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TRADE-USA Export Promotion Program Goes to Central Florida

By Evelyn Benson

A delegation of 21 companies from the Dominican Republic will meet with U.S. companies in Central Florida on April 25 at the Best Western Hotel, 2727 US Highway 17 N, Bowling Green, Florida 33834. It is located in Wauchula of Hardee County in central rural Florida.

They are looking for exporters of security and identification systems and products, bathroom and kitchen tiles and fixtures; office supplies; chemical products for the pharmaceutical and industrial labs; disposable medical products; diesel engines and parts; mechanical shovels parts; computers and accessories; digital cameras; agricultural chemicals; vegetable seeds; food and groceries products; beauty supplies; plywood; new and used tires; automobile lubricants and batteries; and chemicals used for industries in construction, textile, and dry cleaning. Some delegates are looking for buyers of cement, investors and buyers of real estate in D.R.

Local companies in South Florida will also have one-on-one matchmaking appointments with the foreign delegates on April 23 and 24 at the DoubleTree Hotel — Coconut Grove, 2649 South Bayshore Drive, Miami, FL 33133.

Organized and hosted by the Florida Foreign Trade Association (FFTA), this trade mission is part of FFTA's TRADE USA Program, which is partially funded by Enterprise Florida's International Business Expansion Initiative.

For details about the D.R. companies, schedules, or to register in this or future trade missions, please visit the FFTA website at www.ffta.com, tel.(305) 471-0737. Or, Contact Evelyn Benson, FFTA Public Relations and Government Affairs Director, tel. no. (305) 772-5857, email at evelynbenson2@aol.com.

Small Business Financial Tune-up

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According to the U.S. Small Business Administration, over 50 percent of small businesses fail in the first year and 95 percent fail within the first five years. [www.sba.gov; 2005]A few make it beyond this start-up period, usually due to managed growth and access to commercial credit. Of these successful small businesses, a small percent grow into public companies — the Microsofts and IBMs of tomorrow. A smaller percentage still remains in the hands of the original owners and is eventually transitioned to younger-generation family members at the owners' death, disability, or retirement.

Wherever your small business lies on the business lifecycle, it may be time for a Financial Tune-Up. Like the name implies, a financial tune-up is a fresh look at how well your small business is working for YOU — THE OWNER. Here's a short list of things to consider.

1. Type of business entity — Many small businesses start out as unincorporated sole proprietorships. The advantages are ease of formation and simplicity of operation. The disadvantages are exposure of personal assets to business liabilities and reporting net business earnings on your personal income tax return. If your business has grown since you started out, it may make sense to consider a operating under a different business form. Some types of business entities popular with small business owners — limited liability companies, S corporations, and regular C corporations—protect the individual business owner's personal assets from claims of business contractual and tort creditor. Furthermore, some of these other business forms offer tax advantages to small business owners that are not available to sole proprietors.

For example, unincorporated sole proprietors pay self-employment taxes of 15.3 percent on net income up to $90,000 (2005). By comparison, an S corporation owner/employee is subject employment tax withholding on his or her compensation. However, net earnings over and above a reasonable salary are included in income, but are not subject to employment taxes.

Wherever your small business lies on the business lifecycle, it may be time for a Financial Tune-Up.

2. Retirement plan — The landscape for employer-sponsored retirement plans has changed considerably and you may be missing out on a great opportunity for both you and your employees. There has been an increase in the maximum allowable contribution for employer-sponsored defined contribution plans such as profit-sharing plans and Simplified Employee Pensions (SEPs).

In 2005, your business could deduct the lesser of 25 percent of your salary (20 percent of net earnings for an unincorporated individual) or $42,000. If your business sponsored a 401(k) plan, you and your employees could save as much as $14,000 pre-tax from salary in 2005, and up to $4,000 more if the participant will be age 50 or older in 2005.

3. Health Insurance Plan — Rising health insurance costs remain a major concern for many small business owners, but there are new options that lower costs through tax incentives. The newest and perhaps most promising is the Health Savings Account that was part of the massive Medicare changes legislated by Congress in December of 2003.

With an HSA, employees — and their employers, if they choose — contribute pre-tax dollars to an account earmarked for out-of-pocket health expenses. In addition to not paying tax on contributions, participants also pay no tax on earnings that accumulate in the HSA. Moreover, money not withdrawn to pay for medical care is carried over to the next year and continues growing tax-deferred. Single participants can contribute up to $2,650 in 2005 pre-tax, while marrieds can contribute up $5,250 for a family plan.

Here is the only catch — not everyone is eligible for a Health Savings Account. To qualify, you can only be covered by a high-deductible medical insurance policy, either through your employer or one you purchase yourself as a self-employed person. "High-deductible" means the policy must not pay benefits until you have accumulated at least $1,000 worth of out-of-pocket medical expenses that year. The family deductible must be at least $2,000.

4. Life and Disability Insurance — Small businesses often find it challenging to attract and retain human resources. Employee benefits offerings such as life and disability income insurance are often necessary to compete with the "big boys." Group plans provide affordable coverage without the need for individual underwriting. These can be offered as an employee benefit paid for solely by the employer, an employer-sponsored plan paid for by the employee, or a combination plan.

Furthermore, employer-paid premiums are generally deductible and are excludible from employee income (only the cost of the first $50,000 of group life insurance is tax-free to the employee).

5. Key-Person Insurance — Small businesses routinely insure their premises, equipment, and inventory. Less common is the business that insures its most valuable assets — its key employees. As employees age and/or become health-impaired insurance becomes more expensive or outright unavailable. When it comes to acquiring key person insurance, the sooner you act the better.

6. Business Succession Planning — Typically, businesses have only three options available to them at the death of an owner. These include the following:

- Sale of the business to an outsider
- Retention of the business for family members or other surviving owners
- Liquidation of the business

Liquidation of the business is what happens in the absence of a business succession plan. Lacking a plan, the owner's executor is forced to sell business assets piecemeal. This results in loss of "going concern" value — the "goodwill" of a successful business due to its customer, supplier, and lender relationships.

This means that business succession planning usually comes down to the decision to sell or retain the business. The decision is not an easy one. If your business has experienced growth, if you've brought a family member into the business, or if you are approaching retirement, it makes sense to revisit your business succession plan.

A tune-up can be as painless as an oil change and lube job, or it can uncover some major work. But the benefit of a tune-up is that it puts you in control and minimizes the chance of getting stranded on a lonely road at night. A financial tune-up offers the same benefit — it prevents you from getting stranded without adequate retirement benefits, attractive employee benefits, or an up-to-date business succession plan.

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