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ALBERT & WHITNEY, LLC



NJANA Fall Conference Presentation

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LEARNING OBJECTIVES



1. Understand the difference between being a 1099 contractor & W-2 employee.
2. Recognize tax solutions as a 1099 contractor.
3. Discuss financial planning, wealth management and the importance of disability insurance as a CRNA.



W-2 EMPLOYEE vs 1099 CONTRACTOR



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	W-2 Employee	1099 Contractor
	On Payroll	Not on Payroll
Income Taxes	Withheld on their paycheck	Typically, not withheld on a paycheck. Pays quarterly tax estimates.
Employment Taxes	Employer pays ½ of the FICA Taxes (Social Security & Medicare)	Contractors pay both sides of FICA Taxes (Social Security & Medicare)
Business Expenses	Can NOT deduct expenses	Can Deduct Business Expenses
Unemployment	Eligible for Unemployment	May not be Eligible for Unemployment
Benefits	Benefits may be provided by employer for Health Insurance, Long Term Disability, 401(k), etc.	Benefits can be purchased by contractor.



W-2 EMPLOYEE vs 1099 CONTRACTOR



	W-2 Employee	1099 Contractor
Pros	<ul style="list-style-type: none">• Employer Benefits (Retirement Match, PTO, Insurance, etc.)• Contractual Terms can provide security• Employment Taxes paid and income taxes withheld for you• More legal protection	<ul style="list-style-type: none">• Flexibility in scheduling and time off• Retirement Plan options with potentially much more into retirement• More tax deduction options available, including QBI• Can be a free agent
Cons	<ul style="list-style-type: none">• Employer can regulate hours, non-compete, earning potential, etc.• Minimal Tax Strategies available	<ul style="list-style-type: none">• Less job security and swings in work/\$• Benefits or supplies usually not provided• Self employment taxes• Record keeping and reporting



TAX SOLUTIONS FOR 1099



- **Deductible Business Expenses**
 - Keep track of expenses related to doing business such as Travel, Gas, Car, Certain Insurances, Food, Networking, NJANA membership and conferences, scrubs, etc.
- **Home Office Deduction**
 - If you use part of your home exclusively for business, you may qualify for a home office deduction
- **Retirement Contributions**
 - Contributions to certain retirement plans can reduce taxable income such as a Solo 401(k), Define Benefit Plan, or SEP IRA
- **Health Insurance Deduction**
 - If you pay for your own health insurance, you may be able to deduct the premiums.
- **Track Mileage and Vehicle Expenses**
 - You can deduct either the standard mileage rate or actual vehicle expenses for business use of your car.
- **Hire a Tax Professional**
 - Navigating tax laws can be complex, and mistakes can be costly. Consider hiring a CPA or tax advisor who specializes in working with independent contractors. They can provide personalized advice and ensure you're taking advantage of all available deductions and credits.



TAX STRATEGIES TO CONSIDER AS A 1099



1. Hiring Your Children

- **Income Shifting:** Shifts income to children who are likely in a lower tax bracket, reducing the family's overall tax liability.
- **Standard Deduction:** For 2024, each child can earn up to \$14,000 without paying federal income tax, due to the standard deduction.
- **No Payroll Taxes for Family Businesses:** If your business is a sole proprietorship or a partnership in which both parents are partners, you do not have to pay Social Security and Medicare taxes on your child's wages if they are under 18.

2. Charitable Contribution Strategies

3. Section 179 and Bonus Depreciation

- **Certain Vehicles:** Including vehicles over 6,000 lbs

4. Education Savings Plans

- **529 Plans:** Contributions grow tax-free, and withdrawals for qualified education expenses are tax-free.

5. Qualified Business Income (QBI) Deduction

- If you have pass-through income (e.g., from a sole proprietorship or LLC), you may qualify for a deduction of up to 20% of your qualified business income, subject to certain income thresholds and limitations.



RETIREMENT PLAN LIMITS 2024



- **IRAs**
 - **Contribution Limit:** \$6,500 (\$1,000 catch-up) in 2024
- **SEP IRA**
 - **Contribution Limit:** 25% of Net Compensation up to a Max of \$66,000 in 2024
- **Solo 401(k)**
 - As both the employer and employee, you can contribute up to \$22,500 (employee deferral) plus an additional 25% of your net earnings from self-employment as the employer, with a total limit of \$66,000 for 2024 (plus an additional \$7,500 catch-up contribution if you're 50 or older).
- **Defined Benefit Pension Plan**
 - Depending on Age, Compensation and Years until retirement; you can deduct upwards of \$100,000+ into a define benefit plan.
 - Funding limit of approx. \$3.5M (including returns and contributions). The shorter the contribution period the higher the deduction.
 - Must be EARNED income.



TAX DIVERSIFICATION RETIREMENT INCOME DISTRIBUTION



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Taxable

Certificate of Deposit
Savings/ Money Market
Stocks, Mutual Funds
Corporate Bonds



