

# WEALTH MANAGEMENT

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Thanks for being here this evening. We are live from coast to coast and several countries are with us this evening. Thank you

For those joining us for the first time



# WELCOME TO OUR WEALTH BUILDING JOURNEY.

Building wealth is a marathon, not a sprint. It takes time, effort, and discipline to save money, invest wisely, and make smart financial decisions.



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The "secrets" of wealth building aren't arcane knowledge held by a select few. They are, in fact, a collection of **fundamental principles and consistent habits** that, when diligently applied over time, lead to financial growth and security.

These principles aren't about finding a magic bullet or getting rich quick. Instead, they focus on:

**Discipline:** Consistently sticking to a financial plan, even when it's challenging.

**Patience:** Understanding that wealth accumulation is a long-term game, not an overnight sensation.

**Knowledge:** Continuously learning about personal finance, investing, and economic trends.

**Proactive Planning:** Taking deliberate steps to manage money, rather than letting it manage you.

Here's a breakdown of these "secrets," framed as well-established practices and strategies:

**The "Secrets" of Wealth Building: Proven Practices and Strategies**



# Jonas Oware: Yale-Bound Scholar- Athlete

Long Beach Poly senior **Jonas Oware** has committed to **Yale University**, confirming his status as an elite student-athlete who successfully navigated both high-level collegiate athletics recruitment and competitive academic admissions.

**Jonas is not with us tonight. He has a basket game**

## **The Economic Blueprint: Honoring Dr. King Through Financial Literacy**

Dr. Martin Luther King Jr. is universally remembered for his dream of racial integration and voting rights. However, in the final years of his life, his focus shifted toward what he called the "Second Phase" of the civil rights movement: **economic justice**. Dr. King understood that a seat at a lunch counter meant very little if one could not afford the meal.

Today, honoring his legacy requires more than just service projects; it requires a commitment to **financial literacy** as a tool for liberation and self-determination.

## **From Civil Rights to Economic Rights**

In 1967, Dr. King launched the **Poor People's Campaign**, a multiracial effort to demand an "Economic Bill of Rights." He recognized that systemic poverty was a "moral crisis" that could only be healed through a radical redistribution of economic power.

Financial literacy is the modern continuation of this campaign. It is the "Economic Blueprint" Dr. King spoke about—the set of skills required to navigate a financial system that was historically designed to exclude. By mastering budgeting, credit, and investment, we aren't just managing money; we are exercising a fundamental right to economic security.

## **The "Drum Major Instinct" and Financial Stewardship**

In one of his most famous sermons, "*The Drum Major Instinct*," Dr. King warned against the desire to be "front-of-center" by spending beyond our means. He critiqued the habit of buying expensive cars and clothes to "outdo the Joneses," noting that this instinct often keeps individuals trapped in a cycle of debt.

*"Do you ever see people buy cars that they can't even begin to buy in terms of their income?... they wonder why their ends never meet."* — Dr. Martin Luther King Jr.

Honoring Dr. King means practicing **financial stewardship**. It means:

**Living within your means:** Prioritizing stability over status.

**Building a Tax Reserve:** Ensuring your business, like **Wealth Management Financial Advisors**, is never compromised by unforeseen liabilities.

**Investing in Education:** Dr. King viewed education as the catalyst for societal change. Financial education is the specific type of learning that allows intelligence and character to translate into tangible wealth.

**Financial Literacy is the bridge to building wealth** For the modern entrepreneur and individual, financial literacy is the bridge to **building wealth**. While literacy is about understanding the numbers, wealth management is about *commanding* them to build a legacy.

**Ownership is the Structure:** Just as Dr. King fought for the right to own property and businesses, we must use financial literacy to move from being consumers to being **owners**.

**Generational Wealth:** By mastering tools like the **Personal Financial Statement (SBA Form 413)** and the **Balance Sheet**, we create blueprints for wealth that can be passed down, ensuring our children don't have to start from zero.

