



## Assemblage LLC Bi-Weekly Newsletter

### Message from Kellé

Hello there!

Can you believe we're half-way through 2021?! I CANNOT! I know it's cliché but, time is really flying.



Mid-year is the best time to assess your business financials. Remember we are still running the Ask My Accountant (AMA) special which for only \$67/month beginning July 1, you can gain full access to my calendar to book a business strategy call. Click the link to signup now.

Your Virtual CFO & Business Strategist.

Kellé

[Sign Up for Ask My Accountant](#)

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## How to Hire Your Kids The Tax Smart Way - Part 1

[Book a Business Strategy Session](#)

As long as they're doing legitimate work for your business, you can hire your kids and pay each of them up to \$12,000 per year tax-free.

It's true! And all of this while they earn a little money AND start saving for college or that first business. And it's all tax-free.

So you may want to hire your child(ren) to work in your business. And you want to do it for many good reasons: to teach them about entrepreneurship, develop a strong work ethic AND for the tax-free income — up to \$12,000 per child.

If they stay under this limit, they don't even have to file a tax return, which means they don't pay any income tax on it. And you get to deduct their wages, which **lowers your business' taxable income**.

## But wait! There's more!

**The IRS ACTUALLY Rewards You For It!** Source: [Publication 929 \(2020\), Tax Rules for Children and Dependents](#))

If you have children between the ages of 7 - 22, you can use this strategy to save some money. Here is how it works:

- Each of your children can be employed by your business and paid an annual wage of \$12,000. This is an important amount because it is the standard deduction amount for single individuals.
- Your business gets to take a deduction for the payment, thus decreasing your taxable income.
- So the business gets to take a deduction, but the kids pay no federal income tax. It does not get much easier than that!

This strategy can also be combined with IRA and 401k strategies to really maximize the benefit. For instance, if you paid each child \$12K each as salary. You could put \$6K into an IRA that is deductible, and you can use their standard deduction to take their taxable income to zero.

In that case, your business can deduct \$18K per child, but again, no taxable income.

If you want to save money then hire your kids and make sure you have them actually work!

Keep track of the hours and tasks your children perform and make sure it's age-appropriate. [DOL Rules Regarding Youth & Labor](#) The IRS isn't going to believe your 5-year-old earned \$12,000 analyzing dental records. But that 5-year-old can model those pearly whites in photographs to be used on your website or brochure!

It's easy to document an "image agreement" that pays an ongoing licensing fee right from the start.

So you DO NOT have to pay payroll taxes for employing your kids if your business is a sole-proprietorship, a single-member LLC taxed as a disregarded entity, or an LLC taxed as a partnership and owned solely by you and your spouse.

Using this strategy, rather than just dumping change into their jar, (money you likely paid personal taxes on) you've moved those taxable dollars from your tax rate to your child's tax rate and bracket, which, is zero, *and* you still keep the money in the family!

There are countless jobs kids can do for you, and remember, you can pay them at the SAME RATE you would pay any other employee or outsourced company.

- Cleaning the office
- Washing company cars
- Updating customer lists on the computer
- Simple to advanced Data-entry
- Transcribing video or audio
- Trips to the post office or general errands
- Helping at the office, passing out handouts, and more
- Walking door to door, placing fliers for your business
- Updating your social media accounts (They won't even equate this as work!)

But then, let's say after reading the guide, you find out that this strategy "doesn't work" if your business is a corporation. Well, we will help you corporations out in the next article!

So if you know someone that would benefit, send them the link to subscribe! You AND them could win gift cards and other great prizes!

[Book a Business Strategy Session!](#)

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## **July Raffle Winner!**



Our July Raffle winner is Tanya Ward! She won a Starbucks gift card and an Assemblage branded journal!! Congratulations and thank you for your support!

## **Want Bonus Entries to the Monthly Raffle??**

Newsletter subscribers are automatically entered into our monthly prize drawing. But you can get *BONUS* entries!

For every person that signs up for our newsletter and includes your name and/or email in the "How did you hear about us?" section you will get ONE BONUS ENTRY.

Just send people [This Link](#) so they can sign up! Get those bonus entries!!



**In ADDITION! You can get ONE Bonus Entry for EVERY SOCIAL MEDIA SITE you follow us on.**

Our Facebook, Instagram, Twitter, and LinkedIn are linked below



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**Helpful Tip**



Learn More

Hiring your kids can save you money! They get paid, you get to take tax deductions, and as long as their salary is less than \$12,000 they don't have to pay income tax. Its tax-free savings for college that you both contribute to. Them from their labor and you from your business payroll.

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## Recent Reviews

Dani McMahon -- 5 Stars

Positive: Professionalism, Responsiveness, Value

Kelle's guidance, communication and follow up are top notch! Her experience and professionalism come through with every correspondence.

Follow us on social media and share our tips and tricks with all your friends!



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