Tax-Free

Municipal Bond
Municipal Bond - Mutual Funds



Tax Deferred Taxable

401(k), 403(b), 457
IRA's
TSP
Non-Qualified Annuities



Tax Deferred Tax-Free

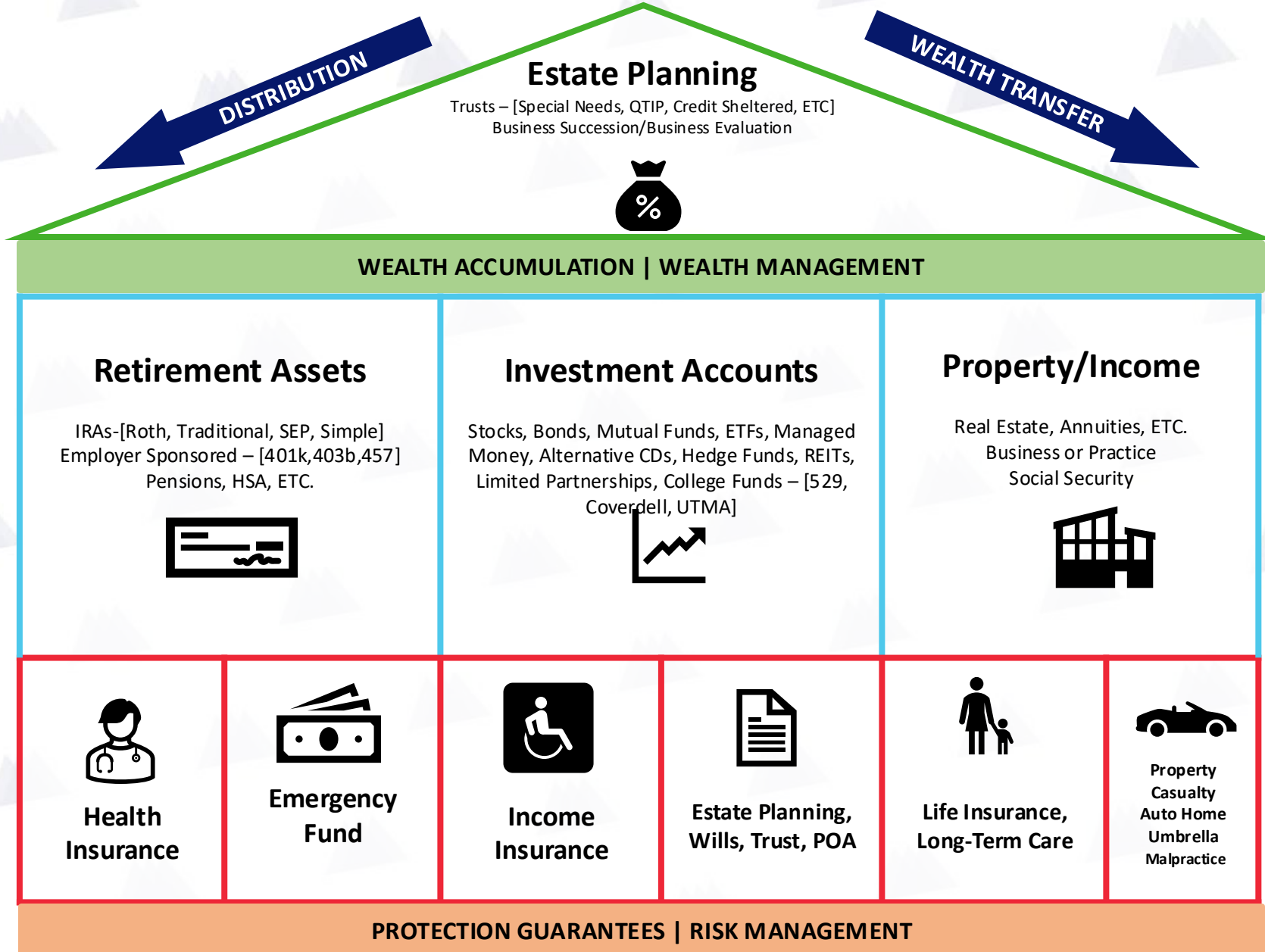
Roth IRA
Life Insurance
529 College Savings Plans



MARKET	↓	↓	↑	↑
TAXES	↓	↑	↓	↑
MONEY SOURCE	Fixed Products Cash Investments	Life Insurance Municipal Bonds	Traditional 401(k) Traditional IRA	Roth 401(k) Roth IRA



FINANCIAL HOUSE



DISABILITY INSURANCE FACTS & WHAT TO LOOK FOR



- Only 40 percent of US households have enough in liquid savings to cover at least three months of their recurring expenses, and only 28 percent can cover at least six months
- One in four of today's 20-year-olds can expect to be out of work for at least a year because of a disabling condition before they reach the normal retirement age
- Each year around 5% of working Americans will experience a short-term disability (six months or less) due to illness, injury, or pregnancy. Almost all of these are non-occupational in origin.
- The most common reasons for long-term disability claims are:
 - Musculoskeletal disorders (27.6%), Cancer (15.0%), Injuries such as fractures, sprains, and strains of muscles and ligaments (12.0%), Mental health issues (9.3%), Circulatory (heart attack, stroke) (8.2%)



DISABILITY INSURANCE FACTS & WHAT TO LOOK FOR



Review Group Coverage

- Typically Group Coverage covers 50-60% of your Gross Income
- Typically Group Coverage is capped at \$6,000-\$10,000/m
- This Benefit is Taxable is paid by your employer

Own Occupation Definition/Rider

- Different from Social Security Disability Insurance (SSDI) definition
- Type of disability definition that pays out if a policyholder is unable to perform the majority of their OWN job duties due to an injury, illness, etc.
- Will continue to pay benefit if they start to work another profession

Future Increase Option

- Offers the ability to increase an insured's disability coverage, regardless of future health as income rises. It is important to know when coverage can be increased, and by what increments, on any given option date.

Cost of Living Adjustment Rider

Partial/Residual Rider

- Will pay part of your disability benefit if you experience a loss of 15-20% of income due to injury, illness, etc.

Student Loan Rider

- In the event of a disability the policy would pay out an additional benefit to cover student loan payments





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