



From the Desk of Vic Hausmaninger, CPA

TIME FOR YOUR MID-YEAR “FINANCIAL CHECKUP”

Business "Health"

- For those of you that had a formal business plan, this is a good time to evaluate if the plan adopted at the beginning of the year is still "valid" or if it needs to be updated and revised.
- Based on the results for the first six month and any revisions for the remainder of the year, this is also a good time to make operational changes including changes in personnel [additions or reductions], marketing and pricing strategies, etc.
- Planning cash flow for the future also is important: Are there any loans that are coming up for renewal? Will additional working capital be needed to fund growth? Can inventory levels be reduced or accounts receivable aging be improved to generate more cash flow?
- With six months gone by, consideration might be given to compare financial position and operating results against "industry benchmarks". Are there any areas that "stick out" as being out of line with industry benchmarks? There may be valid reasons for differences but a comparison of this sort is often helpful
- And then there are always updates to consider with respect to "succession planning", risk management including adequacy of various insurance coverage, etc.

Tax "Health"

- If your returns are on extension, follow up regarding what is needed to complete the returns. As you know extended business returns are due on or before 9/15 (less than 75 days from now) and personal returns are due 30 days later
- Mid-year is also a good time to review estimated tax payments, if any, and whether consideration might be given to reduce the last couple of estimated tax payments if income is forecasted to be less than the prior year. On the other hand, if income is forecasted to be a lot higher, you may want to begin setting aside cash for additional taxes that will be due.

- Tax planning is an ongoing process and you may want to discuss with your tax advisors forecasted income for the year; new depreciable asset additions; changes in the tax code that may affect you; etc.

Personal "Health" (Financial, that is)

- Mid-year is a good time to meet with your investment advisors to review investment returns for the first six months [net of fees incurred] against benchmarks; to evaluate the mix of investments [stocks, bonds, large-cap/small cap, international, etc.
- This is also a good time to evaluate your current insurance coverage including life, disability, long-term care, liability, property and casualty, etc. with your insurance agents. Things change constantly in our personal life and often we fail to adjust insurance coverage to reflect such changes
- And the same is true for your wills and trusts—estate planning. Are all of these documents current and reflect up to date changes in your personal life and those of your loved ones? Do the beneficiaries on your bank accounts, IRAs, and other investments need to be updated? Consider discussing all this with your estate planning advisors.

I am sure you can add more items to the list of "Financial Checkup". As always, we stand ready to discuss any of these matters with you in more detail and assist you in assuring that your "Financial Checkup" comes out "In Good Health".

Have a great rest of the summer!!

Vic Hausmaninger

vic@hbla.com