BRIAN: The backbone of our great country are the 3 1/2 million truck drivers who keep this country running strong. Wouldn't it be outstanding if there was a resource, a podcast that would give you tax tips or other ways to get your financial chaos in order? All that and more on today's Money Guys show.

ANNOUNCER: It's Brian Preston, the money guy, restoring order to your financial chaos. Retirement, investing, taxes – you've got financial questions, he's got financial answers. It's Brian Preston, the money guy.

BRIAN: Welcome to the Money Guys show. Guys, I'm your host, Brian Preston. Sitting across from me is Mr. Bo Hansen, and a lot of you guys, this is your first experience with the Money Guy show, and I gotta tell you, welcome. We are so excited because we were approached by Progressive Commercial about this project, and typically, we get a lot of people that come to us wanting us to partner, to advertise, and other things, and we say no. I mean, if you go to MoneyGuy.com or AboundWealth.com, you'll notice there's no ads. We don't – we do that traditionally, but Progressive Commercial was a little different. Look, all we're trying to do is have this abundance mentality where we share – we want you to share some advice, some financial knowledge to the people we find so important, which are those 3 1/2 million truck drivers that are that are – that are clients of ours. All we want you to do is share your knowledge, help them out with their taxes, help them out with their finances. They work hard for their money. Let's make their money work a little bit harder. So, I couldn't pass that up because it was a wide-open experience, and it also appealed to our – what we consider a foundation of what's made this podcast so successful is the heart of an educator. Weren't you excited about this, Bo, when you heard about it?

BO: Oh, I think it's gonna be great. I'm really looking forward to it.

BRIAN: So, what we're planning on doing is every month between now and December, we will come out with a specialized podcast. Today we're going to be focusing specifically on taxes as well as getting your finances organized so next year, when tax season comes, you're not – you know, in a minute, I'm going to pick on all you shoebox tax-preparation people, you know, you're keeping all of your books, all your records in a box or, you know, in a folder, and you don't really have an accounting system. I'm looking in your direction, but I'm gonna – I'm gonna find you a solution. I'm going to help you get past that.

BO: Brian, this is my first time ever hearing your voice. Who are you, and why on earth should I listen to you about – about taxes?

BRIAN: Well, here's the thing, we are the financial mutants that actually get excited about talking finance. By day, we're actually fee-only financial advisors. I'm a certified public accountant, certified financial planner, and a personal financial specialist, which just means – it's a fancy way of saying I'm a CPA that does financial planning. Bo, I'll brag on you a little bit. You're also a certified financial planner, but then you're also a chartered financial analyst, which is really a nerdy way of saying you're good with numbers. And we do this – like I said, it started as a passion hobby over 10 years ago, where we just wanted to give it away. We figured out the – the more information we share, the more data that we give away free, the more successful our listeners are, and it kind of comes 360. We get paid back by the success of our listeners, and that's exactly what Progressive Commercial is trying to do. And before we kind of jump in – because here's what we're going to be covering today. I have three key categories. We're going to be talking about taxes. I think there's a fallacy out there were people think, oh, my goodness, organization's going to be a nightmare, so I'm going to talk about the fact versus the fiction of what really happens with your taxes and some shortcuts that the IRS has set up specifically in the last few years to make this job easier for you so you can maximize those deductions.

The other thing I want to talk about is overlooked deductions, you know, or credits. There are things as a – as a truck driver, owner/operator that you have access to that you might not even realize, and if it can put a few extra dollars in your back pocket, we're going to make that happen. And then of course, we're going to be talking about the biggest loophole that the federal government gives us. I mean, it is important that you know about this loophole, and it's [unknown] completely on purpose. It's not like you have to do this – the cover of darkness, that you have to lurk around to take this deduction. It – they want you to take it because your success is – is important to our country as well, and then we're going to close out the show just talking about organization. I want you guys – I want to set the table so that you will listen to this podcast and you'll be ready for upcoming podcasts where you're going to be able to get your financial household in order, and guess what happens? There's this odd side effect when you have your financial house in order. You make more money. I know that that is crazy because you're – you're – people are going to be able to tell, you you know what, this guy is organized. He's got his financial house in order. You're going to take jobs that are actually profitable. You're not going to be taking loads that, you know, have you driving and – and – and all this stuff that – and you're not making money. Volume does not always equal profit. And we're going to help you kind of focus your attention and direction so that you don't waste your time, your resources as well as, you know, the capacity of your truck.

