**Save Money and Time by Automating Your Finances** .

Thank you, Alexa. What is everybody's [ Indiscernible ]. I'm super psyched to be here automating your finances is something that is super important and we are going to dive right in and I hope you get a lot out of today. Welcome, smell -- small business community. Right off the bat I have to let you know this is all for educational purposes only and hypothetical. User guidelines and everybody's situation is unique so consult an individual advisor if you see fit. I'm hoping everyone can hear me. Can everyone hear me? Do I sound okay?

You sound great.

Awesome. Perfect. Who is this for? This presentation is for someone who is an existing business owner. You want to get ahead of your financial life and you want something to show for how hard you work, like no debt and money saved for your future and you are probably wondering where does all of the money go? Does anyone think where

 is that leprechaun at 3 o'clock in the morning that I can't find? This will help you. This automation stuff will help you with that. My goal for you today is to give you systems to automate your money. By leveraging technology so that you don't have to do everything yourself, right? Which is ultimately hopefully going to save you time and money. This is very important . You probably already know a lot of what I'm going to teach you. As I go through this presentation, you will be like I know that , totally. I've done that and I've tried that. But the question is we tend to forget and we don't act on what we already know , right? We don't follow through on money ideas and maybe we have some New Year's resolutions where we want to do something and we don't follow through on it. Sometimes things fall through the cracks. Sometimes we get a little lazy and distracted. As I go through this, just watch yourself say , Doc, I know I'm supposed to be doing this but ask yourself are you really doing this? Is this something you will follow through on? I want to teach you a framework on how you can automate your finances but it needs to be done in the mindset of having a profitable business that generates cash. I'm going to work through this slide. This is the monthly class flow plan. I need you to download this seek and have the set to go. It's going to be a tool that is going to show you how to create cash and profits in your business and we will take this and automate as much of it as we can. So go to http://jkrane.com/score to download this monthly cash flow plan. All of the automation is going to be based on these numbers and [ Indiscernible ]. Who am I? Am a certified financial planner. I manage over $100 million for my clients, Fractional CFO for small business owners and about 10 years ago I had a massive cash in to start my own business so I turned down over seven figures cash in my late 20s to not go work for another bank. I started my own company and I remember the days of not quite believing I could pull it off and a lot of the mistakes I had made I'm going to teach you the right way to do things along the way. The last thing is I lived in Italy for a few years, I love wine, I love coffee. I just really believe in enjoying life. Speaking of enjoying life, imagine if you have money in the bank. Imagine if you have cash in the bank . You have money coming in, you feel like you are on a plan to save for your future and you have no debt and you can take a vacation and not worry or stress about money? Imagine that. Here's the deal. You want your business to serve your life. You don't want your life to serve your business. So many of you guys are slaving putting money into your business and not having your business serve you . I know it's a mindset shift but it's something that is super important. For those of you who are just hopping on today we are going to work through this framework. Go here and download this tool, Krane's monthly cash flow plan at http://jkrane.com/score. And I challenge you? I'm going to challenge you guys in a way to think about money that's a little bit different and noticed the feeling of a little bit of financial overwhelm and just sit and watch and tolerate it and be okay with what I'm going to teach you. The first thing is I need to teach you the simple profit cash flow system. It's a system that you need to understand so we can get to the automation part. Let's look at this. This is the cash flow plan. You can see we got all of these line items. This is hypothetical so we will go with a hypothetical number. Let's say you bring in $10,000 a month in sales. Most of the time you're going to make a profit and you're going to need to pay some taxes whether it's quarterly, annually or whatever. You will need to set money aside for taxes. In this hypothetical example we will go with a 20% that you need to set aside. All of a sudden that last line item at the bottom that says profit, now you have $1000 in the bank and that can be used as cash in the bank. You bring in $10,000 and you do need to hypothetically say 20% of what you bring in in a separate account for taxes. The next thing you know you have $1000 to work with. Don't worry, we will hit more about taxes and what percent you want to save but I want you to understand the flow of money as it comes into your business. The next thing you need to think about is how much money do you need to take out of your business account to pay your personal bills? Remember, your business is funding your life . Your life is in funding your business, your life is funding your business.

