

InThe Loop

Your magazine of personal finance

May-June | 2021



Why your small business needs a **budget...now**

What “back to normal” might look like at work | Remote team building
Tax tips for P2P payment platforms | Safe summer travel
Bad to the bone BBQ quiz

The key to achieving your goals? Stay on track!

We're midway through 2021—which means it's time to stop and reflect on how close you are to achieving the personal and professional goals you set at the beginning of the year. From our perspective, this time of year gives you the chance to do a reset of sorts, as you consider any changes you might need to make in order to meet your goals.

If you find you're a bit off course financially, let our firm help you get back on track. If you're confident you can handle things on your own, dive into some of the tips we've included in this issue, such as:

- Why it's so important for a small business owner to create a budget.
- A look at possible changes to the post-pandemic office.
- Activities to keep your remote team engaged and productive.
- Changes you may need to make to your taxes if you're using PayPal, Venmo or Facebook Pay to accept payments from clients or family and friends.
- Practical advice for traveling safely this summer if you choose to explore someplace new.
- Fun facts about barbecue as a food genre—who knows, you might be inspired to try something new and tasty!

As you can see, there's a lot to enjoy in this issue of *In The Loop*...be sure to share it with your family and friends!

Your Trusted Advisors

This time of year gives you the chance to do a reset of sorts, as you consider any changes you might need to make in order to meet your goals.

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Why your small business needs a budget...now

Depending on who you talk to, budgets for your small business are: a) a smart idea; b) a necessary evil; or c) retribution from the universe for every bad thing you've ever done.

We're in the "smart idea" camp, but there's no denying that creating and maintaining a budget can be a chore for a business owner—especially if you're not convinced of its value in the first place. So, if you're just starting your business and need a budget, or you're a current owner who's been putting off creating one, read on to see why a budget can be one of your small business's most valuable tools.

"I keep up my checkbook. Why do I need a budget, too?"

In the excitement of launching a business, it's easy to think you'll work on a budget when you have time. Of course, time is in short supply for business owners, so you keep putting it off...and off.

Then come the slow periods when sales slump. Or clients take the "Net 30" notation

on your invoice as a suggestion, not a deadline. Or you need to take on new expenses, like hiring a new employee or replacing equipment. Then, the realization kicks in: You don't have enough money in the checkbook to cover those expenses, pay the bills or pay yourself a salary.

An accurate, up-to-date checkbook is certainly a vital tool for a business owner. However, a carefully crafted budget is what will help you get through the slumps, slow payment periods and unexpected expenses. Unlike checkbooks, which basically exist to show how money flows in and out of accounts, a budget:

- Offers a financial roadmap for the future of your business
- Details what your finances should be next week, next month or next year to meet obligations and be profitable
- Helps you make smart financial decisions by providing a structure and plan for spending money in the right places and at the right time to keep you out of debt and grow revenue
- Helps you estimate what you need in order to get through slow periods
- Alerts you when expenses trend upward
- Highlights leftover funds available to reinvest in the business
- Indicates when you're making enough money to pay yourself a salary and pay expenses
- Offers a detailed account of your income and expenses to show prospective business lenders or investors
- Keeps you in control of your business

When you don't have a handle on your company's cash flow, it can seriously hurt your business. A thoughtful and realistic budget is one of the best tools to stay on a healthy financial path.

Statistics (you knew we'd have some!)

According to the Bureau of Labor Statistics, about 20 percent of small businesses fail in the first year while approximately 50 percent fail about year five. According to a Clutch.co survey of 302 small business owners/managers, 61 percent of respondents didn't create an official, formally documented budget in 2018.

Top three financial challenges for small businesses

- ① **35 percent:**
Unforeseen expenses
- ② **23 percent:**
Mixing of business and personal finances
- ③ **21 percent:**
Inability to receive payments on time

While the latter statistic isn't necessarily the reason for the former, the same survey showed that small businesses are more likely to skip making a budget—and that 37 percent of those businesses spent more than they budgeted in the first two quarters of 2018. So, it's easy to see how the lack of a budget can spiral into a failed business if left unchecked.