### **The "Beloved Community" of Economic Power**

Dr. King's vision of the "Beloved Community" was one of mutual support and shared prosperity. Financial literacy empowers us to contribute to this community. When we are financially secure, we have the "capital reserves" to:

**Support Diverse Businesses:** Choosing to shop at and invest in local, minority-owned small businesses.

**Mentor Others:** Sharing financial knowledge to break the "mysticism" around money.

**Advocate for Policy:** Using our economic voice to push for fair lending practices and closing the racial wealth gap.

### **Conclusion: Mastering the Blueprint**

Honoring Dr. Martin Luther King Jr. is an active pursuit. This quarter at **Wealth Management Financial Advisors**, we adopt the theme: *Financial Literacy*. We recognize that "Knowledge is the foundation; Ownership is the structure."

By mastering our finances, we aren't just building a business; we are fulfilling a dream of economic dignity and ensuring that the "bank of justice" is never again found to be bankrupt.

Mastering the Tax Chameleon: How Your LLC Slashes Your 2026 Tax Bill

# Financial Literacy

is more than just "knowing about money"—it's the ability to understand and effectively use various financial skills to manage your life and build a secure future.

## The "AI Productivity" Surge

We have moved past the hype phase and into the **implementation phase** of AI. Analysts (like those at Morgan Stanley and Vanguard) are forecasting that AI adoption is finally starting to show up in corporate margins. For an investor or an LLC owner, this means:

**Sector Broadening:** It's no longer just about the "Magnificent 7." We're seeing gains spread to **Industrials, Utilities (energy for data centers), and Healthcare.**

**Efficiency Gains:** If you're running a business, 2026 is the year to use AI tools to cut the "necessary but non-revenue-producing" tasks (like the bookkeeping we discussed) to boost your net income.

## 2. The "Interest Rate Sweet Spot"

The Federal Reserve has been cautiously cutting rates, and we are currently in a "Goldilocks" zone for many:

**For Savers:** High-Yield Savings Accounts (HYSAs) and CDs are still offering rates well above the inflation rate, though they are starting to dip. It's a prime time to **lock in yields** before they drop further.

**For Borrowers:** If you've been waiting to refinance debt or take a business loan for your LLC, the "pivot" is finally providing some relief compared to the highs of 2024.

### 3. Tax Efficiency as a Wealth Engine

Since you asked about LLC deductions earlier, remember that **tax savings = guaranteed ROI**. In a year with a bullish stock market (S&P 500 targets are hitting record highs of 7,800+), every dollar you "shield" from the IRS through those 16 deductions is a dollar that can be compounded in the market.



## **DISCLAIMER**

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Before we dive into tonight topic: A few announcement

### [If you Still Need to File Your Taxes? We're Here to Help.](#)

Dealing with taxes shouldn't be a source of dread. Whether you've tackling a complex return, or just need expert guidance, we simplify the process so you can get back to what matters.

**We offer personalized help for:**

- ✓ **Late Filers:** Catch up quickly and navigate any penalties.
- ✓ **Small Business Owners & Freelancers:** Maximizing deductions and managing self-employment tax.
- ✓ **Amendments & Corrections:** Fixing past returns with confidence.

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Mastering the Tax Chameleon: How Your LLC Slashes Your 2026 Tax Bill

# MASTERING THE TAX CHAMELEON: HOW YOUR LLC SLASHES YOUR 2026 TAX BILL

Every January, I see hardworking consultants and business owners motivated to grow their income. But very few stop to ask if their business structure is actually supporting their long-term financial longevity.

## 1. Sole Proprietorship

The default if you just "start working" as a freelancer or consultant.

**Liability:** None. You and the business are the same. If the business is sued, your personal house and savings are at risk.

**Taxes:** Simple. You report profit on your personal return (Schedule C). You pay the full **15.3% self-employment tax** on all profits.

**Wealth Perspective:** Best for very low-risk side hustles, but usually a "stopping point" rather than a destination.

## 2. Limited Liability Company (LLC)

The "gold standard" for small business owners and creators.

**Liability:** High protection. It creates a "corporate veil" between your personal assets and business lawsuits.

**Taxes:** Flexible. By default, it's taxed like a Sole Prop, but you can "elect" to be taxed as an S-Corp (see below).

**Wealth Perspective:** Excellent for 2026. It's affordable to maintain but gives you the legal professional status needed to scale.

### 3. S-Corporation (S-Corp)

Technically a tax designation for an LLC or a C-Corp, not a separate legal structure.