 What are those monthly living expenses? How much money do you need to take out of your business to contribute to the family bank account? Whether you are single or married you need to know how much money you need to pull out. So we come back to this monthly cash flow plan and let's go with a hypothetical that you need to take out $5000 in distributions to live. All of a sudden you have 3000 dollars left in this cash account. Now you see where I'm going next. You're taking money out of your business and we have that last one what are your average monthly business expenses? Today is national get your head out of the sand day. You have to get your head out of the sand. I'm declaring it right now. How do you do that? By having the intention and setting the clarity , potentially working with your bookkeeper and you can do this on your own but you need to know what your average monthly business expenses are and if you don't, that's okay. We just need to figure out what they are. When you know what they are you can then begin to use this tool and see where you are upside down. Let's say your average monthly expenses are $4000. All of a sudden you can see this profit number is down to negative $1000. I want your profit to be equal to 10% or more of your sales. In this example 10% of $10,000 is $1000 but here we are negative so we need to find $2000. You have to set money aside for taxes and you have to take money out of the account and you need to set money aside and all of that kind of stuff and take the money out and so on and so forth. I'm seeing a comment the some of you may not be able to download the link. We will have the link in the notes at the end of the call and you can download it as well. Just walked through this with me at the time being. What happens now is the biggest mistake that business owners make about solving this problem is I'm going to make more money. Everything will be okay. I will continue to guess, on really how much I need to do. That's the wrong way. The wrong way is I'm going to make more money but what's going to happen is you're going to amplify the problem. That's the wrong way. The right way is to get profitable based on where your businesses now. You can grow your sales, you can cut expenses, you can reduce distributions that you take out of your business. These are the right ways to improve. The wrong way is to say I'm just going to get alone. I will pay less in taxes or I won't have any profit this is exactly what happens to people when they come on shark tank and they don't raise money. They don't raise money and they can't figure out why they are not getting their investors because they are not profitable to begin with. They don't have profits that are making them feel like they are in control of their money. As we begin to work through this with automation, this is the link you need to go to. If it's not working, give it a few minutes. You can go later on. Just familiarize yourself with these various line items. Sales, taxes, expenses, distributions and profit. We will start to automate this. Automation, you are basically moving your money from where it is somewhere else. That's all automation is. You are using processes and systems to make this happen. You are going to use technology, you will look at using electronic fund transfers from one account to another. Is just automating part of this so you don't feel like you have to do it on your own. Why are we going to automate again? To prevent us from doing the wrong things with our money. We need to give ourselves some financial wiggle room. Because if you automate every single thing you will feel like you are out of control because when we are business owners we don't make the same money every two weeks. Our income could be up or down, it could be big one month and slow another but you need to give yourself some financial wiggle room. With automation you need to establish six different accounts. The first one is you have to have a business checking account. You are paying your business expenses through this and bringing an your sales into your business checking account. The next account as a business savings account. This is an account you can use for either tax this or an emergency fund which we will talk about later. You need a personal checking account, you need a personal savings account. Personal checking is where you pay your personal bills from and the savings account is where you have the emergency account and you need to have a retirement account for retirement like an IRA and an investment account you can invest in for your future that is not necessarily for retirement. You may be thinking about the dates of this. I'm going to just get paid early in the month and I will pay the bills at the end of the month and a lot of people will say to do that and then they will forget. And they literally forget about it and put their head in the sand. Notice the theme is I don't want you to have your head in the sand. I want you take it out and be aware. You cannot set and forget the automation. You have to review your checking and credit card accounts and your books. Let's start with your sales. You need to automatically invoice the people that you are working with. If you are working with clients and you have the ability to get their credit card number and their long-term clients that