The good news is that creating a budget doesn't have to be complicated (we promise). As your financial advisor, we want you to be successful, so ask us about our free eBook on the steps for building a budget. Or, talk to us about how we can help you make an easy-to-follow budget based on your specific goals. ■



What “back to normal” might look like at work

“When things get back to normal...”

There's a good chance we've all said this sometime during the last year. If you've wondered what “normal” might look like in your workplace when/if you return, here are some trends and information that might help us see into the future of the office.

Working from home isn't going away

This is the way the workplace was headed before the pandemic forced us to make the leap—and it's worked better than most employers and employees expected. A 2021 Microsoft survey shows that 73 percent of

workers want to continue flexible work options after the pandemic. And why wouldn't they? We maintained productivity, enjoyed the flexibility of working remotely, and saved money and sanity without daily commutes.

Based on positive results, it appears that many industries are moving toward a hybrid workspace model. For most, this means working from home two to three days a week and onsite for the remaining days. A smaller group of employees will likely continue to work remotely full-time.

Office space may get smaller

A hybrid work model means fewer people in the office, so many companies are reconsidering the amount of office space required. There will be more focus on shared spaces and what's known as "hot desking" (spaces that any employee can use when they come to the office) instead of personal spaces. Kate Lister from work consulting firm Global Workplace Analytics predicts that offices may flip from 80 percent personal space and 20 percent shared space to 20 percent personal space and 80 percent shared space.

A few industry giants like REI, Ralph Lauren, CVS Health and Old Navy have announced plans to cut the amount of space they use in favor of smaller and more collaborative layouts.

Creating a positive culture will take dedication

It's more challenging to foster a company-wide sense of comradeship through a screen than it is in person. As we become more comfortable working remotely, it's easy to slip back into a routine where you only interact with your team, while others recede into the background. At the office, you pass people in the hallway and say hello or chat with them in the lunchroom. When the opportunity to cross paths fades away, so does

familiarity. This makes it difficult to maintain connections and presents a challenge for new hires.

To solve this issue, you'll see management make an extra effort to connect people across the company. Perhaps more than any other change, this will be a work in progress as we try to figure out how to build a positive culture with limited in-person human contact.

Remote technology will make us more human...and more mobile

On the positive side of online connection, it can be easier to bond with individuals when you get a glimpse into their personal space—including family photos, pets, bookshelf selections and other telling background accessories. Additionally, we've all moved through a life-changing global pandemic together. In the Microsoft study, one in six people said they cried with a co-worker during the year, and 40 percent said they were no longer embarrassed to have people see their homes. These are the experiences that humanize us all.

These shared experiences will prove helpful when and if co-workers do end up working remotely and/or moving away. According to Microsoft and Owl Labs surveys, nearly half of workers said they're planning to relocate now that they can work remotely—in many cases leaving big cities for smaller towns that offer more affordable living. This search for a better quality of life can benefit employers, too—giving them access to a country-wide range of talent.

There's no doubt that some things will be very different when and if we return to our offices. Because the pandemic isn't over yet, the changes mentioned here are still evolving. However, it's a good bet that you'll see some level of these changes when our work lives return to "normal" again. ■



Remote team building

The shift to remote has greatly affected our work and work relationships, sometimes leaving employees who work from home struggling to feel connected with co-workers and the organization.

Whether employees work remotely or onsite, everyone needs regular communication and activity to stay engaged and informed. By investing in remote team building activities, you can model the engagement of in-office teams—and build an even better connection and culture. We've included a few enjoyable team-building activities below that can be done in-person and virtually.

■ Get to know your team better

Connection starts with a team's leader. When you know your team—and show a real appreciation for their personalities, wants, needs and work styles—it's easier to build a sense of trust, respect and community within the organization. You also create an environment

in which employees feel free to express their problems and concerns. Here are two activities that will help you and your team learn more about the human beings behind the names and job titles:

Two truths and a lie

This activity can be a fun way to share personal anecdotes with co-workers. Give each participant two minutes to prepare two truths and one lie about themselves. Each participant shares their three facts, and the team guesses which one is the lie.

