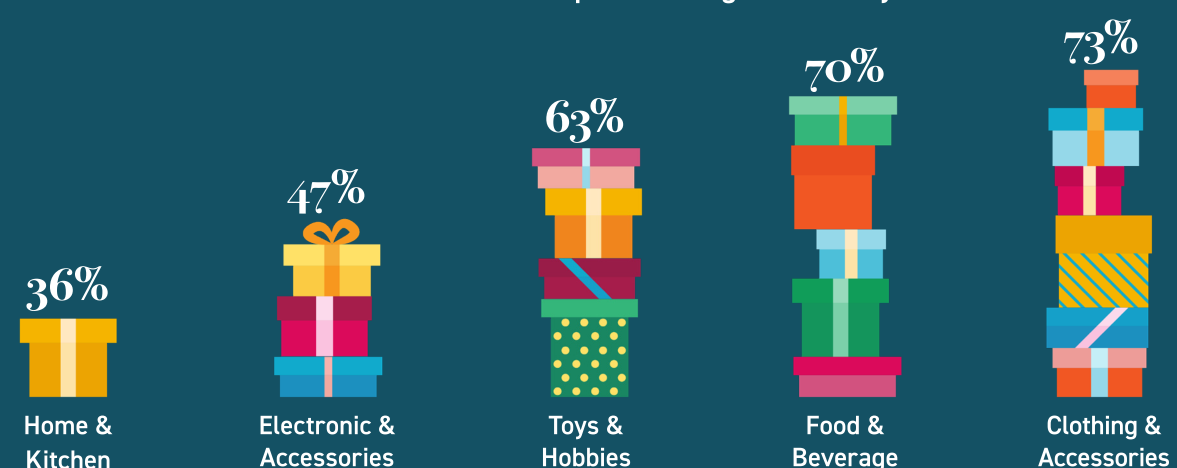
APPROVAL CRITERIA

To qualify for an SBA loan, a business must be considered creditworthy and reasonably able to repay the loan. The SBA previously considered nine factors to determine creditworthiness. The new rules consider just three: (1) credit score or history, (2) business earnings or cash flow, and (3) collateral.

Talk with your professional advisor to learn more about SBA's new rules and loans.

TOP HOLIDAY SHOPPING CATEGORIES

Do you know where the majority of your holiday dollars go? The chart shows how other Americans spend during the holidays.



Source: Finances Online for Businesses Compilation