

## ALL IN THE FAMILY

As summer approaches, you may be thinking about hiring one or more of your children to work in the family business. It can be a good move for both you and your child. You could benefit from a reduction in taxes, while your child has a chance to earn a paycheck and develop valuable workplace skills.

### Saving Taxes

Hiring your child to work in the family business is a smart strategy from a tax perspective. The wages you pay your minor child can qualify as a deduction from your business income, which would otherwise be taxed at your own rates.



If you are a sole proprietor — or operate a partnership with only your spouse — wages paid to your child would be exempt from Social Security and Medicare (FICA) taxes until your child turns 18 and from federal unemployment taxes until age 21.

Your child can offset what wages he or she earns with the standard deduction, which is \$6,350 for 2017. Moreover, wages your child earns beyond the standard deduction will be taxed at his or her lower rates. Most likely, your child's taxable income would fall in the 10% bracket, which applies to taxable income of \$9,325 or less (in 2017).

### Understand The Requirements

Any work your child does must be ordinary and necessary for your trade or business. Also, your child's wages must be "reasonable" in relation to the services performed. For

example, paying your child \$2,500 a week to answer the company's phones is unlikely to fly with the IRS.

Have your child sign a written employment agreement that specifies his or her duties, hours, and wages. You then have documentation if the IRS ever questions the nature of your child's

work. Your child should be paid by check, not cash, and the check should be deposited in a bank account in his or her name.

If you have questions, contact the team at Beltz Ianni & Associates. We'd be happy to introduce you to EFPR Group CPAs to learn more about the tax implications of hiring your children.

## IT COULD HAPPEN TO YOU

**Available:** Private room at exclusive residence. Round-the-clock service. Meals provided. Laundry extra. Average annual cost: \$92,378 and rising.\*

At the current cost of a nursing home stay, how long would your assets last if you or a loved one needed long-term care? The average length of time spent in a nursing facility is about two and a half years. Unless you are very wealthy, your assets could be quickly depleted. To protect them and still afford high-quality care should you ever need it, you may want to consider purchasing long-term care (LTC) insurance. Here are some things to look for when you're shopping for a policy.

**Triggers.** LTC insurance benefits generally kick in when a person has difficulty with two or more activities of daily living, or ADLs, such as bathing, dressing, eating, etc. Some policies automatically begin providing benefits if a "cognitive impairment," such as Alzheimer's disease, occurs.

**Elimination period.** Most policies require a specific number of days of disability before beginning benefits. Elimination periods may be different for at-home care and nursing home care.

**Benefit period.** Benefit periods typically range from one year to life. They may be different for at-home care and nursing home care. The amount of the daily benefit varies with the policy.



**Inflation protection.** Cost-of-living adjustments will help the policy keep pace with inflation.

**Care options.** You'll probably want a policy that provides for at-home care as well as nursing home care. Find out if physical, speech, and occupational therapy services are covered.

LTC policies vary considerably, so it's important to weigh costs and benefits. While you may never need long-term care, protecting your assets in the event of disability may be a wise move.

Our team of insurance professionals are here to answer any questions you may have regarding LTC insurance or discuss alternative solutions for your particular needs.

\*Cost of Care Survey 2016, Genworth financial Inc., 2016

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## **SECURE YOUR FAMILY'S FUTURE WITH A REVIEW**

*The National Association of Insurance Commissioners (NAIC) suggests that you review your life insurance policy to determine if your coverage is still appropriate for your situation.*

Your life insurance needs change as you age and your life situation changes. NAIC suggests you regularly review your life insurance coverage. If you own "cash value" policies, i.e., whole life, universal life or variable life insurance, you want to make sure that the policies are performing as originally intended.

Beltz Ianni & Associates would be happy to assist you with a policy review.

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