work with you for three months or six months or whatever, get their credit card, get permission on the front end and automatically run their credit card every month. Maybe they pay you by check, but somehow you have to figure out a way to have your clients automatically pay you so that you don't have to spend gobs of time chasing them down to collect their money. I'd rather have you get paid with a credit card. The other thing is without incoming sales your business is not going to be profitable. This is really important. The invoicing needs to be automated but here's another one that is so big. You need to set up automatic email reminders for people that are not paying you and that are late. Like on the eighth day you have to create an automatic email reminder invoice whether you use QuickBooks or whoever it is, you can set up automated email reminders to follow up with people that are not paying you. This is huge. The first up on automation is automating and bringing the money and. It's that simple. I need you guys to bring the money in so you can financially live. So why not automate your sales collections and the reminders. The next thing are your business expenses. Here's the way I do it. You have to auto pay certain vendors that you know you pay every month or fixed expenses that are routine and accounted for in your business. Take website hosting, that is $50 a month. You can automatically pay that every month through your checking account, through a credit card. Automate paying that. Email marketing, automate paying that. Rents, if you rent office space this is a great example of something you should automate because it's a bigger expense and you know you have to pay it otherwise they will kick you out. Why not automatically pay your rent through bill pay , with a check or through credit cards so you can get points, miles or whatever. I'm trying to get you in the position to begin to automate some of these things. These are just three examples. How are you going to generally automatically pay your bills? You can pay them through credit cards, through a debit card or a business check and this is not rocket science. What I need you to do is go back and look through all of your expenses and pick half of the expenses and begin to automate them even if you are only doing two, try to do for five . That way you will be more current with the people you owe and when you refer to the cash flow plan I gave you it will make you that much more focused on making sure there is cash and profits in the bank. Let's talk about your credit cards for the business now. I want you to auto pay the minimum balance on your business credit cards. You can even auto pay the entire thing but I can't have you be more than 30 days late on paying the minimum because what happens with that is it's going to affect your credit score and you will be, like, emotionally upset you missed the payment. It has happened to me. A financial advisor, I forgot to make a payment but had I set up the automated minimum balance payment I wouldn't of been charged the penalty and I would never have these guys calling me saying why didn't you pay? It's simple the question is are you doing it? Salary, I believe you have to automate your salary. You have to automate your paycheck every month. I'm literally declaring you are a priority. I know it sounds ridiculous but your business has to fund your life . I believe that the success of your business is going to be the engine that's going to fund your personal goals. So why not get on a salary if you can do that? And automatically pay yourself something. By automating your salary you are forcing yourself to take money out of your business. When you know this is automated it's going to literally drive you to try to be smart with your money, grow your sales and watch the money because you know if you are pulling out $4000 a month automatically and paying yourself, you know you might not make that emotional decision to go buy something for your business that you really don't need because that money is getting pulled out. You are a priority. Where does the salary go in this tool? It goes under the expenses line item because the salary is an expense of your business. It is literally an expense. Think about this, if you wanted to sell your business -- let's say I buy your business. There has to be room for the person buying your business to pay themselves a salary or to hire someone to run the business. It's very important . Most of the time and I say that with a caveat which I will get to in a minute -- a salary. It's the concept of paying yourself first. I know that you've heard that a gazillion times but if you automate paying yourself first it's that much more important and good for you. I want to talk about taxes now with your CPA because this is going to get into salary as well. Before I do this I've given a few presentations for score and sometimes we go down this tax and CPA vortex where people are like I'm in LLC and my accountant told me to do it this way. Everyone's taxes are different. The most important thing is you call your CPA and discuss it with him or her. Let's get into the taxes because there's various ways to pay them. The first way is through the tax withholding from your paycheck. The other way is by making estimated tax payments to the IRS and/or state

