RENT OR BUY? IT'S A MATTER OF PERSPECTIVE

The buy-or-lease question is a common dilemma, whether you're asking as a homeowner, or for your business. For perspective, think of the big picture. In either case, you're paying for the exclusive use of an item over a set period of time. With that as a point of reference, the difference boils down to two main considerations: cash flow and exit strategy.

The cash flow associated with buying a home is straightforward. After making a down payment, you commit to a long-term obligation. Purchasing a home also offers a tax deduction for interest and real estate taxes. In contrast, renting may mean a monthly payment lower than what you'd pay on a mortgage. However, as a renter, you generally won't benefit from tax breaks.

Business owners receive a tax deduction whether the final decision is to rent or to buy, but the timing of the deduction can vary. Lease payments are generally deductible over the life of the lease. Purchasing offers an immediate tax write-off in the form of accelerated depreciation or Section 179 expensing. The time value of money can play a role in your decision, as money you have today can be worth more than the same amount in the future.

What about exit strategy? When you rent a home, you know you'll likely have to move at the end of your lease term, and you won't benefit from any increase in real estate values. Home ownership has the potential for an increase — or decrease — in the value of your investment. This is especially true the longer you intend to stay put.

Exit strategy can be less of a decision factor for your business, especially if your policy is to keep equipment until it wears out. Do you routinely replace old equipment? A lease might offer an advantage.

Need help resolving the rent-or-buy decision? Contact our office for an in-depth analysis.

(1611)

QUESTIONS TO ASK BEFORE SIGNING A BUSINESS LOAN

Are you thinking of taking out a loan to buy new machinery or additional inventory for your business? Before you sign that loan document or credit application, consider the following questions.

What's the true cost of borrowing? The interest rate on your business loan may be variable, fluctuating over the life of your loan. Calculate the impact of potentially higher future payments on your ability to pay other debt, such as amounts you owe your vendors. Include fees in your assessment. Your lender may ask for loan origination fees, application fees, administrative fees, and fees for gathering financial information about your company. Consider intangible costs too, including how long you have to wait before the loan is finalized and what opportunities you're missing while waiting.

How will the loan be secured? Your lender will most likely require you to provide collateral, meaning you'll be asked to pledge assets as security to ensure loan repayment. If you're unable to pay the loan back, you run the risk of losing those assets. In some cases, you can use your business inventory or accounts receivable as collateral. Keep in mind those assets will be unavailable for other business borrowing. Alternatively, depending on the size of your business, you may have to use personal assets, such as your house or cash savings, as security. Make sure you have assessed the risk of loss before finalizing the loan.

Can you wait to make the purchase? Saving for purchases may be old-fashioned, but you'll be investing in your business, with no lender to repay and no interest expense or other fees. In addition, you retain control of all your assets. Here again, opportunity cost will play a role in your decision, as you may miss out on taking advantage of good deals or possibilities for business growth.

When you're ready to evaluate your financing options, give us a call. We can help you make the right choice.

(1611)

THE TAXING SIDE OF DIVORCE

Getting divorced? Amid all the upheaval, taxes are not likely to be foremost on your mind. Yet overlooking the tax consequences can be costly. Here are some of the basics.

Your filing status will change. No matter if you get your final divorce decree or separate maintenance on January 1, December 31, or any date in between, as a calendar-year taxpayer, you're considered unmarried for the whole tax year. That means you can only file as single, head of household (if you otherwise qualify), or qualifying widow(er).

Not all payments or receipts are taxable. You can deduct alimony paid to a spouse or former spouse under a divorce or separation decree, whether or not you itemize deductions. However, voluntary payments made outside a divorce or separation decree are not deductible. Alimony you receive is taxable in the year you get it.

Child support payments are neither deductible to the payer nor taxable income to the recipient.

Property settlements incident to divorce generally don't have income tax consequences, although exceptions apply.

You may not be able to claim your dependents. Generally, you must be the custodial parent to be able to claim your child as a dependent. What's a custodial parent? You're considered a custodial parent if your child lived with you for the greater number of nights during the year. However, even if you're not the custodial parent, you can claim your child if your former spouse releases the dependency exemption to you. When that's the case, you'll need to attach Form 8332, *Release/Revocation of Release of Claim to Exemption for Child by Custodial Parent,* to your tax return each year you claim the dependency exemption.

A divorce complicates your life in many ways. Let us ease your mind about the tax issues.

(1611)

DATA SECURITY IS AN ESSENTIAL PART OF CUSTOMER CARE

Security breaches of confidential data capture the global news headlines on a daily basis. Identity theft has become so commonplace that credit card companies and banks market their protection efforts as free services to their customers. The IRS is at risk too, with impersonators using the fear and authority of the government to prey on victims. It's a scary world out there with the amount of personal data available to criminals looking to take advantage. The world might be scary closer to home too. Have you considered how much personal customer data your business handles? Are you confident in the security measures you have in place?

If you're just beginning a data security review of your company, start by understanding how you may be unintentionally exposing customer data. Then protect yourself by implementing security procedures. Here are questions to consider.

- Where do you access company email? At the airport, on your phone, or via the free internet at the local café? Make sure your phone and your internet connection are both secure.
- Have you taken a work file home with you? Was the file a printed hardcopy, on a USB drive, or did you send it to a personal email account? Don't make data theft easy for the bad guys.
- Do you upload data to a free cloud storage account? Know your vendors and their security procedures.
- Are all of your passwords unique or do you duplicate the same password on multiple accounts? Use a password locker.
- Do you secure your hardcopy data? Printouts can also be a vulnerable access point for identity theft. Best practices include strong procedures for document destruction, retention, and physical security.

No matter the type of business you operate, acting wisely to protect sensitive data is an essential part of customer care. Don't let your company become the next headline.