BO: So, I'm kind of interested in that very first one you said, Brian, is that taxes don't have to be a nightmare, and I feel like most folks, taxes is one of those things that's out of sight, out of mind until you get to about April 14th, and then it's insight, in mind. So, what do you mean when you say that taxes don't have to be a nightmare?

BRIAN: They just don't have to be something – 'cause, look, we're in the home stretch here. I mean, you think about it, this show is probably going to get released right at the beginning of April 'cause we're recording it here at the end of March, and if you haven't done your taxes right now, you're probably starting to panic, and this is the thing. You get that feeling of being overwhelmed. We don't want you to feel like you don't have a resource. So that's why I say it doesn't have to be a stress for you if you have a methodical plan. If you figure out – plans are what's going to essentially inoculate you from the chaos of the financial world. Before we jump in, I do want to give a big thank you to Progressive Commercial for creating this opportunity. This podcast is brought to you by America's number-one truck insurer, Progressive Commercial and exclusively available on TruckerTerritory.com. That's where you're going to find all this additional information is on TruckerTerritory.com, a website that's 100% dedicated to celebrate and help the American truck driver. We not only appreciate you, but we're here to help you get the most from your hard-earned money. So, that's it. I mean, we covered the basics.

Now Progressive Commercial just wants us to love on you and give you as much free knowledge as possible. So, let's go ahead and do this. The first thing I want to talk about is the organ – the fallacy of the organization nightmare. There's a lot of things – and there's a lot of people that are writing articles that scare the heck out of you on taking certain deductions because they're like, you know what? If you take this deduction, it's going to put you on the IRS's radar. And I'm like, well – well, so what if you're on their radar? If it's a true, legitimate expense, take that money. Don't leave that money on the table. So, let's talk about a few of these. The first one, home-office deduction.

BO: Oh, that one has a – that one has a little attachment to it.

BRIAN: This one gets me excited because, you know, I'm a CPA by training, and CPA by training, there's not a lot of cool things going on out there in pop culture about CPAs. Well, last year, there was a movie, you know, about people who do taxes and other things, and part of what was discussed was this obscure thing called a home office deduction, and I remember watching this and thinking, honey, this is why you love me is because I know this nerdy-type stuff like home-office deductions. But a lot of people are scared of home-office deductions because you've seen it in all the articles. You've seen it in all the news programs that if

you claim a home office deduction, it puts you on the radar of the Internal Revenue Service, and that's true because this is one that has been abused. It's been taken advantage of, so it does make you – puts you on the radar for the Internal Revenue Service, but guess what? For you truckers, this thing is legit.

BO: Mm-hmm.

BRIAN: Because a lot of you – think about it. You're operating out of your vehicle so many hours, but you also – you need – you – you got to have a place to bill. You got to have a place to organize. You've got to have a place, you know, just home base, and it's probably more than likely you can't do all of that directly from your truck. So, it makes sense that you're likely going to have a home office. So, in the past, when you find out, "Hey, I qualify. I should have a home-office," let me first insulate you. Let me tell you what you need to do to insulate yourself. Take pictures of your home office. Have measurements of your home office. Now let me go ahead and tell you, don't have the Xbox hanging out. Don't have the PlayStation 4 hanging out in the picture. Don't have, you know, a bed with the kids stuffed animals all over it. If you have that, this thing is dead in the water right there. This truly needs to be a home-office. It needs to be a place where you are organizing your financial life and also billing, taking care of, you know, hiring the next load that you're going to take on.

BO: (overlapping) Sure.

BRIAN: It does need to be a – a – a functioning part of your business. But in the past, here's the other part that scares you off. In addition to being on the IRS's radar, a lot of people just didn't like the organization that was required because if you had a home office – let me go ahead and – you only have to half listen to this because you're – because the IRS is giving you a huge shortcut starting in 2014. In the past, you had to really nerd out. You had to physically get the tape measure out, measure the room. Then you had to go measure the square footage of your entire house, compare it in relationship to the square footage of the total house, and then you got to take a proportion of your utilities, your homeowner's insurance, your flood insurance, your maintenance and repairs, your HOA fees, and, you know, all this – so you're like, "Wait a minute, I just glazed over, Brian."