 tax agency. Texas can get withheld from your paycheck or you can make estimated tax payments to the IRS. Literally you have to ask your CPA if you are going to be on salary, based on last year's income maybe even this year how much business you expect to do , what should my tax withholding be on my salary? It's very important. A lot of times -- I love CPAs to death but sometimes they are a little reactive and not proactive and then they tell you to run some year-end salary on December 28 and you have to do a ton of withholding and the next thing you know you have no money set aside. Why can't you run a monthly salary where taxes are withheld every month or every two weeks so you are not freaking out at the end of the year and saying what am I gonna do? Then they give you that salary. You call your payroll company and you have them run the same salary with the same federal and state withholding on your paycheck automatically every month. The key is automatically. That money is automatically coming out. It's a fixed expense of the business just like rent. Me give an example. Let's say you run a $10,000 gross salary and your CPA says you have to withhold 3000 a month for federal, 1000 a month for federal. Now you are at $4000. Your net pay is now $6000. That is the number you can use to pay your personal expenses plus if your spouse brings in money or you have other income -- now you at least know that $10,000 but other taxes -- that is being pulled out of her business and you are netting $6000 on the personal side. You may not be on salary because you either just want to take distributions from your business -- you log on to the bank and you transfer money from your business account to your personal account. If you are a sole proprietor or LLC and you don't pay yourself a salary, I'm introducing the same concept of taking a fixed amount of money out of your business and paying taxes as well when you do that. If your CPA says you shouldn't be on salary, just think estimated tax payments. Asked them what my quarterly estimated tax payment be? When they tell you, they will be like you need to set aside this amount of money. They are going to tell you this one time when they give it to you and then they are gone so and it's all on you to make those tax payments. Let's go through an example and I will show you how I do this and how I would do it. Let's say your quarterly estimated tax payment needs to be $9000 federal and $3000 state. You're not on salary and it's $12,000. Take whatever amount you want out of your business but make sure you pay $12,000.