**Liability:** Same as an LLC.

**Taxes: This is the wealth-builder.** You pay yourself a "reasonable salary" (subject to payroll tax) and take the rest as a "distribution" (not subject to the 15.3% self-employment tax).

**Wealth Perspective:** Once your LLC makes over ~\$50k-\$60k in profit, switching to an S-Corp status can save you thousands annually in taxes.

### 4. C-Corporation (C-Corp)

The structure for companies that want to go public or raise venture capital.

**Liability:** Highest level of protection.

**Taxes:** "Double taxation." The company pays corporate tax (currently 21%), and then you pay personal tax on any dividends you receive.

**Wealth Perspective:** Best for "high growth" where you plan to reinvest all profits back into the company rather than taking a salary.

### 1. Income Statement (Profit & Loss or P&L)

This is your "Performance Scorecard." It tracks your revenue and expenses over a specific period (monthly, quarterly, or annually).

**Wealth Factor:** This is where you see your **Net Income**. If this number isn't growing, your wealth isn't growing.

**Connection to LLC:** This is the document where you categorize the **16 tax-deductible expenses** we discussed earlier to ensure your taxable profit is as low as legally possible.

### 2. Balance Sheet

This is your "Health Snapshot." It shows exactly what the business **owns (Assets)**, what it **owes (Liabilities)**, and the remaining **Equity** at a single point in time.

**Wealth Factor:** This tracks your **Business Net Worth**. As you pay down business loans (liabilities) and acquire equipment or cash (assets), your equity increases.

**Equation:**

$$\text{\text{\$}\text{Assets}} = \text{\text{\$}\text{Liabilities}} + \text{\text{\$}\text{Owner's Equity}}\text{\text{\$}}$$

### 3. Cash Flow Statement

This is your "Reality Check." It tracks the actual movement of cash in and out of your bank account.

**Wealth Factor:** A business can be "profitable" on paper (P&L) but still go bankrupt if the cash is tied up in unpaid invoices (Accounts Receivable). You need this document to know if you have the "dry powder" to invest in new opportunities.

**Key Sections:** Operating activities, Investing activities, and Financing activities.

### 4. Tax Returns & Supporting Records

This includes your **Federal and State returns** (e.g., Form 1040 Schedule C for a single-member LLC, or Form 1120-S for an S-Corp) along with the **Supporting Documentation** (receipts, 1099s, and mileage logs).

**Wealth Factor:** Your tax return is the ultimate proof of income for lenders. If you want to buy a house or get a business expansion loan in 2026, banks will ask for the last two years of these documents first.

**Compliance:** In 2026, this also includes your **BOI (Beneficial Ownership Information)** filing confirmation, which is now a mandatory requirement for most LLCs.

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# THE LLC MYTH VS. REALITY

## The LLC Myth vs. Reality

Most people think an LLC automatically saves you money. The truth? An LLC is a "tax chameleon"—it doesn't have its own tax rate. Its power lies in how you *choose* to be taxed.

**The Default:** The IRS sees a single-member LLC as a "disregarded entity" (Sole Proprietorship). You pay 15.3% self-employment tax on every dollar.

**The Shift:** In 2026, we use the LLC as a shell to elect **S-Corp status**.

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# 1: THE S-CORP "SLASHER"

An LLC can slash your tax bill primarily through **strategic entity classification** (such as electing S Corp status) and by leveraging a wide range of available **business expense deductions**.

## Strategic Tax Classification

By default, the IRS treats an LLC as a "pass-through entity," meaning business income and expenses are reported on the owner's personal tax return, avoiding "double taxation" (taxation at both the business and individual levels). However, LLCs have the flexibility to elect different tax statuses to optimize savings:

**S Corporation Election:** This is a popular strategy for reducing self-employment taxes (Social Security and Medicare, which total 15.3% on net earnings). An owner can be paid a "reasonable salary" (subject to FICA taxes and income tax withholding) and take the remaining profits as "distributions," which are not subject to self-employment tax. This election requires filing Form 2553 with the IRS.