BO: (overlapping) That's a lot of work.

BRIAN: When you got to flood insurance, when you got to HOA fees, I wasn't even listening. Guess what, the IRS hears your call, and they says, you know what? We don't need you to track all that stuff. Here's what we're going to do. If you'll just go measure the size of your room, we'll now give you five dollars per

square foot of home that – that – of the home that is used for business up to 300 square feet. So, if you think about that, if you have a 12 x 12 room...

BO: Mm-hmm.

BRIAN: ...that's 144 square feet. You can multiply that by five, and that would be your deduction for the home office.

BO: 720 bucks.

BRIAN: It's going to work out beautifully. Now there is an exception. I would – I would suggest most of you – if you're not an organized person, this is a homerun for you. There are exceptions, though. I feel like I need to tell you just so you can make sure you're maximizing your money. Bo, you are a perfect case study for this.

BO: Yep.

BRIAN: I moved you up here to Nashville, Tennessee, in 2014.

BO: Right.

BRIAN: That was a year before we started moving some other employees up here. We re – by the way we – because you don't know the Money Guy show, we wrote relocated from Atlanta to Nashville, Tennessee, sent Bo up here first, and he worked out of his apartment. It was a two-bedroom apartment.

BO: Yeah.

BRIAN: A wa – if you think about it, you had two bedrooms. So, you and your wife occupied one, and then you had your – your office.

BO: (overlapping) That's right, yeah.

BRIAN: I required you to have for business and the other one. It was a huge deduction for you

BO: (overlapping) It was, huge.

BRIAN: (overlapping) You got a lot of rent and other things deducted. So, if – if – if your office is, you know, 30, 40% of the total space that you're renting or – or paying a mortgage on, you might not want to take the standard deduction. But if you find that you're not organized and you want to just, you know, make sure you

take advantage of something, five dollars per square foot is a pretty good deal. Now like I said, this has only been around since 2014.

BO: (overlapping) Yep.

BRIAN: (overlapping) They used to make you have track this, but it's one m – one more way that the IRS is giving you a shortcut where you can, you know, essentially cover a corner and not have to do the whole thing and still get the deduction. So take advantage of that. The second one – here's another shortcut. Per diem.

BO: Mm-hmm.

BRIAN: Guys, you hear "per diem" and you're like, "Is – is that something I should be taking advantage of? Or I get some type of reimbursement from my employer. How does that work from what I'm getting directly on my tax return?" Well, let me first explain what per diem is. You know, you guys out there on the road, you got your meals and entertainment, and you got your in – incidental expenses, and, yes, you could track all that. But, man, if you think about it from an organization standpoint –

BO: Yeah, keep up receipts and everything else, yeah.

BRIAN: (overlapping) That's a lot of work. I mean, that is a lot of work keeping up with that, so the IRS recognized that, and they've came up within the tax code of what's called per diem, and – and here's the thing cool thing about per diem also. You guys, if you are a transportation employee, which it's hard not to be a transportation employee when – when you're in the trucking industry. You actually – most people – Bo, we go out for lunch today, and it's for business purposes because maybe we're taking a client out or prospect or something like that, what percentage of that's going to be deductible?

BO: 50%, half of it.

BRIAN: You know, I've often wondered – do you ever wonder why they only make it 50%?

BO: Honestly, no, but, Brian, I – please, tell me.

BRIAN: I think that a lot of that is, is that they want to make sure that meals and entertainment is not being taken advantage of. So, they're always worried about alcoholic beverages and other things. Well, I think they assume – guess what, if you're in the transportation industry, a portion of that's probably not

going to booze. So, they give you a much higher favor deductible percentage at 80%.

BO: Oh, wow.