 That is $12,000 per quarter. What you do? You basically create an automatic transfer of $4000 a month from your business checking to your personal checking. I know you know this and it simple, but are you actually doing this? Are you actually automating the transfers out of your business? This is huge. This number here would be a distribution for your business for taxes or it would fall under the tax savings calorie category . The important point is you need to know what your tax liability is and then you need to automate it. That's the take away. If you are not on salary , as I said, most likely you will be making estimated tax payments. So maybe if you are on salary you might still have to make estimated tax payments as well. You can't auto pay the IRS. You can do an auto bill pay or you can schedule calendar reminders on your phone or computer but if you automatically pay the taxes as you go, the money in your business and personal accounts , you should be able to know and see this is how much money I have. I've already paid my taxes for the quarter and now I know how much is left for me to buy run my business. I did this about three years ago and I was may -- way more intentional and felt more in control and I was not able to stress out around tax time because taxes are not great and who really loves them? Moving on from taxes I want to talk about your personal expenses because they are big. Your business is funding your personal life your personal life is not funding your business. You need to know how much money you're going to take out of the business to fund your personal expenses. This is again a third reminder, you cannot guess this. You need to use Quicken or some software. Take out a legal pad and pen but you have to know how much money you need to pull out of the business whether it is net of your salary or distributions. Think about this. What are your monthly living expenses? And then you need to set up a recurring auto transfer from your business account to your personal account. Is the after-tax salary enough? If not, schedule what is called an auto transfer for the difference. What I'm recommending you do is you get clear on what your personal expenses are and you can set up an automatic transfer from the business to the personal and the money goes. I know it's not rocket science. But are you doing it and is it automated? I now want to hit investments. The investment side of things is super important. Why is it important? It's important because you need to save for your future and you need to feel like you are actually getting ahead with respect to your investments. I know that you know to pay yourself first, but are you doing it with respect to your investment? In the beginning I intimated that you should be taking money from your business, paying yourself a salary or distribution and using that money to live. Now I'm saying once that money is in your personal account or in your business account, that money needs to be investment for your future. 10 years, 20 years from now , that's what I'm talking about. I want to give you a hypothetical example. Let's say you invest $10,000 now and $500 a month. You make 6% a year. Let's pretend you do this for 25 years. But wait, let's pretend you don't do that and don't get around to doing it because you didn't automate it and you felt you could just wing it? Now let's say you wait 10 years. This is insane. This is the power of automation and compounding of interest. Check this out. If you did that $10,000 upfront and $500 a month, in 25 years you have $391,000. If you waited 10 years you would only have $172,000. Look at the difference. 219 grand is the cost of waiting. $219,000 by not automating your investment. The power of your money working for you for a longer period of time in this example is amazing. You have to automate your investments. Now let's look and see how can you do that? What's the right way to do that? You probably want to have some retirement account. I'm picking two examples here, a 401(k) or SEP IRA. This gets funded by your business account because it's a business retirement plan. The money leaves your business account and goes into a retirement account. You can view that as an expense because the money is leaving the business and most of the time it's deductible . Talk with your CPA and double check but that's the way this works. This is for a longer-term goal . Retirement accounts are not for , hey I'm going to by a car in a year or I'm getting massage in two weeks. This is superduper longer-term money. You will want to access before you are 59 1/2 and I generally like to say a shorter-term goal like five years or less. That money most of the time needs to be -- maybe even a savings account but investments that are five years or greater but before age 59 1/2, that would be a regular investment account. Retirement account was much longer-term. If you are older than 59 1/2, you can still invest for your retirement but you need to think about it as a much longer-term goal so that you can ride the ups and downs of the financial markets. The point is you need to automate this. Let me give you an example. Let's say you take $5000 as a distribution from your business to live, but now all of a sudden you want to invest $500 a month. Now you need to set up a recurring transfer of $5500. This example is if you want to invest it with your personal money. In a mutual fund or something like that. If it was done through the business then you would just do an automatic investment in your own 401(k) or your own SEP IRA or profit-sharing plan automatically. The key is that you need to understand , this is so important, the relationship between distributions to live and distributions for investments. Many times people just automate what they need to live but they don't automate how much money they need to invest. If you are thinking about I have no money to invest, do something small and just start and then you will figure it out as you go. Literally you guys can do this. Believe me you can. The next happy to topic is that. Whether it is credit cards or loans or what have you. It's really important to automate the payment of debt. I'm not talking about just -- it's important to make the automatic payments on the credit cards but really what I'm trying to teach you is how are you going to get ahead and pay off a credit card? How are you going to get ahead and substantially pay down your mortgage? The way you do that literally is through automation . It's through automation. What I'm talking about -- just in this example over here of the $500 to be invested, you can do the same exact thing with automating paying down a credit card. I get asked a lot, should I just invest and not pay down my credit card? Or should I just pay my credit card and not invest? I believe you should do both. Consult your individual financial advisor for your own circumstances but I think it's important to save money for your future and to see that you have money but to also pay down your credit cards. How do you actually do this? When you go back and look at the tool I gave you, you can just make up an expense for taking money out of your business for an extra $100. If you just want to pull out $100 to pay down more of your credit card, just add it to the distribution number and if you have living expenses of $5000 then automatically pull out $5100 and set up an automatic payment for your credit card for that extra $100. This is what people do to get themselves out of debt. The come up with a number that they are comfortable with, they automate the transfer from the business to the personal and before that money can be spent on anything they automate paying it back to their credit cards. I know you know this, but if you can set this up its huge. I want to talk about an emergency fund. I want to talk about why I think it's important to have one and how you need to think about doing it with respect to automating it. In business so many times we say yes to opportunities that aren't really right for us. We take on a client that isn't a good fit and we do something we know in our hearts core isn't right but we do it anyway because we need the money. If you had an emergency fund for your business you could actually say no to the BS you are always saying yes to. That would open up way more space for the right project , the right partner, the right clients -- anything. An emergency fund is super big in your business so how do you automate this? In the beginning I showed you that you want to have a business savings account. That is the account you want to fund your emergency fund and I believe your emergency fund and your business