**C Corporation Election:** While less common due to the potential for double taxation, an LLC can elect to be taxed as a C Corp by filing Form 8832. This can be advantageous in specific scenarios, as corporate profits are taxed at a flat 21% federal corporate tax rate, which may be lower than a high individual income tax bracket.



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# 2: THE S-CORP "SLASHER"

**The Concept: This is the #1 way to reduce your tax bill. By splitting your income into a Salary and a Distribution, you "slash" the 15.3% tax on half of your money.**

**The Strategy:** Pay yourself a "Reasonable Salary" (e.g., \$45,000).

**The Result:** The remaining \$45,000 of your profit is exempt from Social Security and Medicare taxes.

**Annual Savings:** For someone earning \$90k, this is a **\$5,000+ per year** direct saving.

**Presenter Note:** Use the "What-If" calculation we did for Guillermo here. Real numbers make the impact feel personal and achievable.

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# 3: THE 20% "INVISIBLE" DISCOUNT (QBI)

**The Concept:** The Section 199A (Qualified Business Income) deduction is like a 20% off coupon for your income tax.

**How it Works:** If your LLC makes \$100,000, the IRS allows you to deduct \$20,000 right off the top before they even look at your tax bracket.

**2026 Update:** Ensure your attendees know that this deduction is still in full effect for most "Pass-Through" entities.

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# 4: THE "BUSINESS OF LIFE" DEDUCTIONS

Turning personal overhead into business deductions. We don't spend more; we just spend smarter.

**The "Home Office" Loophole:** Deducting a portion of your \$2,600 rent and utilities because you manage your LLC from home.

**The Transportation Hack:** How to turn your \$800/month Uber bill into a deductible business expense by documenting your "Tax Home" and business destinations.

**Health Insurance:** Deducting 100% of premiums as a business owner (a huge win for those over 65 or with high insurance costs).

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# 5: LEVERAGING RETIREMENT (THE SOLO 401K)



Build Your Wealth

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# THE 2026 ROADMAP



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**Audit:** Are you W-2 or 1099 or both?

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# SUSTAINABILITY IN FINANCE

**isn't about how much you make; it's about how much you keep. Let's make 2026 the year you keep your fair share."**

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# THE 16 COMMON LLC TAX DEDUCTIONS

- 1. Payroll & Employee Wages:** Includes salaries, bonuses, and commissions paid to W-2 employees.
- 2. Contractor Payments:** Fees paid to freelancers or independent contractors (typically requiring a 1099-NEC).
- 3. Employee Benefits:** Contributions to health insurance, retirement plans (like a SEP-IRA or 401k), and life insurance for staff.
- 4. Startup & Organizational Costs:** You can typically deduct up to \$5,000 in your first year for things like legal fees to form the LLC and state filing fees.
- 5. Rent & Lease Payments:** Monthly rent for a dedicated office space, storefront, or warehouse.
- 6. Utilities:** Electricity, water, gas, and trash services for your business location.
- 7. Office Supplies:** Everyday items like stationery, ink, paper, and postage.
- 8. Office Equipment & Furniture:** Large purchases like laptops, printers, and desks. These are often depreciated over several years.

**9. Software & Subscriptions:** Cloud services (SaaS like Slack or Zoom), accounting software (QuickBooks), and industry-specific tools.

**10. Marketing & Advertising:** Digital ads (Google/Meta), website hosting, business cards, and promotional events.

**11. Professional Services:** Fees paid to accountants, bookkeepers, and attorneys for business-related legal or tax work.

**12. Business Insurance:** Premiums for general liability, professional liability (E&O), workers' comp, and commercial property insurance.

**13. Business Travel:** Flights, hotels, and transportation (Uber/car rentals) while away from your "tax home" for work.

**14. Business Meals:** Generally, **50% deductible** if they have a clear business purpose (e.g., meeting a client or business partner).

**15. Bank Fees & Interest:** Monthly maintenance fees, wire transfer fees, and interest on business loans or business credit cards.

**16. Vehicle Expenses:** Either the **Standard Mileage Rate** (\$0.70 per mile in 2025) or **Actual Expenses** (gas, oil, tires) for business-related travel.





Wealth Building Journey.

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*By Marie Deary*

# THANK YOU!

"Have a wonderful rest of your day!"



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being here this  
evening.



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# What would you like to share with me?



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