

The Tax Reduction Network



Helping You Keep More of What You Earn

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Admitted to Practice Before the Internal Revenue Service

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The Costly Irreversible Tax Trap The IRS Has Set For People Who Have Been Laid Off! Or about To Retire!

(Or How Congress Plans To Pay For The Tax Cuts in the Tax Cuts and Jobs Act)

And we're going to explain that, as well as other traps waiting for you that you might not know about. Traps that may very well cost you plenty, just at the time that you need the money the most! Let me ask you a question: Except for the death of a loved one, can you think of a time in our lives that brings more confusion, more anxiety, and more worry than when we're changing jobs?

All the questions that come into our minds. Questions about our ability to take care of our families. Questions about paying bills. Questions about health coverage and other benefits. Questions about cash flow. And, the deepest questions about our emotions.

The questions about how we feel about ourselves, and our future, and what effect all this will have on the most important people of all; our family. These feelings are very disturbing. Not knowing how your emotional and financial state will be in the future, adds even more stress.

For example, see if this story sounds familiar:

Ray slowly approached the kitchen table. He didn't even remember pulling out the familiar chair while he sat down, as he had done a million times before. He felt very melancholy as he opened up the paper to the classified ads, and flipped through to the want ads. It had been so long since he had even looked at those ads, he had to check the index to find where they were located. He sighed as he put on his new bifocals (which he hated having to use, because they reminded him of all the changes in his life) and scanned the different headings of job classifications.

GOD, he didn't realize all the qualifications people wanted for jobs he thought should be able to get with no problem. (Now he saw it was really going to be a problem.)

He took his glasses off and kind of gazed out the patio doors. He saw the "Hot-Wheels" his granddaughter, Jessie, had left laying on its side, on the grass. Her pink and blue ribbons hanging out of the handles, blew in the breeze, and sent his memory back to when his daughter, Linda, was the same age. He thought about how excited he was to come home and tell his

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wife, Peggy, that he just landed the job with a major drug research and manufacturing firm in Pennsylvania! All those years of school finally paid off. He remembered fondly that Linda came in from the patio, just as he walked in the door to tell Peggy the good news. She had no idea why her daddy was so happy because she was so young, but she could just tell something great was happening, and gave Ray a big hug.

Now, 24 years later, the joy of that moment in the exact same spot long ago, seemed like ancient history right now. Ray put his glasses back down, and started looking at the paper again, as Peggy came in with a cup of tea. She sat down next to Ray, and forced a smile. "Hi, honey. Anything look interesting?", she asked, in an upbeat voice. "Well, I don't know. I've only looked here for a couple of minutes, but these companies want all these advanced degrees and everything. Hell, I know more than 20 of these MBA types put together, but I don't have the piece of paper to prove it. And, at my age now, I've got the added problem of them not wanting us "old guys" of 51 years..." Ray stopped in mid sentence. His mind started to drift off again, into another series of worries. He began with worrying about what he would do with himself. Would he be able to get a job with any future at all?

Would he have to work in a hardware store selling nails? Would he even get any job? Then, he started to get angry. "How could they do this to me? I gave them the best years of my life, and this is the thanks they give me! I'm so mad, I could..."

Peggy interrupted him. "Ray, I know how bad you feel. We all do. It's not your fault, honey. There is nothing you could do about it. They just decided to eliminate all those positions, and we got caught in the squeeze." "It's just not fair! They kept all those people who are not productive, but all of us who brought in revenue got dumped. It's so, so, ..."

He stopped again. He realized that getting angry was worthless, and a waste of time. (Although it didn't seem to stop him from getting mad, quite often, over the last few weeks.) Ray and Peggy stared at each other without saying anything for a few seconds, that seemed to be an eternity. They really didn't know what to say to each other any more. There's only so much you can say. What do two people who have raised a family together, and been through so much together say when things look this bad? They really didn't know themselves. Finally, Ray broke the silence.

"I just don't want you to worry, babe. We'll get through this one. Everything will be OK." He patted her shoulder as she set her cup of tea down. As usual, she leaned over and gave him a kiss on the cheek.

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"I know," she replied. "At least I'm working, and Jerry only has two years left at school. It could be worse, I guess." (She tried to sound optimistic.) "Yeah, things could be worse.", Ray answered. "Oh, by the way, what was that article you saw in the newsletter from the accountant that you mentioned yesterday. I forgot to ask you when we got interrupted for some reason."