BRIAN: If you're a transportation employee, you get an 80% deduction. So that's already giving you a leg up from most other industries. You get a favor deduction on that because of your status as a transportation industry worker. So that – that's an incredible opportunity. But who wants to keep up with all those receipts and everything else? Well, the government said, you know what? We're going to give them a break. We're going to come up with this terminology, per diem, and instead of – and – look, every state has a per diem or every area, but if you just want to go off – they have a nationalized per diem rate that makes things so much easier. So for 2016 from January 1 through September 30, that rate was $59. If it's after – starting October 1, I should say, it went up to $63. So if you think about it in terms, each one of your days was $63, that – that's an incredible opportunity. You don't – truthfully, it becomes a money-maker.

BO: So you mean, if – you're telling me if instead of tracking all my receipts and my incidentals and all these different things that I have going on, if I just track days that I'm out on the road and I'm incurring these kind of expenses, I can just assume $63 a day for each one of those days?

BRIAN: Yeah, it makes it – it makes it so much easier. Like I said, it's cutting the corner. It's a shortcut, and the fact that – and truthfully, I think it's a money-maker

BO: Mm-hmm.

BRIAN: Because if you're a tightwad out there, and you're eating cheap or you're doing a lot of stuff, you can – you can still – you qualify for this per diem deduction even if you're doing it cheaper.

BO: Sure.

BRIAN: (overlapping) I mean, I think it's – because that's one of the benefits is you can essentially play the system. Now a lot of you are probably saying, "Well, wait a minute, Brian, I get some reimbursement by my employer. What – what does that – how does per diem work when I get some reimbursement from my employer?" What's going to happen is when you do your tax return, this is what's known as – you know, anything – or – or I shouldn't say employer because a lot of you guys, owner/operators, but if you are getting some type of reimbursement from either the customer or maybe you're not the

owner/operator but you are an employer or – or working under a lease or something like that, then you just – all you have to do is whatever that deductibility amount is, you just have to deduct or – or reduce the deduction by whatever you were reimbursed.

BO: Gotcha.

BRIAN: So, it is something – don't leave that money on the table. If you have this per diem rate out there, take advantage of it because if you want to know – the biggest headache is probably tracking all these incidentals, the meals and the – you know, and – and all that type of stuff and the incidental fees. If you can just have this, because it's easy to know how many days you're out on the road, take the deduction.

BO: So if I'm on the road for 100 days and I get the $63 per day, you know, per diem deduction, that'd be 6,300, but if my employer, you know, gives me $2,000 of that back, that just means that my actual deduction amount is 4,300. And my understanding that right?

BRIAN: Well, you have to – there's a step you left out. I'm glad you – 'cause this is great – this is – this is what makes it easier. You take the 6,300.

BO: Right.

BRIAN: Multiply it by 80%.

BO: Oh, yeah, that's right.

BRIAN: And then minus the actual reimbursement. That will give you your true deduction.

BO: Perfect, that makes a lot of sense.

BRIAN: So – and – and that's great that we got to go through that because I think that's probably the step that people – because there are two or three steps in the process, I think people sometimes get confused, but if you just heard, it doesn't have to be hard. You can make this easy, and you can take the deduction, lower that taxable income down so you can keep more money in your back pocket. So, let's transition. 'Cause that first one, that's – that's – the point number one I wanted to make was different type of organizational things that the government is setting you up to have deductions, and that's the home office deduction, that's the per diem where you don't have to feel overwhelmed to keep up with all those receipts. You can – there's formulas that make this so

much easier, but let's transition to point number two, which is often overlooked deductions and credits that you need to take advantage of. The first one – and this is what I loved about preparing for this podcast. I learned so many cool terminology things. I came into the office, guys, totally quizzing everybody here. I came in and said, "Guys, do you know what a reefer is? Dealing – dealing with – with truckers?" And –

BO: My guess was not right. I wanted to tell you what I thought reefer was was not right.

BRIAN: (overlapping) I had to explain that a – a reefer in the trucking industry is a refrigerated trailer. You know, there's all kind of – and by the way, I went down a rabbit hole. There are so many cool YouTube videos that you can watch on just the craziest things. If you want to know how to operate a reefer trailer, it's out there on YouTube. I mean, I learned so much. I feel this kindred spirit after doing all the research. Bed bugs, bed buggers. I asked all kinds of questions. It was cool all the different things that I learned in preparation. But here's a big one that I found in my research. Guys, a lot of – you know, when you go and you fuel up, there is a ton of taxation on gasoline and diesel fuel.