Online team building bingo

The conversations needed to learn the information in the bingo squares are a great way for everyone on your team to get to know each other. Each player gets a card

to play, and when a player finds something out about another team member that matches a bingo square, the square is crossed off with the name of the person who matches that square noted. Award prizes for the first player to complete challenges, like an entire row or an entire board. The rules and template at teambuilding.com/blog/online-team-building-bingo are a good place to start, but you can also Google “online team building bingo board” for more examples.

■ Improve your communication and listening skills

In the workplace, communication among co-workers is essential to productivity. One way to improve communication is to practice “active listening,” where you make a conscious effort to hear not only the words that another person is saying but their entire message. Good communication will reduce misunderstandings, increase productivity and build relationships. Here are a couple of ways to help you and your team strengthen your communication skills:

Company updates

It’s said the average person needs to see or hear something seven to 10 times before they remember it. Pull your team together on a regular basis to go over important updates, new clients, changes to procedures and policies, or anything else of importance. Even if you repeat information, it’s better to overcommunicate than to leave important information unsaid and risk causing issues down the line.

Story time

This is a fun listening activity. Gather the team for story time and tell an obscure, detailed story. At the end, test your team with specific questions to see who really listened and who made assumptions.

■ Incorporate more social activities

Work relationships are about more than just “getting along” with a co-worker. These relationships can either positively or negatively affect an employee’s stress levels, productivity, general feelings of happiness and job satisfaction, and even physical health. Remote working has left many office employees with increased feelings of loneliness and isolation, so it’s more important than ever to keep your team connected. Here are two easy ways to schedule fun socialization opportunities for your team:

Coffee breaks

Choose a day, time and frequency to meet for virtual coffee breaks. They can be as structured or unstructured as you wish. Whether you share a work update, general small talk or have planned topics, a coffee break is an effective—and much more personal—way to get the office together for a casual chat.

Special recognition

Commemorate birthdays, anniversaries, promotions, retirements and more as a team, in person or virtually. Make it a point to recognize every person in your organization as special throughout the year.

A successful team building activity will make the workplace—remote or onsite—more comfortable and satisfying for all employees. Are you ready to improve your team’s communication, collaboration and performance? Start with virtual team building. ■

Tax tips for P2P payment platforms



The increased use of mobile payment apps such as Venmo, PayPal and Facebook (also known as P2P or peer-to-peer platforms), may have you wondering how these apps affect your taxes. Here's a short primer on the new world of P2P platforms.

How to use P2P platforms effectively

PayPal and Stripe were designed as online payment solutions for businesses. However, Venmo, which is owned by PayPal, is geared toward individuals—although it does allow some businesses to use the platform.

Keep in mind that when you use these apps, you're obligated to treat them just as you would any other form of payment you accept. For example:

■ You must report income

If you're just sending money back and forth for your share of dinner with friends, those payments don't need to be reported on your tax return. However, the moment you begin accepting business payments on a P2P platform, you're responsible for reporting those earnings. And since P2P payment platforms are required to provide information to the IRS about customers who receive payments for the sale of goods and services, you'll have no choice but to report them.

That being said, the threshold for reporting those payments is on the high side. According to Intuit.com, P2P platforms are required to report gross payments received for sellers who receive over \$20,000 in gross payment volume and more than 200 separate payments in a calendar year. If you cross this threshold, the platform will send you and the IRS a Form 1099-K at tax time. But even if you don't receive a 1099-K, you're still required to report any taxable income you receive through these platforms on your income tax return.

■ **Due diligence is required**

If you receive some or even all of your business income through a P2P payment platform, you should set up a business account. Otherwise, your business and personal transactions will be intermingled, making it difficult to separate business and personal payments. Be sure to keep detailed records of your total income earned from all sources during the year for accurate tax reporting.

