



Polish **AND PROFIT** *Workshop (2)*

90 Day Accelerator

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CALIFORNIA TAX RULES (2025)

1. Minimum wage increase to **\$16.50/hr**

2. **Manicurists must now meet the ABC test criteria to be classified as independent contractors. If Nail salons don't pay them as an independent contractor then they they must hire them as w-2 employees, providing all associated benefits**

+ The worker is free from the control and direction of the hiring entity in performing the work.

+ The work performed is outside the usual course of the hiring entity's business.

+ The worker is customarily engaged in an independently established trade, occupation, or business of the same nature as the work performed.

3. **Freelance Worker Protection Act**

+ Contracts: Hiring parties must provide a written contract outlining the terms of service, including payment details and due dates.

+ Record Retention: Contracts must be retained for at least four years.



SOLE PROPRIETORSHIP

- ✓ **Best for:** Freelancers, booth renters, independent stylists, or part-time beauty professionals.
- ✓ **Why?**
 - Easiest and cheapest to start—just a business license.
 - Works well for low-income or side hustle beauty professionals who don't need liability protection.
 - Self-employment taxes can be high, but deductions (e.g., supplies, rent) help.
- ✳️ **When to Upgrade?**
 - Once you're making over \$50K+ per year, the self-employment tax burden grows.
 - If you start hiring staff or signing leases, consider an LLC for liability protection.



LIMITED LIABILITY COMPANY

✓ **Best for:** Solo beauty professionals who want legal protection, small salon owners, or those expanding their business.

✓ **Why?**

- Protects personal assets (if sued, your house & savings are safer).
- Can be taxed as a sole proprietorship (default) OR elect S-Corp taxation (if profits are high enough).
- Works well if you're growing but not making over \$100K yet.

✳ **When to Upgrade?**

- If your profit exceeds \$75K+, you should consider S-Corp taxation (to save on self-employment taxes).
- If you're hiring multiple employees and scaling up, an S-Corp may be a better fit.



S-CORPORATION (S-CORP)

✓ **Best for:** Successful salon owners, beauty professionals with high profits, and those wanting tax savings.

✓ **Why?**

- Major self-employment tax savings—you can pay yourself a reasonable salary and take extra profits as distributions (which aren't subject to self-employment tax).
- Best for business owners making at least \$75K-100K in profit (to justify the extra tax filings and payroll setup).
- Offers liability protection, credibility, and easier expansion (franchises, partnerships, investors).

✳ **When to Stay as an LLC Instead of an S-Corp?**

- If your profits are under \$75K, the cost of running an S-Corp (extra taxes, payroll, bookkeeping) may not be worth it.

BUSINESS ENTITY FORMATION PLATFORMS



- 1. Starting at \$79
- 2. \$199/year for registered agent
- 3. Customer Support- Moderate
- 4. Best For - Comprehensive Legal Services



- 1. Starting at \$0
- 2. \$199/year for registered agent
- 3. Customer Support- Excellent
- 4. Best For - Business formation



- 1. Starting at \$49
- 2. \$199/year for registered agent
- 3. Customer Support- Very Good
- 4. Best For - Quick Processing



SWITCHING A SOLE PROPRIETOR TO A S-CORP

1. Form a Corporation with your state
2. Obtain an EIN (Employer Identification Number) from the IRS
3. File form 2553 with the IRS- This elects (s-corp) tax status for your corporation
4. Set up payroll
5. Transfer Business assets and account

**Capital One-
High Yield Savings**

3.6%

**US Bank-
High Yield Savings**

3.5%

**Amex-
High Yield Savings**

3.8%

BANKING:
**Top Accounts
Earning Interest**

BOOKED VS NON-BOOKED CLIENT RETENTION STRATEGY

Booked

- 1. Instant Confirmation (✉️ Text & Email) – Sent right after booking to confirm details.
- 2. 48-Hour Reminder (📅 Text) – Helps clients reschedule if needed.
- 3. Day-of Reminder (🕒 Text) – 3 hours before the appointment to ensure they remember
- 4. Last-Minute Reminder (Optional) (🚗 Text) – 30-60 minutes before, mainly for VIP clients or high-ticket services

Non-Booked

- 1. Monthly Emails (2)
- 2. Monthly Text Messages (1)
- 3. Holiday Specials
- 4. Raise Prices beginning of each new year
- 5. VIP Test Appointments



No-shows drop by up to 39% with at least two reminders



BUDGET PLATFORMS