Peggy answered, "I'm not sure. It was something about not doing the wrong thing with a distribution from a previous job. Something about some kind of penalty or something." Ray pulled down his new bifocals to the tip of his nose and peered over them at Peggy. His face got sort of whitish, and he was afraid to, but he had to ask to see the article. She got up and grabbed it out of a pile of mail, some opened and some unopened. Peggy gave it to Ray and walked over to the stove to freshen up her tea. Ray found the article buried on the last page of the newsletter.

It mentioned the fact that if someone receives a distribution from a company plan because of a job change or retirement, that the money must be rolled over directly into a new plan. The old type of 60 day rollover, where you could receive the money, hold it for 60 days, and then roll it into an IRA or other qualified plan, was now illegal. Ray kept reading about how, if you did this, the company had to withhold 20% of the distribution. And, to make matters worse, if the employee wasn't able to replace the withheld money out of other funds within the 60 days, the withheld amount would become taxable income and be subject to penalties!

His face went numb. He had just talked to the benefits office last month. He thought he remembered them asking him if he were going to be able to roll the money over, or some such talk, but he was so shell shocked at the time, he just didn't remember. He ran to the phone to call Jack, his old friend in the benefits department. He wanted to check on what he had done. He was praying he had set it up right. As he hung up the phone, he realized he was going to need more than prayers.

"How will I tell Peg?", he thought to himself. "We are going to have to come up with over \$42,000 in the next couple of months. Where are we going to get that kind of money?!" This story is one that we've been warning people about. We've been telling people that the IRS has just added another weapon in their arsenal of disgusting tax increases.

Believe me when I tell you this couple is no different than millions of other families. Families who are facing the most difficult times in their lives. Families who are facing the reality that the world they have known is never going to be the same. Families who wanted nothing more than to work hard, give their kids the best shot at getting a start on life, and to retire in relative comfort.

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Not greedy people. Or "takers." No, just ordinary Americans, living the legacy handed down to us by our parents, and their parents. The inheritance we all received from earlier generations. A birthright that gave us all the chance to live a life that no other country in the history of the world could ever achieve.

A life with freedom of opportunity, freedom of choice, and freedom from being a victim of the government. So what's happened? How did we get to the point where countless numbers of us face the reality of not being able to...

Have A Decent Job, Or Retire In The Same Lifestyle We Had During Our Working Years!

Why is this the case? What happened to America, and her ability to provide financial security for her citizens? Well, in my opinion, the answers are very complex, yet simple at the same time. It all boils down to one basic element:

Lack Of Any Concern About Planning For Tomorrow!

Unfortunately, most of our elected leaders, and managers of our businesses, have been playing a very dangerous game. For many, many years now, they have been focusing on maintaining the status quo. On keeping their eyes on what's easiest to do for today. Always looking ahead by one or two days. Finding the path of least resistance to keeping their jobs. Which means, concentrating on controlling things with little or no eye on how their decisions will effect us in a month. Or in a year. Or in ten years. And now, all those short term decisions are coming back to haunt us. We are all paying the very heavy price for our "leaders" short vision. We are all living their legacy of overspending, overestimating and overindulging. We are seeing the once very stable job market collapse before our very eyes. (The US Bureau Of Labor Statistics says that this "recession" will cause only 15% of laid off workers to get their jobs back, compared to 44% in previous recessions!)

Is this a recession, or a complete change of our economy? I don't know for sure. You don't know for sure. But, there is one thing I do know for sure...

Those Of Us Who Are Being Laid-Off Or Retiring, (Or Deciding If They Can Retire) Had Better Do Some Heavy Duty Planning For Themselves!

Since the people in power have done little planning for the future, we are in the mess we're in today.

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So, you cannot afford to repeat the same mistakes. You cannot afford to worry only about today, with no eye for the future! And, let's look at all the decisions you are facing that will require some very careful planning. Decisions, which if handled incorrectly, could put you in big financial trouble:

Deciding how to receive your lump sum distribution. How should you take it? (Especially being aware of the 20% withholding disaster penalty!) Determining if your retirement plan money will be subject to other penalties, such as the excess accumulations penalty. (Did you know you could pay another penalty if you have too much in your plan, or take too much out of the plan?)