If you do receive a 1099-K, you can use your accounting records to ensure the income reported to the IRS on your behalf is correct. Tracking it outside the P2P platform will ensure that you have the information necessary to report all of your income on the appropriate forms.

■ **You must substantiate expenses**

It's important to keep detailed records of the costs related to your income, regardless of its source. This includes any payments made or received through P2P platforms, as well as other business expenses.

In the eyes of the IRS, using a P2P payment platform is similar to paying cash, which the IRS considers to be an unsubstantiated transaction. Therefore, you must retain supporting documentation such as invoices, receipts or expense reports to verify the business purpose of payments made through a P2P platform.

If you pay business expenses with Venmo, PayPal or another P2P platform, make sure you get an invoice from your contractor or receipts from vendors. This documentation should include the amount paid and a description of the business expense.

Another important point: For businesses, any payments made to you through a P2P app will need to be properly accounted for and are subject to IRS Form 1099 reporting rules. From an IRS perspective, business income collected through a P2P app is no different from any other transaction that goes through a traditional bank account. Businesses are still required to report any payments received through Venmo and PayPal as taxable income when filing taxes.

■ **Use P2P platforms for convenience, but be sure to keep in compliance!**

The convenience and simplicity of these P2P methods have made them very popular. However, if you use PayPal, Venmo or other P2P platforms for business or personal expenses, it's important to track all income and expenses to ensure you're in compliance with tax laws—and don't end up with an unexpected tax bill or an IRS audit. ■

Safe summer travel



There's no doubt that travel during a pandemic can be stressful and even scary. If you're dreaming of a summer getaway but are hesitant in the age of COVID-19, here are some tips from the experts at the CDC to help you plan a safe vacation.

STEP ①

Choose your destination

State, territorial, county and local governments may have restrictions in place that include testing requirements, stay-at-home orders or quarantine requirements upon arrival. For up-to-date information and travel guidance, check all the health departments along your route in addition to your destination. Prepare to be flexible during your trip, as restrictions and policies may change during your travel depending on local health conditions. And please follow all prevailing travel restrictions.

STEP ②

Decide how you'll get there and where you'll stay

Airports, bus and train stations, and rest stops are all places where travelers can be exposed to the COVID-19 virus in the air and on surfaces. Decide which method of travel you feel most comfortable with. Keep in mind that masks are currently required on planes, buses, trains and other forms of public transportation traveling into, within or out of the United States. If you're planning a car trip, you won't have to wear a mask until you stop. Restaurants may be closed—or you may not

feel comfortable eating indoors—so be sure to pack snacks and drinks. Try to plan your stops for fuel, food and bathroom breaks in advance if possible. When it's time to rest, stay in a hotel, guest house or short-stay rental. While it may be cheap and easy to stay with friends or family, remember that you increase the risk for exposure if you're in close quarters with others.

Ways to protect yourself..

- When you're eligible, get fully vaccinated for COVID-19, then wait two weeks after getting your second vaccine dose to travel. It takes time for your body to build protection after any vaccination.
- In public settings, wear a mask over your nose and mouth.
- Avoid crowds; stay at least six feet (two meters) from anyone who didn't travel with you. It's important to do this everywhere, both indoors and outdoors.
- Wash your hands or use hand sanitizer (with at least 60 percent alcohol) often.
- Bring extra supplies, such as masks, hand sanitizer, disinfecting wipes or disposable gloves.
- Avoid contact with anyone who is sick.
- Avoid touching your eyes, nose and mouth.

STEP ③

Determine what to do once you're there

Ultimately, the goal is to avoid crowds, so keep that in mind when you plan your outings. Outdoor activities like walking, hiking, biking and fishing are

low risk, while eating at a restaurant, going to a movie theatre or going to a bar put you at a high risk for exposure. Activities that involve just your party would be best, but if you're doing a group activity keep your distance and limit interaction.

STEP ④

Consider some post-travel advice

Take a viral COVID-19 test three to five days after your trip. Stay home and self-quarantine for a full seven days after travel, even if your test is negative. If you decide not to get tested, stay home and self-quarantine for 10 days after travel.

