



FLAGSHIP FINANCIAL
ADVISORS

The Ultimate 2025 Tax Savings Guide

for Small Business Owners

5 SMART MOVES

TO HELP
PRESERVE
YOUR MONEY
AND
UNDERSTAND
THE NEW TAX
CODE





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A GUIDE WE BUILT WITH YOU IN MIND

Whenever you're planning ahead – whether for the next month, quarter, or year – we all have the same goal: **Keep more money.**

For some, that means working harder or making more sales. Or trying to save money by cutting expenses with that ineffective strategy most people hate... budgeting.

This guide exists to show you how to pocket more of your hard-earned money by understanding and applying the rules for your benefit. Here at **Flagship Financial Advisors**, we're all for paying our fair share of taxes. We just don't think it's necessary to leave a tip.

So we help our top clients find and implement quick tax-saving strategies while they're building a solid, comprehensive, and permanent tax-reduction strategy.

In this guide, we're going to show you **5 “smart moves”** you can make today to potentially decrease your tax burden this year... all while playing by the rules 100%, and without increasing your chances of an audit.

When you see the tax game the way we do and play by the rules of the wealthy, you'll be able to keep more of your money, without hustling for more sales or arguing with your partner about expenses.

Enjoy this complimentary guide, and feel free to bring it to your accountant so that you can apply these “smart moves” to your life and business immediately.

SMART MOVE #1:

Use Incorporation Structures to Your Advantage

The single best way to strategize tax savings is to incorporate.

When you incorporate, you not only separate your business from your personal finances you also open up a whole new set of tax saving—providing added legal protection—but you also unlock valuable tax strategies that can put more money back in your pocket.

That's because the U.S. tax code is designed to incentivize business ownership. Business owners help drive economic growth, and the government rewards that with tax advantages.

However, many small business owners file as self-employed individuals using a Schedule C. While this approach is simple, it can prevent you from accessing some of the most effective tax strategies. Worse yet, if your income exceeds \$500,000, filing a Schedule C increases your audit risk from 1% to as high as 16%.

That's why our top tax planning tip is to choose the right business structure and incorporate accordingly.

If you're a professional serving clients, that might mean forming an LLC and electing to be taxed as an S Corporation. Even employees may find opportunities to restructure their work arrangements as independent contractors—unlocking significant tax savings.

Always consult with a qualified CPA first, as there are right and wrong ways to structure this—and getting it wrong can be costly.

SMART MOVE #1: Continued

What is the best corporate structure?

- LLC is the easiest, especially with a partner. If you are a single-person entity, the IRS will consider your LLC a "disregarded entity" and tax you as a sole proprietor unless you elect to be taxed as an S-Corp. It is simple to do and usually only requires submitting one extra signed document to the IRS.
- S Corp is great with a cash cow business, where it's just you and you want to take as much money out with the least amount of taxation. You can differentiate your income between salary (fully taxable) and dividends (avoids self-employment tax). In most cases, this is our top recommendation.
- C Corp is meant for bigger companies, where you have different shares, you may be raising funds, or plan on selling or retaining certain earnings. With a corporate structure, you're able significantly improve or reduce your legal liability.

What about Partnerships?

Partnerships are attractive to many small business owners (and their accountants) because of the simplicity of accounting. The problem is that they don't offer any real tax advantages. However, if you want to go into a partnership with someone else, here is a way to combine legal entities to your advantage.

Be sure to talk to your business attorney or tax team before combining structures this way.

SMART MOVE #2:

Make Financial Organization Effortless



Tip #1 - Avoid Overpaying on Taxes and Make Audits Easier With a Good Bookkeeper

Poor bookkeeping can quietly cost business owners more than they realize—especially at tax time.

When records are disorganized or incomplete, it's easy to miss deductions, overlook opportunities, or make costly errors.

That's why having a solid bookkeeping system in place isn't just a nice-to-have—it's a smart move. It helps your CPA work more efficiently and ensures nothing important slips through the cracks.

Plus, consistent bookkeeping offers added benefits, including:

- Clearer insight into cash flow
- Better decision-making with real time data
- Less stress when tax season rolls around

Bookkeepers are an important team member that can save you headaches and taxes, and potentially help you grow your business. More on how to build a coordinated financial team in “Smart Move #5”...

SMART MOVE #2: Continued

Tip #2 - Schedule Quarterly Meetings With Your CPA to Avoid Owing at the End of the Year

If you're a business owner, you might start feeling a little anxious as the end of the year approaches.

Questions like: *Are my books up to date? Did I manage my expenses well? Should I be setting more aside for taxes?*

Here's one simple way to stay ahead: schedule quarterly check-ins with your CPA.

Take a moment now to open your calendar and create recurring events for: March 31, June 30, September 30, and early December. Label them something like: *"Call CPA – Tax Planning Review."* This small habit can make a big difference in how prepared and informed you feel throughout the year.

- Topics to cover during these calls:
- Business income and expenses so far
- Any major purchases or changes coming up
- Estimated tax payments
- Retirement contributions
- Possible deductions or credits to review

A little planning goes a long way. And your future self will thank you.