How to plan your spouse's company benefits with this new situation. (Should they still contribute to the 401(k) plan? Should they change their various insurance coverage's? What about your spouses job? Is it safe?) Deciding how the distribution should be invested. (How much in cash, how much in other vehicles? Who should be the trustee or custodian? What's the right way to manage the account?) How to avoid the biggest mistakes people make when handling a relatively large sum of money. (Not diversifying properly. Not using investments that provide the opportunity to beat inflation. And so on!)

Not knowing how much, if any of the distribution should be kept for current needs. Deciding which choices and options to utilize for health insurance and other company benefit issues. Figuring out if taking a different job might be smart or dumb, when it comes to benefits, cash flow, taxes, and so on. Understanding the income tax costs of any decisions made. This is so critical, yet most people depend on an accountant, or someone from the company to help them make tax choices. You have to understand that these well intentioned folks, just may not know all the ins and outs for you!

How to tell if your cash flow will be enough, both now, and for the future! Deciding how to keep things like college funding going along. (Should you keep paying for it out of pocket? Should you use some money from your distribution? Should you borrow or get other loans?) How to address the issues of your debts. (Should you refinance your house? Should you pay it off? What about your other debts? What happens to them?) How you should deal with everyday costs, like getting a new car. (Did you lose your company vehicle? Or is that old clunker on its last legs? What about your daughter's need for a car at school?) How to arrange your assets. (Who should own them? Should they be in joint ownership? What if things don't improve financially? What will happen if we own everything together?) How to allocate your assets so you don't get caught in the look-back window and commit a federal crime if you or your loved one needs to apply for Medicaid. The very real situation of having to take care of your parents. (How will their getting up in years affect you, financially?)

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How to deal with your kids, and, maybe, their kids! (What if they want to, GOD forbid, move back with you?) How to decide if maybe, getting into business for yourself is the right way to go. (With all the tax and financial decisions that go with that move! How much to invest. How to arrange for benefits. How to plan for the cash flow needs, both personal and for the business? And on and on!)

How your estate should be arranged should something happen to either one of you. (Simple wills are better than nothing. Which is what a lot of us have, but may be very inadequate with all the complexities of family life!) Is that enough stuff to think about? Has some of that kept you up watching cable TV, late at night? And then, as if that weren't enough, what about all the emotions you feel, while trying to make all these choices? (Making all these huge financial decisions while being emotionally drained is not the best way to go!)

The feelings of: Anger. (Towards your company, or the government, or whomever.) Guilt. (Maybe I somehow caused this. Have I caused some real pain for my spouse and kids? Will they be OK? Should I have been able to see this coming, or, somehow prevent this?) Fear. (What's going to happen to us? Will we make it? Will I have enough money?) Betrayal. (How could they do this to me?)

Anxiety. (What will I do with myself?) Doubt. (Am I going to get through this?) Lack of control. (What can I do to get things back under control? I feel lost sometimes.) That's a lot of emotional baggage to drag around, yet it's perfectly normal. Who wouldn't feel this way? Let me tell you that mostly everyone going through this changing life has all these emotions, and more! So what next? Is there some solution to all this? In my opinion, there is.

Learn How To Create And Follow A Money & Tax Planning Map!

Or, in other words, you need to find out how to plan for your future like you plan a trip to drive out west to see the kids. Or, Establish realistic goals. Be specific about what you really want. (Just like the destination of your trip. A place where you want to end up!) Take a true look at where you are today. (Just like looking at the map, and seeing where you are starting from. Home base, if you will!)

See which "financial roads" will get you to your destination. (Some roads may be quicker, but not as peaceful. Others may get you there, but take way too much time and hassle!) Start on the journey, with a small, but easily manageable "vehicle," and see how the trip is going, one day at a time. (By going nice and easy, you can pull over at rest stops, and check your progress, and see what is going on without any panic. As opposed to reading the map while driving 65 miles per hour, and feeling very scared!) You

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see, this designing a map for your money is one of the least used, and misunderstood areas of personal finance! Most of us make decisions based on intuition, impulse, fear, listening to well meaning, but misinformed friends, etc.

It's like you're deciding to go on vacation, and just get in the car without a map, start driving because the neighbor's dog is chasing you, and make turns anywhere and everywhere! Is that any way to have a fun vacation? Will you ever end up where you want to go? Will you have any relaxation or peace just driving all over the place? Will you ever get any control of your vacation like this? I don't think so. And, just the same, I don't think most of us ever get a "money map" in our lives.