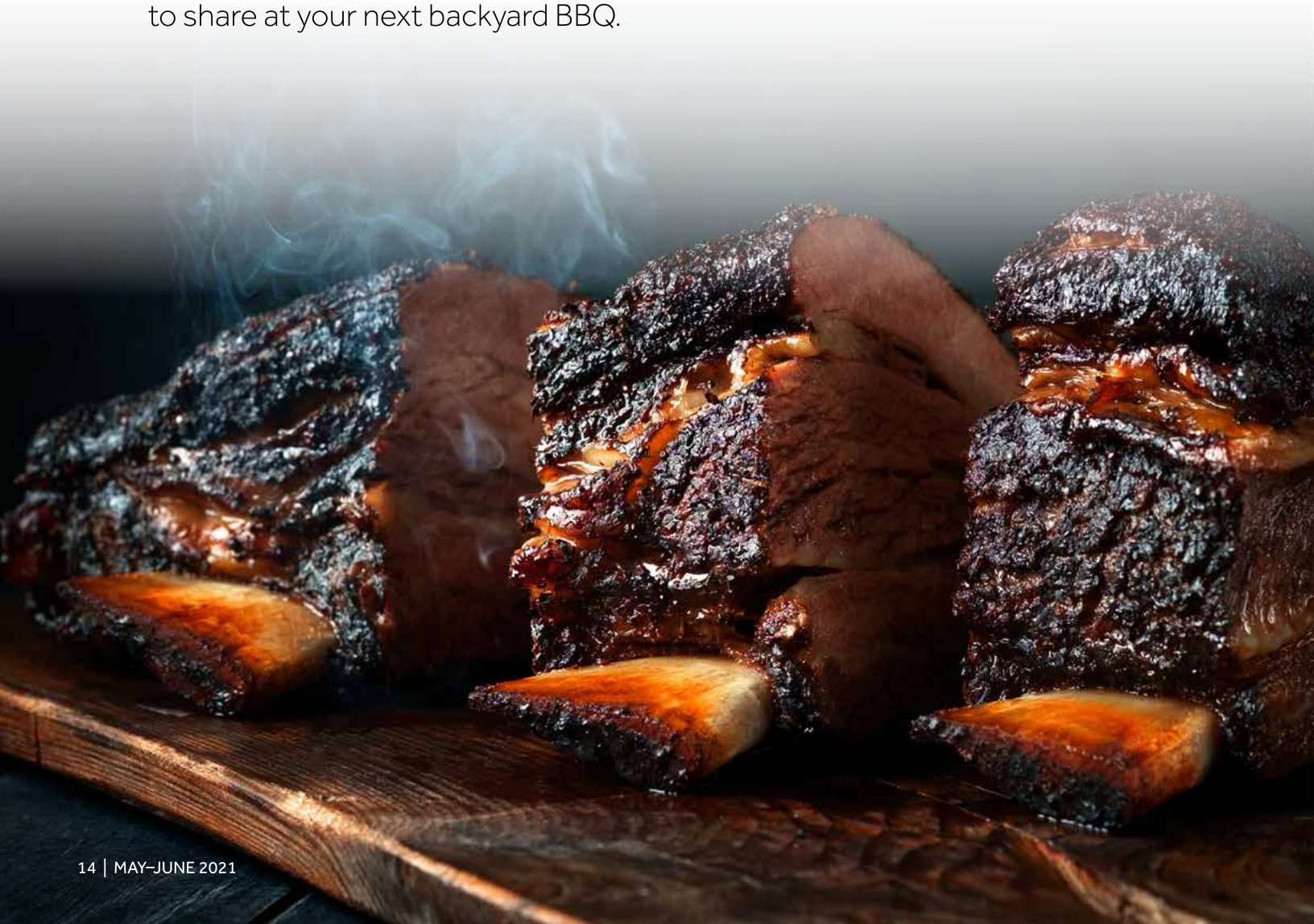
Because you can be exposed to COVID-19 on your travels and show no symptoms, it's smart to take these actions to protect others from getting COVID-19 after travel:

- Read "Ways to protect yourself.." again.
- If there are people in your household who didn't travel with you, ask everyone in the household to wear masks in shared spaces inside your home for 14 days after travel.
- Avoid being around people who are at increased risk for severe illness.
- Be alert for symptoms of COVID-19.

