

BUSINESS DIMENSIONS

FINANCIAL STRATEGIES FOR THE ENTREPRENEUR

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Retirement planning considerations for corporate executives

Determine which strategies will help you reach your retirement goals

As a corporate executive or business owner, you may feel like retirement planning can get complex. While there are more considerations, there are also more levers to pull. This can benefit your plan and help you diversify your investments. You work hard to solidify your company's future, but are you planning just as carefully for your own?

MAXIMIZE THE SAVINGS MAINSTAYS

Corporate executives or business owners have access to a broader range of resources to leverage in retirement. That said, start by maximizing the foundations of retirement planning, like your 401(k), IRA and health savings account (HSA). You don't want to rely solely on the value of your business or selling shares to fund your retirement; you should be saving toward retirement with the investment vehicles you can access

now. These accounts are the cornerstone of retirement for a reason and provide tax advantages that other investments don't.

THINK ABOUT CONCENTRATION

About a decade before retirement, think about how much equity you should hold in your company. The variability of the market can put some of your expected retirement dollars at risk. Of course, how much you decide to keep will depend on your company's projected growth over this period and your risk tolerance, but it should be a point of conversation in your retirement planning. You may want to consider methodically reducing concentration over time. By implementing a tax-efficient diversification strategy, investors can benefit from a diversified portfolio while mitigating taxes.

FACTOR IN CASH FLOW

Your cash compensation has grown throughout your career, and while this part of your income will expire during retirement, you'll probably still want access to a comparable cash flow. To accomplish this, you'll need to reallocate your investment portfolio to income-producing. The portion you invest will be determined by your expectations for income in retirement and how your other investments will support your lifestyle.



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Retirement planning considerations for corporate executives (cont.)

CONSIDER A DEFERRED COMPENSATION PROGRAM

For highly compensated executives, it's worth exploring the value of a deferred compensation program. This is an agreement between employer and employee in which the employee agrees to defer a portion of their salary or bonuses, often until after retirement. The deferred compensation is not subject to federal income taxes, though some state income tax may still apply. Evaluate the potential tax savings when considering this strategy.

You may be able to grow your deferred compensation by investing it in mutual funds, stocks and bonds without immediate tax implications. In retirement, you can begin taking distributions.

TIME THE SALE OF YOUR BUSINESS

There are several ways to sell your business, and you may have a vision of how you plan for it to go, especially if the sale coincides with your retirement. Start thinking about the ideal scenario before the opportunity is upon you, whether it's to transfer the business to family members or target a specific buyer. You'll want to incorporate tax strategy into the decision-making process to ensure you realize the maximum benefit from the transaction.

Raymond James does not provide tax or legal services. Please discuss these matters with the appropriate professional. 401(k) plans are long-term retirement savings vehicles. Withdrawal of pre-tax contributions and/or earnings will be subject to ordinary income tax and, if taken prior to age 59 1/2, may be subject to a 10% federal tax penalty. Investing involves risk and you may incur a profit or loss regardless of strategy selected, including diversification and asset allocation.

Your disposition strategy may be time-based, with a plan to take equity off the table periodically. Or your strategy may be driven by the company valuation. Regardless, you'll want to incorporate this into your retirement planning and have some contingencies put in place in case things don't go exactly as planned.

As an executive, you have great responsibilities to your company before retirement, such as preparing your successor. But don't neglect to prepare yourself for having the retirement you always envisioned. Make retirement planning a recurring topic that you revisit regularly, just as you do business growth. Your future self – delightfully enjoying retirement – will thank you. ■

WHILE YOU'RE PLANNING YOUR RETIREMENT ↗

- Think about your ideal exit of the business
- Determine a retirement budget that matches your lifestyle
- Review your investment options

6 questions to ask your CPA

Effective tax planning involves understanding the current tax rates and rules and using them in a way that best suits your specific situation. Asking these questions can help you maximize tax efficiency today and prepare for potential changes that could increase your tax burden in the future.

- 1 What is my projected income and likely marginal tax rate for this year?
- 2 Is it more advantageous to take the standard deduction or itemize this year?
- 3 Are there strategies that will lower my taxable income?
- 4 Should I save in a pre-tax account or a Roth account for retirement?
- 5 Are there strategies that can help me optimize my gifts to charities?
- 6 As a small business owner, what strategies can I employ to maximize my 20% deduction on business income?

Leveraging your digital presence for business growth

How to harness the power of your online footprint to engage current and prospective customers

Having a strong digital presence is integral to your business' success. Often, the first move people make when they need a service or hear about a business is to search online using a major search engine.

But discerning consumers rarely stop there. Often, they will look to learn more about a company by reviewing its social media accounts and website content. Consider your digital footprint wholly before determining how you can make improvements that will increase your presence.

SET YOUR INTENTION

Before you embark on evaluating your business' digital presence or planning a social media strategy, think about what you want to accomplish in this endeavor. Are you trying to engage your current clients or expand your reach? Do you want to elevate yourself as a thought leader in your industry or are you looking for more brand exposure? Your desired results will help guide your strategy.

CONTENT IS KING

Think about what types of content will appeal to your audience. Ask for feedback from employees, customers and prospects about what type of information they'd like to see. You may be surprised.

For example, being a guest on an industry podcast might gain you exposure to new prospects, but posting quick tips on Instagram will help current clients keep you top of mind. Different types of content will accomplish different goals.

LEVERAGE YOUR WEBSITE

Be visible on platforms where your current or prospective customers are present, but don't try to be everywhere. Focus on a couple of core platforms at first, then build from there. Consider your website the hub of connectivity, and link your social media platforms, blogs and videos there.

Pro tip: Try social media scheduling tools like Hootsuite or Buffer to prepare posts ahead of time. Consistency is key to getting your message to stick, so this can keep you on track.

MEASURE AND ADJUST

If you implement a plan to grow your digital presence, you'll want to ensure the effort you're putting in is worthwhile. Track your new and returning website visitors and where these visits are coming from. Google Analytics is a powerful tool that can help you measure metrics, like audience interests and conversion rates.

Pro tip: Try social media scheduling tools like Hootsuite or Buffer to prepare posts ahead of time. Consistency is key to getting your message to stick, so this can keep you on track.

Once you understand how your newly implemented strategy is affecting your bottom line, lean in and ramp up efforts or try something new. Don't let inaction leave you behind on the digital landscape. Think of it as an ever-expanding opportunity to engage your audience. ■