We all run around, driving here and there, getting nowhere. Designing this financial plan for yourself is the secret that may change your life forever. I know, because for the last 28+ years, I have helped hundreds of families design and follow their "money maps" to a more restful life. A life that is under financial control.

And, I also know that without this map, people may never arrive at their destination. At least not in one piece. (Or, in "peace" for that fact either!) So, does all this make sense? Do you see how critical it is to know your choices before you get in the "car"? Another way to look at this, is that a doctor cannot help a patient until he or she does a diagnosis to see what is wrong. And then prescribe treatments based on that diagnosis. So the patient can have a "map" or a plan on how to get well.

And, just like that doctor, the first step towards getting well financially, we need to perform a diagnosis to see what "ails you!" Now here's what I'd like to offer you:

A FREE INTERVIEW TO FIND OUT EXACTLY WHAT YOU ARE FEELING ABOUT YOUR MONEY. A "DIAGNOSIS", IF YOU WILL.

Yes, we will do something your doctor wouldn't do. Provide an initial interview and consultation with no charge! And no, it will not be a disguised sales presentation. Or a "pitch". Or anything, except a brief (half hour or so) time to review what is going on in your financial life that concerns you. And that's it. If, at the end of the interview, you do not feel like we can help you, or that you don't like me, or that you want to keep doing what you're doing, etc., that's fine. And that's it.

You go home, and we leave it at that.

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Believe me, I could not be working with so many people if I was doing anything to make them uncomfortable! I can't think of a better way to work. Can you? So why don't you think this over for a couple of days, and see if this makes sense to you? If you have any major skepticism left, or maybe have a question or two, feel free to give me a call. You will find that when we talk, there will be zero push or pressure. If you are really not interested or ready, that's great. If you want to talk, that's OK too.

You have to understand that I love getting new clients, and as a matter of fact, I am hired by many individuals, families, business- owners and business executives as their advisor, each and every month.

Many are through referrals, my website, tax reduction workshops, Link'd In, Facebook or my **Free Digital Tax Reduction Newsletter** . **I guess, real clear tax and financial advice is in short supply these days!** **See our website at thetaxreductionnetwork.com to sign up!**

But, because I meet with so many people in my office on a daily basis, I never accept clients that aren't really excited and interested in rebuilding their future. I am going to be honest with you. I have so much fun seeing people's lives change for the better, that I would never work with anyone who wasn't excited and looking forward to finally getting the:

Control Of Their Lives Back Through Planning!

Life is too short to "fight" people who don't really want to PLAN FOR THE FUTURE. I hope this discussion of building a map for your life's road makes sense. I also hope you are thinking a lot about your own life, and whether or not you feel in control of it. Or whether it is controlling you! Even if we never talk, I want you to begin to take a new view of your life. One that allows your natural joy and love be the dominant forces. So you and your family can have the best life possible. And that I have shown you how to get rid of those bad feelings. As I said before, there is too much good in life, to let worry and frustration get in the way.

I am always positive that planning may be the best weapon to stop the negative sides, and bring out the wonderful gifts we all have been given! Anyway, I'm done for now. I look forward to talking to you soon, and seeing where we go from here! Take care, and I wish you all the good luck in the world!

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Sincerely,

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“Admitted To Practice Before The IRS”

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P.S. You can end the frustration you feel by taking action. Just like you tell your kids, "I can't help you, if you won't help yourself!" And, with all the changes going on in your life, can't think of a better time to plan for your future!

My firm The Tax Reduction Network was founded to provide cutting tax reduction and financial advice to help business owners and individuals keep more of what they earn. I also teach tax planning and tax reduction to CPA's at a major university. You can view my website at www.thetaxreductionnetwork.com

You can also find me on Link'd In, Facebook, and You Tube. And sign up for our Free Tax Reduction Digital Newsletter. Just go to the website listed below, we just need your name and email address

Please check our website, www.thetaxreductionnetwork.com

As you can see, tax planning is a complex and comprehensive process. Your specific strategy should be unique to you and your plan. Everyone has different financial needs and visions for the future, and we seek to help you maximize your financial plan to set yourself up for success both now and in the future.

How can you be sure our team can help you achieve your financial goals? I hold the CFP designation and the enrolled agent (admitted to practice before the IRS in all 50 states). These accreditations combined with years of experience and passion put us in a unique position to help clients set up their

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taxes in efficient ways. We also invest heavily in technology, which enables us to effectively deliver on all the strategies we discussed today.

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