While these guidelines may seem excessive, a bit of advance planning can help everyone avoid illness and heartbreak down the line—and allow you and your travel companions to enjoy a summer getaway that's not only fun, but safe for all. ■

Bad to the bone **BBQ** trivia

For some Americans, summertime means vacation, professional baseball games, spending the day outside...and for many others, it means cooking, eating and enjoying a barbecue. Although it's celebrated throughout the USA, not all barbecue is the same; there's a wide variation between regions and a fierce rivalry as to which is best. If you're a barbecue buff, here are some tasty tidbits to share at your next backyard BBQ.



Q: What is barbecue?

A: Barbecue, also called barbeque, bar-b-que and BBQ, is a style of cooking meat—low and slow, with indirect heat rather than directly over the flames as with grilling (yes, there is a difference!). Charcoal or wood are commonly used as the heat source for cuts of meat like ribs, pork shoulder, beef brisket, or whole chickens or turkeys...and different types of wood give off various smoky flavors that enhance the taste of the meat.

Q: Where did this method originate?

A: BBQ, the way most Americans know it now (meat covered in spices and basting sauce), originated in the Caribbean. In fact, the word barbecue comes from the language of a Caribbean Indian tribe called the Taino. Their word for grilling on a raised wooden grate is barbacoa.

Q: Where should I go for good BBQ?

A: Different regions, different styles. You'll find BBQ to die for in Memphis, North Carolina (Lexington or Eastern Carolina style), South Carolina, Kansas City, Alabama, and East or Central Texas-style BBQ. Due to different varieties of woods and methods of smoking, and the different types of sauces, the tastes will vary (deliciously so).

Q: What's so special about BBQ in Memphis, Tennessee?

A: Trust us on this: If you're in Memphis, try the ribs or shredded pork. Interstate Barbecue in Memphis uses a specially built barbecue pit that utilizes a combination of natural gas and hickory wood. This unique pit slowly cooks the meat without a flame ever touching it. What's even more impressive is that they can cook up to 500 slabs of ribs at a time!

Q: Where did white BBQ sauce originate?

A: Big Bob Gibson's in North Alabama is famous as the birthplace of white BBQ sauce in the 1920s. Recently, white sauce has gained popularity across the region, but there's nothing like the original.

Q: I've heard of mutton...but BBQ mutton? Really?

A: Yes! Kentucky is known for its mutton, and Moonlite Bar-B-Q Inn in Owensboro goes through more than 10,000 pounds of the gamey, fatty meat per week—dousing it with vinegar-based dip and hickory-smoking it for hours.

Q: Where's the oldest BBQ restaurant in Texas?

A: Southside Market & BBQ in Elgin has been serving its famous all-beef hot-gut sausages since 1882. The links are still ground, seasoned and stuffed in the back, and smoked in oak-fired brick pits.

Q: Can you eat BBQ if you're vegetarian or vegan?

A: Homegrown Smoker in Portland, Oregon gives vegans a taste of BBQ magic with plant-based takes on traditional comfort food, from "buff thwings" and smoked soy curls to tempeh ribs and "macrocheese."

Q: Is there a time to best celebrate BBQ?

A: May is National BBQ month, and May 16 is National BBQ Day. But you can celebrate anytime by visiting your favorite BBQ restaurant. Or, if you'd prefer, fire up your own BBQ, break out your special recipes and get some mouthwatering deliciousness started! ■

Reach new heights



When it comes to your financial strategies and well-being, you can count on us to help your business reach new heights. From your monthly financial management, to your tax strategies and planning, we have the knowledge and commitment to keep you growing safe and sound.

Turn to us as your trusted advisor.