 should be a at least 1 to 2 months of your normal business expenses . If your normal business expenses each month are $5000, then I would like your emergency fund the tween -- you automatically move the money from your business checking account to your business savings account. Does this have to be done by next Wednesday? No, you can work towards it. Come up with a number that you want to add to this. And then it's a complete reframe and you will feel like I'm totally in control of my business money. The same thing can be said for the personal side. We know we have personal and business stuff going on. We know we have an emergency fund for our personal. The way we do this is we half to increase these distributions , like I said, to get to your monthly number. It's even important to have this personally. If you have the money personally, maybe if an emergency happens -- whatever it is . You have money set aside for that. Sometimes when we need

 a lot of money personally and we pull the money out of our business, it jeopardizes the financial health of our business because our business needs that money. You are probably thinking oh my God, what is this guy talking about with all of this automation? You are probably thinking is this going to work for me? My answer is, yes, it will. It will work for you because automation removes the emotions of doing all of this. It sets it up through technology

 but you have to take action with this. You have to begin to automate some of the stuff and work off of the tool I'm giving you and all of these examples. I want to hit this important point about prosperity thinking. Automating takes an element of faith that you can do this. You have to believe you can create and manifest the financial life that you want for yourself. You have to believe that you are good enough. You have to have faith that you are going to financially get ahead. Automation and prosperity thinking go hand-in-hand. Because you are basically going on believe in yourself that you can actually create what you want. One of the most important things is to believe that you can do this because without that you're not going to take action. As a thank you for participating in this webinar I created a checklist. I worked on it for two weeks. That is just automation what we discussed. A checklist of all the various things you can do to get yourself to the point where you feel like you are in control. Checklists for your business money, personal money, taxes, savings, investments, crest credit cards, loans, retirement. If you can get this going and work towards this it's huge. Share this with your spouse or your significant other. It will get you on the same page. I want to say I've done stuff for MSNBC and other avenues and outlets and so many times people come on and they present and you think they are on some pedestal. I have to tell you guys I have made many of these mistakes. I literally have have made these mistakes of not automating. Had I done more automation earlier I would've been further ahead. I am not perfect nor is anyone. The point is to just make progress and be like, you know what? If he has made mistakes and he's a financial advisor, I can do this. I believe in you guys, I believe you can take your business to the next level through automation . I want to end by saying all this material I gave you is for educational and informational purposes only and you have to really discuss this with your own financial advisors and all of that stuff. And here is the link where you can go to download the cash flow plan. There will be somebody owes their where you can work through this tool and take that checklist , integrate with the casual plan and you are off to the races. Anything you do from today, even one thing, is a win. One thing is a win. Now we will set it up and take some questions and go from there.

Sounds great. We will go ahead and begin the Q&A portion of our webinar. While we do our best to address as many questions as possible, we do typically have more questions asked than time allows us to answer. So if we don't get a chance to address your question, we encourage you to connect with a score mentor after today's webinar who can assist you further with your business needs and as a reminder we will be sending out this presentation slide deck. It includes Justin's contact information and you can reach out for further assistance. With that let's go ahead and jump into these questions. Our first question, this comes from Liz who is asking if you can explain the difference between salary distributions and owner draws?

Yes, distributions and owner draws are the same term. That's number one. A salary is an expense of the business. You get to deduct it for taxes and you run payroll and when you run a salary you have federal and state and maybe local tax withholding. There might be state disability withholding and some other taxes. Salary is an expense of the business. That is the key thing.

And you are paying taxes when you run a salary. When you get a paycheck, gross pay is $5000 and net is 2000. The $3000 goes towards taxes.

Our next question comes from Adriana. If there is an advantage or disadvantage to taking salary versus distributions?

I like a salary because -- let me preface this with ask your CPA. It depends what entity you are. I like a salary because when you take a salary, you have to -- you don't have to but usually you have tax withholding. It's a way that you can force yourself to pay taxes. When people take draws, they take them willy-nilly when they need them. It's not automated. Oh I need $1000 for whatever. So they transfer their money from their business to the personal and there is no set plan to pay the taxes as they go and they get hit with a big surprise come April. They never made their quarterly estimated tax payments and they are like, what do I do? You want to take draws every month you have to ask your CPA every quarter how much money do I need to set aside for taxes? >> We have a few questions come in from a few different participants regarding how you automate budgets or expenses for small businesses that don't necessarily have predictable incomes.

Okay. Number one I understand that and I can relate and I know when you don't have predictable income it's very hard to automate it. What I would do is pick a few expenses that you can automatically pay. Because what it does is it forces you to bring in more sales because you know those payments are going to hit. It forces you to say oh I have $300 going out in two weeks. I have five people I think I can convert into clients. Let me reach out to them because I know that money is going to be pulled. It forces you to try to make sales. It also forces you to look at what all of your expenses are because you have to look at it. You want to make sure you have enough money to automate things. Number three, you don't want to have to automate everything. You can just do two or three things. I'm just trying to get you guys to automate some of it so that more of the technology is doing the heavy lifting and actually paying it that you don't forget and you actually know some of these bills are going to get paid. I know it's tough. You can automate some better than doing none.

