



Liberty Financial Consulting, Inc.

A leader in small business accounting, Quickbooks support, and tax preparation

**History Trivia
Year of
Major
Event**

1. *Pearl Harbor Attack*
2. *Gettysburg Address*
3. *End of World War II*
4. *Major Stock Market Crash*
5. *1st Model T Sold by Ford Motor Company*
6. *Landing on the moon*
7. *New York Yankees' 1st World Series*
8. *End of Revolutionary War*
9. *Cuban Missile Crisis*
10. *Completion of Trans Continental Railroad*
11. *End of Military Draft*
12. *Season in football which started the Super Bowl Era (NFL-AFL Championship Game)*
13. *Medicare Program enacted*
14. *Elvis Presley first appears on Ed Sullivan program*
15. *Jack Nicholas wins first major golf tournament*
16. *Israeli athletes killed during Munich Olympic games*
17. *America's entry into WWI*

Fall/Winter 2022

It has been about of year since LFC has published its last newsletter, and much has happened. 2022 is turning out to be the busiest year in the company's history.

Despite what has been happening in the economy (high inflation, supply shortages, etc), LFC continues to see an increase in business. There has not been any extraordinary marketing plan put in place or obtaining a large client with extensive accounting needs. The clients that have been serviced over the years have a different dynamic going on. After 2

years of covid, clients have been working to get back to a sense of normalcy. Thus, additional work came about because clients needed to have consistent accounting services as they were getting back to pre-pandemic levels of business activity.

There has also been the addition of new clients as well as expanded activity partnering with another local Quickbooks service company to provide contracting service to their clients.

Additional activity has occurred in all service areas of the business: general

bookkeeping, tax preparation, and payroll, with most of the growth in general bookkeeping services.

Our analysis of this activity tells us that we are starting to see an up-tick in business activity, albeit slowly. Perhaps there is a cautious optimism for improvement by business owners and a sense that the worst is behind us.

Despite the situation with our overall economy, we look forward to continue to service our clients in the months and years ahead.

Economy Fall/Winter 2022

LFC wrote about the economy of 2021 in its previous edition of the newsletter. For 2022, much has changed. As monthly economic reports come out, we continue to hear about the impact of inflation on families and businesses. Inflation rates that have not been experienced for decades, have now become part of daily life.

The inflation rate for Sept 2022 was reported at 8.3%. It can be difficult to believe what is reported, when in the course of one's daily life, we encounter price increases of far more than the reported

rate. Trips to the grocery store show that for some items, they increased far more, and in some cases, double-digits.

Inflation is not the only problem with the economy. There continues to be supply shortages of basic products, and now there is a diesel fuel shortage that will impact the delivery of goods. Plus, employers still cannot find employees to fill open job positions. There are millions of jobs available that continue to remain open.

Gasoline prices are still high, although they have come down in the last few months. But, food items, and other staples continue to rise

along with energy prices for natural gas and electricity.

Another issue is the rise of interest rates. In high inflationary times, interest rate increases are a common weapon to combat price increases. It is unclear how much higher they will go as the Federal Reserve works to curb inflation without shutting down the economy.

The inflationary cycle we have experienced for the last couple of years was caused by the excessive spending by the federal government. Let's hope things improve in the months ahead and fiscal sanity is restored in Washington.

Taxes & retirement

At some point in time, each person will need to make a decision on retirement from the workforce. And taxes will be a concern for retirees, as it will represent one of the larger expenses at retirement.

Income taxes are paid to governmental agencies two ways:

- Withholding
- Estimated tax payments

Retirees will have the same options they had when they were working. Pension and employer plans (401ks) along with IRAs allow withholding taxes on distributions just like withholding for paychecks. And, Social Security provides federal income tax withholding on its distributions.

The issue with retirement plan distributions is whether state withholding is allowed. Many financial institutions do not withhold for state taxes simply because of the complexity of withholding taxes for nearly 50 additional entities (some states do not have an income tax).

This is where estimated payments come in: these are quarterly payments due usually in April, June, Sept, January of the following year. (check your state to see if it follows this schedule).

Because many people have been employees and not business owners during their working careers, estimated tax payments are new to them. Determining how much to pay each quarter can be difficult.

LFC has been working with business owners and individuals on estimated tax payment calculations for many years. Although the process has been more challenging in recent years (due to tax law changes), LFC has the knowledge and skill to determine proper estimated tax payments for clients.