SMART MOVE #2: Continued



Tip #3 - Use a Tax Journal or Expense App For Full Visibility

Our final tip for simplifying your financial organization this year: Consider using a tax journal or an expense tracking app like Mint.com or QuickBooks Online to stay on top of your spending in real time.

As you log expenses, jot down a brief note on each receipt or within your journal that explains the purpose of the purchase. This small habit can make it easier to stay organized and ensure your records are clear and thorough.

Many small business owners spend first and document later — which can lead to forgotten expenses or missing details, especially for items like mileage or minor purchases. It's worth noting that, in some cases, documentation requirements for smaller expenses (under \$75) may be more flexible — but having a consistent, written log or cloud-based system in place helps build good recordkeeping habits either way.

Being proactive with your expense tracking can help support better decision-making throughout the year — and lighten the paperwork load come tax time.

SMART MOVE #3:

Strategize Like a Big Business, Simplify Like a Startup

Tip #1 - Separate Out Your Salary vs Dividend Activities (Payroll vs Owner Distribution)

This specific strategy is for S-Corp business owners (or LLC business owners who have an “S Corp structure”). This is the most common type of small business, and what we recommend for most people.

When you're an S Corp, you can pay out “dividends” (also known as “S-Corp distributions”), in addition to your salary. This simple strategy, when executed correctly, can allow you to save thousands per year.

Here's How it Works:

If your business is set up as an S-Corp, you can pay yourself either as an “employee” (W-2 income) or as a shareholder (i.e. “dividends” or “distributions”).

The IRS requires that you pay yourself a salary as an employee if you perform employee-like activity in your business. This pay must be “generally commensurate with your duties.”

You can think of this as working “in” your business.

SMART MOVE #3: Continued

You can also make distributions to yourself appropriate to your role in the S corporation as an owner/investor/shareholder. This is what we refer to as “working on your business.”

The advantage is that you don't have to pay FICA or self-employment tax on those distributions—only income tax (as it is passed through to you as an individual).

In the right circumstances, this can save small business owners thousands of dollars each year in reduced taxes.

You have to be careful, though. Tax courts have held that you can't pay yourself with 100% owner distributions.

The key is to combine distributions and wages. Most people get into trouble because they just pick a number out of thin air which could easily be challenged in an audit.

We suggest you keep track of the time you work "in" your business (e.g. servicing clients) versus the time you work "on" your business (e.g. strategic growth planning) for a period of one month. Use this as a guide to differentiate your income on a percentage basis. You can also use salary tables for your profession in your geographical region to give you a good point of reference.

Consult with your business or tax attorney to see if you are set up as an S-Corp. Although it is the structure we most generally recommend, everyone's circumstances are different, and your chosen business structure should be part of your overall wealth strategy.

SMART MOVE #3: Continued

Tip #2 - Get a 2nd CPA Opinion Every 3 Years

Every three years, we suggest you get a “second opinion” from someone other than your current CPA.

Because no matter how good they are, they will tend to have their own "favorite" strategies and may be missing other things. There's no need to replace your current CPA.

Just pay for one session with a new CPA where you go over the past three years' tax returns. Then amend your returns wherever you find deductions you missed, wherever you overpaid. The IRS allows you to amend tax returns up to 3 years in the past.

Even if you don't find any big tax savings, the second opinion provides reassurance that your accountant and your tax strategies are working for your benefit, so it's definitely worth the expense.

KEY POINT: When you save money on taxes, you save it at your highest tax rate, so the most impactful dollars go straight to the bottom line and back into your pocket as spendable cash.

SMART MOVE #4: Utilize Big- Impact Deductions

Tip #1 - Deduct Your Health Insurance

When health insurance premiums are paid personally and reported as a medical expense on Schedule A, they fall under the limitations for itemized deductions. This often means that unless your total medical expenses exceed a certain percentage of your income, you may not receive any tax benefit for those premiums.

However, for individuals who own a business structured as an S Corporation, there may be a more tax-efficient way to handle these premiums.

Instead of paying health insurance premiums personally, the business can either pay the premiums directly or reimburse the owner. Then, the total amount of the premiums is included on the owner's W-2 as additional income — but it's not subject to Social Security or Medicare taxes. At year-end, the owner can then claim the full amount of the premiums as an adjustment to income under the self-employed health insurance deduction.

This approach allows the business to take a deduction for the premiums, avoids the limitations of itemized deductions, and helps ensure the expense is accounted for in a more favorable position on the tax return — potentially resulting in a better overall tax outcome.

SMART MOVE #4: Continued



Tip #2 - Rent Your Home To Your S-Corp and Get Tax-Free Income

Your S Corp is a separate entity from you and can have meetings wherever it likes—including at your home.

The tax code allows you to rent your home for up to 14 days each year without having to report the income.

This means that you're able to have the meeting at your house and charge your company for the rental of your home. This is personal, tax-free income to you (while your company gets to deduct the expense).