Okay. The next question comes from David who is asking in your list of bank accounts needed would you need to add a tax account for all accrued payroll taxes and maybe sales tax too? Since these funds need to be isolated from any spending account?

That's a great question. Again talk to your CPA. The payroll taxes are usually paid and debited at the time you run payroll. Some people that do it like a CPA or a small firm might not debit the table payroll taxes but I use Paychex and they debit that every two weeks right away when they run the payroll. Sales tax, that needs to be allocated to a separate account and I'm going to make up a number -- if it's 10% of what you are selling that every single sale over the course of a week, you automate moving that money over three your business checking to your savings. So yes automate the sales taxes that are paid but the payroll taxes usually just come out automatically.

The next question comes from Tara who would like to know why you suggested to transfer estimated tax payment amount -- amounts to personal checking instead of business savings?

Great question. Because of that money is in your business savings -- first of all let me answer this way. Most of the time you have to pay your estimated tax payment from a personal account.

 So if you are going to have to make those payments from a personal account, get them out of your business so the business can't use that money for something else. That is the simplest answer. Get it out of the business. It's allocated for taxes. Let's say you move $5000 for taxes over but you're thinking about going to a conference or buying a new computer or redoing your website, if that money is out of your business it's gone. You cannot use it. You can transfer it back but it's the whole point of getting it out of your business so you know it's going to be used for a dedicated resource and that money is already spent and you can't use it in your business for some decision you might make that is an in your best interest.

 Next question from Duane asking when you pay your personal taxes predated to the IRS, do you use your PIN or Social Security number?

That's a question for your CPA. I think -- you know -- business taxes I think are the EI and and the personal are social but ask your CPA.

Where to turn or investment accounts, is that through a bank or credit union?

I could go on and on for that one. There's so many great resources to look at. You can go to Charles Schwab, Fidelity, Vanguard for information. There's so many places you can go to learn and educate yourself. I wrote a book called money, you got this. If you go to Amazon , it's a great book and easy to read and you might want to try that as well.

This comes from Adriana asking if you should pay yourself something during your first year of business. Since it tends to be the hardest year?

I think you should pay yourself something. It sets yourself up the right way. It depends on what amount , but if you are starting a new business of course it takes time to ramp up but a lot of times what people do is they are working and one career and then they all of a sudden move into a new one and they are like I'm not gonna pay myself anything and that period of time -- let's say it's four months and now that's 14 months and the business owner is not paying themselves something and they are stuck in this trap of not feeling like they are getting ahead. I recommend paying yourself something sooner rather than later. Let's get in the habit of have your business serve you rather than you serving your business. >> Next question is from Cynthia. Her financial institution wouldn't give her a credit card. They insisted on a debit card. She doesn't want to keep that much money in her account and her credit score is consistently a 20+ so can you give any advice on where she can find a business credit card?

I think you can Google it and is she saying she can't get one due to a certain reason?

Yeah, she just said her financial institution wouldn't give her a credit card. They insisted on a debit card but she does have a consistent credit score.

I would Google secured business credit cards and see what you can find. There's tons out there. I would shop around and Google where can I get a business credit card and you will see a lot of ads . Start with a secure business credit card where you deposit money and you can build up her relationship . Maybe over time you can get a normal business credit card.

Here's a situational question from Albert. Asking if you think it's okay to deposit his business income into his business savings account instant instead of a checking account so it's all generating interest and then just put a smaller amount to the business checking for when it is needed? I'm fine with that as long as each account is allocated for specific things. I'm fine with that but I think a lot of business savings accounts are going to let you write a lot of checks in our going to let you have a lot of transactions. They can live it limit you to attend a month and it makes more sense to be in a checking account. If you don't have that many transactions you can put the money in a business savings account and use the checking for the taxes. A lot of times savings accounts don't pay that much, they may be pay 1% or 2% in today's market. Either way I'm fine with it, the key is to set aside the money for taxes and your emergency fund.