Now is a good time to begin the work on 2023 estimated tax payments as we head into the new year. Contact LFC to schedule a time to meet.

Why use LFC for accounting needs

If one owns a business, accounting and bookkeeping are vital to its function. Where to go for this services is an important decision: does one hire someone to take care of the bookkeeping internally or does one look for an outside company to provide the service?

Bookkeeping services can include a number of things: weekly or monthly data entry and reporting, payroll, sales tax processing, bill paying, or accounts receivable and collections. If one is to look for a company to provide such services, here are some important questions to ask:

- does the company have experience providing accounting services to

other businesses in one's industry?

- does the company have experience providing a wide range of accounting functions to businesses?
- will the company be able to handle the demands of increase activity as the business grows?
- is the company keeping pace with the technological changes and advancements in accounting for businesses?

Over its history, LFC has served a number of businesses in a wide range of industries. And, it has adapted well to the changes in technology within its industry. Business owners can feel confident accounting needs are met when working with LFC.

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Quickbooks Software

Since 2002, LFC has been working with clients to find the best software product solution for their businesses. Quickbooks provides products for businesses of any size and in any industry. From the simplest data processing systems to complex manufacturing, Quickbooks has the products for any situation.

Quickbooks primary desktop product offering consists of:

- Pro
- Premier
- Enterprise Solutions

In addition, Quickbook offers an online product for those wanting a web-based solution.

LFC has partnered with a Intuit reseller to provide great pricing on all Quickbooks products.

Contact LFC to learn how we can help you with selecting the products that best fit your business.

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**Trivia
Answers**

1. 1941
2. 1863
3. 1945
4. 1929
5. 1908
6. 1969
7. 1923
8. 1783
9. 1962
10. 1869
11. 1973
12. 1966
13. 1965
14. 1956
15. 1962
16. 1972
17. 1917

**IRS
Fun
Facts
(Tax Year 2019)**

1. Total Individual returns filed: 158,000,000
2. Returns filed with Income of \$10 Million or more: 24,000
3. Returns filed with Income of \$25,000 or less: 49,000,000
4. Partnership & S Corp (small business) returns filed: 9 Million
5. Corp returns of companies with assets of \$20 Billion or more:

Lessons learned during years in business

As of 2022, LFC has been in business for 20 years. Reflecting back on those years, some lessons were learned along the way that helped propel the business forward:

- Don't take on more than you can handle. Be willing to turn down business if (a) there is not enough capacity (hours per month) to provide optimal service to the client; (b) or, the level of skill, or experience is beyond the scope of the business to service the client properly.
- Never lose sight of what helped build the business. The 2 keys to building the business: reliability and knowledge. It is through these 2 qualities that clients appreciated and allowed LFC to grow its business.
- Keeping up with the demands of the work. Changes in technology, tax law changes, frequency of deadlines, etc. have become greater challenges over the years. Time management skills are always being tested.
- Many of the old ways of doing business are still important and valid. Technology has provided businesses with new tools to conduct business. But scheduled face to face meetings at the office, or traveling to clients at their businesses for meetings or work is still an effective way to do business. Even though meeting someone in person could involve traveling a great distance, I gladly did it if it meant pushing the business forward and enhancing client relationships.

Retirement plan changes for 2023

There are several retirement plan changes that will take effect in 2023:

- Contribution limits for employer sponsored plans along with Traditional and Roth IRAs have increased. Although there is no income limit for deductible traditional IRA contributions for individuals who do not participate in employer plans, income limits for those who do, have changed: under \$73,000 for singles; \$116,000 for Married filing joint. This means that a contribution is fully deductible under these limits. Beyond these limits, the contribution deduction is phased out and eventually eliminated. But keep in mind, you can always make a contribution to a traditional IRA. The question becomes: is it deductible? Roth IRA contributions (limits are the same as traditional IRAs) can be made by taxpayers with incomes are under \$138,000 filing single; \$218,000 for married filing joint. Regardless of any limitations one encounters because of their individual circumstances, it is usually a good idea to incorporate these plans into one's retirement plans. LFC can help taxpayers navigate through these rules.
- Income ranges to determine deductible traditional IRA contributions for those participating in employer sponsored plans have increased.

IRA contribution limits