BO: Sure.

BRIAN: There's 18.4 cents of federal – US federal excise tax in every gallon of gasoline and 24.4 cents in every gallon of diesel.

BO: Wow.

BRIAN: So, there's a lot of taxation that occurs on our roads. But the good news is – and a lot of pumps are smart enough that they realize this. They're only supposed to charge those taxes on self-propelled vehicles like your tractor. They're not supposed to – your trailer, if – if it requires requires fuel to keep the contents cold, there's not supposed to be any of that excise tax added to the – what you're paying for the fuel, and a lot of the pumps are smart enough. That's why you'll see that they'll ask is this for the reefer or is this for the tractor? You know, you you'll see the pumps, but sometimes, you're in areas that just aren't that sophisticated.

BO: Right.

BRIAN: And you'll pay just normal diesel fuel. You qualify for credit. There's actually a form. It's form 4136. It's called credit for federal tax paid on fuels. Don't leave that money on the table. If you know, if you kept in your journal that you paid taxes that you shouldn't have because you're, you know, filling up your

refrigerated trailer, take advantage of the credit. That is one that is sometimes overlooked. Uniforms. Look, this doesn't mean you can go out there and deduct the cost of all your jeans and all your polo shirts or whatever else you want to drive. But if your – if your – if your company that you – maybe you, because you are the owner of the company, you want your drivers to have a uniform. You want them to have, you know, a shirt with an emblem on them. You know, you want specific type of pants. You want something that makes you guys look super professional to the public.

BO: Sure.

BRIAN: When you're out in public, you know there's an image that needs to be upheld so you have an actual uniform. Those uniforms are deductible and also any laundry expense while you're on the road, that's deductible. Because you know, you guys, you're operating – you're actually – everything – well, most things should be deductible while you're doing what creates income for your family.

BO: Sure.

BRIAN: So – so that's why laundry, mobile phones are deductible. Banking and credit card fees. You need to always – and this is a big one, guys, because I'm going to get to organization here in a little bit, but let me go ahead and give you a little bit of a tip before we even get to that section. You need to have separate cards, whether it's a bank account and your credit cards, that are completely independent for your business transactions. That will keep it simple and also creates a divider between your personal expenses as well as the business expenses, and guess what? While you – you having that divider there, it's going to make more stuff deductible. You don't have to question it. It makes it automatic for the future and your deductibility of things. So, make sure you have those separate credit cards, those separate bank accounts so you can keep your personal life separated from your professional and business life. So, those ATM fees that you're paying out there, and better yet than just deducting those fees, guys, it is so easy now to find banking relationships that will reimburse those ATM fees. You know, they might only do a few, but you can go and look at a lot of the Internet banks and other things like Ally Bank and so forth, you can find checking accounts that will allow you to pull money out throughout the whole United States...

BO: (overlapping) Anywhere in the country, yeah.

BRIAN: ...and you'll get reimbursed on those ATM fees. So, yeah, I want you to take the deduction, but if we can also get you out of those fees? Structure your financial relationships where it benefits you the most. Satellite radio. So, what if you're

listening to music and entertainment with it? You're also getting traffic. You're getting weather. You're getting things that can definitely be used and considered safe operations of your truck. So, take advantage of that and – and deduct your satellite radio as well. It's okay that you're using it for entertainment also. I mean, but it also provides a huge safety advantage by having that satellite radio system. Bo (overlapping) Sure.

BRIAN: So, let's cl – let's move to – to number three. This one is the biggie. I get so excited. And you're gonna notice the passion in this one. If you're not taking advantage of this with your – there's multiple things. This is a huge tax deduction that the government sets up on purpose for you, and in a second, this is what's going to create financial independence. The huge deduction I'm talking about is maximizing retirement plans. Guys, this is where really the rubber hits the road on maximizing your financial independence and your financial future.

BO: But, Brian, man, I'm just a – I'm a one-man owner/operator. I'm just a small little operation and when I hear "retirement plan," I'm thinking about 401(k) and all this stuff. That sounds – that sounds complicated and really complex.