What happens if there's no income from the business in the first year?

I think you need to look at your business model which is what are you actually doing to create money and what is not happening -- what you think the problem is? Is it your messaging? Your unique selling proposition? Your marketing? Is it time management? Is it not delegating? There's so many things that come into that but if you can't make money -- if you can't make sales in the first six months, you need to evaluate what you are doing and think about doing it different way. I'd even say two or three months. I know that sounds crazy

 but I care about you guys and I want you to make money right off the bat. I want you to make sales off the bat. If you can't do that in three months, you have to shake it up a little bit.

Next question is from Nicole. How do you suggest estimating your taxes when using 1099 contractors?

The same way -- a 1099 contractor is not an employee for you. They just work for you and they do their own things. They are expenses in your business and you pay them. You send them a 1099 in January and those are just expenses in your business. Those are people that are working for you. When you look at your profit and loss statement you will probably have a line item that says outside services or professional contractors or professional fees or something like that. They will just show up as an expense in your business and you just 1099 them. Like any other expense in your business.

 We've had several questions come in around this, ask gang asking what is a good percentage that folks should deduct for salary?

 That generally has to go back to the CPA but I'm going -- I don't want to lose people here but I'm going to answer it but I need you to write these numbers down and this is a hypothetical. This is not what you need to do. One, you have to ask your CPA. Number two, this is generally what they are going to say. Write this number down. Your sales , $100,000, your profits -- your expenses $40,000. Your profits , $60,000.

 Now we have this profit number of $60,000. What most accountants are going to recommend is that your salary should be between 30% and 50% of that profit number. So we have that profit number of $60,000, 30% to 50% of that number -- $30,000. Your salary would be between $18,000 and $30,000. That's a hypothetical. Your CPA will want it in between 30% and 50% most of the time or the CPA will then come back and ask you -- if you had to hire someone to run your business, what would you pay them? What is a commensurate salary for running that company in the market? That's another way of looking at it

Okay. Next question is from Anna. Is salary and expense for sole proprietors?

Yes, it is. >> But a draw is not. The government is not going to let you -- if you move money from your business to personal account and transfer it, you can't deduct that. The government won't let you do that. It doesn't show up on your P&L. Salary is an expense.

Okay. We have time for one or two questions. This one comes from Douglas. He is saying he has been in his line of work for 20 years as a hobby but just registered his business last year. How far back can he use his purchases as related to startup costs?

No idea. Ask your CPA. I'm guessing and saying a few years. I'm completely guessing.

Okay. And Patricia is asking for small business bank account traditional bank or credit union?

 >> If you have a good relationship with a credit union and you can walk in and speak to someone that can help you set up the account, I would do that. I think that's a great idea. I have no problem with that.

All right. We have time for another question. If you pay for your own health insurance , is this a business expense you can deduct on your taxes? >> This is another tax question. I would ask a CPA but I think if it's through the business you can deduct it. If it's a business health plan, you can. I would ask a CPA but I think people do that I would double check with the accountant.

Okay. Justin, those are all the questions we have time for today. Ladies and gentlemen if we did not have a chance to address your question during the segment we encourage you to connect with a score mentor who can assist you further with your business needs . As a reminder a link to the recording of this session will be sent in a postevent email . We will also include the presentation slide deck that does includes Justin's contact information should you need further assistance and would like to reach out to Justin. We will send that out and just a couple of hours . Be on the lookout for that. On behalf of score I would like to thank you all for attending today. Give a very thank you to Justin Crane for presenting -- Justin Krane for presenting today.

Thank you for having me . It's great to do stuff at score and everybody continue doing great work you believe in you and you are amazing.

Our next score live webinar is Thursday, February 14, developing a marketing strategy for your startup business. I'm going to give your startup the tools to quickly , easily and effectively create your ideal darkening strategy. Thanks again, everyone, we hope you have a great rest of your day and we will see you next time.