Does that sound too good to be true? It's perfectly legal when you follow the rules. But of course, there are conditions.

One, you can't provide "entertainment" at your meeting. That would color your home as an entertainment facility and kill this strategy. But there are two exceptions. You can have an employee summer picnic and/or a holiday party that involves entertaining; those are allowed exceptions.

SMART MOVE #4: Continued



Tip #3 - Shift Income from Higher Brackets to Lower Ones By Hiring Your Kids

Shift income from higher tax brackets to lower ones.

The easiest way to do this is to hire your kids. You can hire your children to do legitimate work and pay them a salary. How does this help?

It takes income out of your higher tax bracket and shifts it into their lower tax bracket, while still keeping the money in the family. In fact, you can pay each child up to the standard deduction amount per year totally tax-free.

This can be money you then put into a college fund, or you can have them buy their own clothes, pay for their own vacations, etc.

There are rules to follow, so if you have kids and would like to use this strategy, be sure to discuss with your CPA.

SMART MOVE #5:

Build a Coordinated Financial Team



Tip #1 - Start With The Basics

We recommend a basic coordinated team as a potential approach to reducing your taxes, reduce your risk, and live the life you love.

What exactly does having a “coordinated team” mean? It means that the key financial players working with you communicate with each other so that you have an integrated strategy.

For instance, your CPA communicates with your Registered Investment Advisor, and together they give you a great strategy to lower taxes by investing in the right places.

So who are these key players? At minimum, we recommend that you should have:

- Lawyer
- CPA
- Insurance specialist
- Registered investment advisor

You may benefit from other team members too.

SMART MOVE #5: Continued



Tip #2 - As You Grow, Build a Comprehensive Team

Professionals (like dentists, orthodontists, optometrists, and veterinarians) and entrepreneurs typically focus on what they do best, and that's running a great practice and providing state-of-the-art service.

Managing their personal finances often takes a back seat, and this can create tremendous personal and professional stress. And as their business grows, so might the complexity of their finances. So providing a proven, comprehensive solution is well-received by this group of professionals.

Flagship Financial Advisors fills that gap and provides an integrated team approach.

Advice and implementation happen in a custom-tailored sequence, facilitated by a financial professional so you do not have to waste time.

SMART MOVE #5: Continued

There are three core components of our program:

1. Blueprint Implementation and Accountability

Our financial team customizes and facilitates each step of assembly and implementation.

2. The components include:

- Cash Flow
- Taxes
- Estate Planning
- Insurances
- Investments

In the beginning, that might look like finding hidden fees in your finances and investments, optimizing loan structures, identifying duplicate insurance coverages, or finding that you are overpaying on taxes.

There are more components for certain situations, but these are the core foundational pieces we teach. The remaining pieces are offered on a customized basis as your individual needs dictate. This is because every small business is different, and the needs of every professional and entrepreneur are unique.

3. Financial Clarity

Flagship Financial Advisors provides analysis to help clients identify their own Investor preferences based on personal strengths and interests. This approach simplifies all their business and investing decisions in an objective way, fully aligned with their life objectives.

SMART MOVE #5: Continued

Many business owners find that traditional financial planning doesn't fully reflect the realities of their professional and personal lives. Most conventional approaches tend to focus narrowly on outside investments — like stocks and bonds — while overlooking the potential of a business as a core part of a long-term strategy.

At **Flagship Financial Advisors**, we take a different approach. As entrepreneurs ourselves, we recognize that your business isn't just a source of income — it's a central part of your financial picture. Our planning process helps clients integrate their business into their overall strategy, while staying aligned with their goals and values.

We also understand that retirement-focused models often don't account for the flexibility and complexity required by business owners and professional service providers. The tools and strategies that serve large institutions may not reflect what works best for someone actively building and managing a company.

That's why we emphasize a planning experience that respects your experience, your business, and your vision. If your current advisor doesn't ask about how your business fits into your bigger financial picture, it may be time for a different conversation.



SMART MOVE #5: Continued

We're not suggesting that investing in the stock market always results in losses. What we are suggesting is that investing in areas where you have a deeper understanding—such as your own business or industry—may offer opportunities that align more closely with your goals and risk tolerance.

Our role is to help you explore those possibilities so that your financial decisions are informed and intentional. If your significant other, CPA, or other trusted partners are involved in your financial life, we encourage making decisions as a team—grounded in shared knowledge and aligned priorities.

As fellow entrepreneurs, we understand how demanding business ownership can be. That's why we keep our process simple and direct. We avoid unnecessary jargon and theoretical detours—instead, we focus on clarity and efficiency so you can make confident decisions without spending hours decoding financial language.

If you're interested in building a financial strategy that supports your goals for long-term growth, improves cash flow, and is tailored to how you live and work—without relying on strict budgets, cutbacks, or constant client growth—**Flagship Financial Advisors** is here to support you with guidance, resources, and a team that understands your world.

If working with our team sounds like something that could help you get more financial clarity, you can see if we're a good fit for you here.

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