

Common Sense for a "Richer" Life

1. Don't Let the Tax Tail Wag the Dog
 - a. Tax Shelters
 - b. Selling Assets
 - c. Making More Money
2. Stick to the Knitting
 - a. Own Your own business
 - b. Invest in yourself
 - c. Side business
3. Bears and Bulls Make Money and Pigs Get Slaughtered
 - a. Over allocation
 - b. High risk
 - c. Risky tax positions
4. The Tortoise Always Beats the Hare in the Long Run
 - a. Safety for the long term
 - b. Play the rule not the exception
 - c. Pension plans are a great vehicle to invest in
5. Always Answer Letters from the Government (IRS/FTB/EDD)
 - a. Timely
 - b. Exceptions for you
 - c. Use professionals
6. Never Become Delinquent With Filing of Tax Returns
 - a. 25% penalty on taxes owed
 - b. Franchise Tax Board penalty based on gross amount
 - c. Amend if necessary
7. Insure What is Necessary- Don't Over Insure
 - a. No cash value life insurance (term only)
 - b. Shop around
 - c. Pay at one time
 - d. Avoid captive agents: Allstate, State Farm, Farmers etc.
 - i. Use independent agents
8. Prepare Proper Budgets
 - a. It is not how much you make but what you spend
 - b. Use Quicken/QuickBooks tax categories
 - c. Don't over extend yourself
9. It's Not That You Sold It Right, But That You Bought It Right
 - a. Housing
 - b. Stocks/Bonds- We are in deflation
 - c. Businesses- Sales of small businesses
 - i. Revenue Multiple: .77
 - ii. Cash Flow Multiple: 2.82
10. You Reap What You Sow
 - a. Efforts are rewarded
 - b. Starting your own business
 - c. Family and children
11. FICO Scores and Interest Rates
12. Divorce
 - a. Value of Business (Goodwill is 2-4 times net income after reasonable salary)
 - b. Alimony- Maximum 36% of income
 - c. Better to stay married