BRIAN: (overlapping) It does some complicated, but here's the cool thing. Just like the – our world is getting easier through on – well, quasi-easier. There's tools that make your life easier, but they can also make things more complex, but in the grand scheme, this has modernized as well. Your retirement products has modernized just like your cell phones have with your smartphones, just like the IRS has modernized by giving you – you know, just taking a deduction based upon square footage and other things instead of having to actually having to keep up receipts. It's the same thing with retirement plans. It used to be complicated. A 401(k), if you talked about the word "401(k)" in the past, you at a minimum – you just heard the word, you just knew that cost $5,000. Now they have these things called solo 401(k)s that – you know you can set them up with Vanguard. You can set him up with Fidelity, Charles Schwab, low cost as long as you don't have any employees other than you and your spouse you can set up a solo 401(k). And so that's – for – for the small business owner who's starting out, you know, who doesn't have employees but still wants to maximize, you can do what's called a solo 401(k). If you go on Google and just search it, you'll see what I'm talking about where you can deduct $18,000 just as what's called a salary deferral. That's your savings towards the retirement plan, but then also, if you are self-employed, then you can deduct between 20 to 25% of the profit of your operation as a deductible retirement expense. So you get to d – get essentially a twofer. You get to deduct your contribution, that salary deferral of up to 18,000. If you're over 50 it can go up to 24,000 as well as you can get 20 to 25% of your profit.

BO: So –

BRIAN: And this is – what's great before – is also, it lowers your self-employment tax. That is just tremendous.

BO: So I think what's really interesting is if you just think about that 18,000 that you could possibly put into the 401(k), and let's say that you're someone – between you and your spouse, y'all are in the 25% marginal federal tax bracket, not even taking into account state taxes or anything like that, not even taking into account self-employment tax, if you just thought about that 18,000, that's immediately going to save you $4,500 in taxes.

BRIAN: Yeah.

BO: You heard that right. That's $4,500 that you don't have to pay in taxes that you get to keep in your back pocket.

BRIAN: It's – it's just an incredible opportunity. And now, the salary deferral, you can make a Roth contribution, which if ya'll don't – if you don't realize, Roth – whenever you hear the word "Roth," whether it's IRAs, 401(k)'s, that just means it grows tax-free, meaning you put $10,000, you invest it in something like the S&P 500, you come back, you know, 10 years later, and that 10,000 is now worth 25,000 or 30,000, you don't pay any income taxed on the gain. Now the problem with the Roth is you don't get a deduction currently, but as Bo – as you heard Bo, say if you're in the 25% bracket or lower and especially if you're younger, take advantage of the Roth on a salary deferral if you set up a solo 401(k) as a Roth. Now the employer portion, that's that 20, 25% profit-sharing portion, that's going to be traditional, and it's going to give you the tax deduction. It's gonna lower the self-employment taxes. And then some of you are probably listening and say, "Well, I'm anomer (sic) – owner/operator, but I got – I got – I got a few guys that work for me. What do I do?" Good news for you, too, the modernization of 401(k)s is now there's low-cost providers that will do it for $1,500 a year. They'll do all your testing, all your compliance, all your tax filings, the 5500s and so forth with the IRS, for $1,500. Now – and I realize that's – fifteen hun – $1,500 is much more expensive than free, but if you do what Bo was just talking about, the deductions that are available, it'll pay for itself just through the tax savings.

Now I did want to transition. Solo 401(k) is not your only choice. A lot of you guys are probably like, "Brian, this is great going forward, but you know what? I just got my 26. I just did some projections. I talked to my account or I started using TurboTax. I got a big tax bill that's due April 15 this year. What am I going

to do? I need to find a way to lower my taxes because I had the best year I've ever had last year, and now I got to pay all this money to the government, and truthfully, I don't want to pay it. Is there a way I can go back in time and lower my taxable income?" Guess what? The next one on retirement opportunities – SEP IRAs. These things are almost as good as having that exotic car that can go back in time when you hit a certain speed and hit lightning. I mean, it just doesn't – you don't need that if you can have have a SEP IRA because these things are deductible up until the filing deadline. Even if you filed an extension by April 15, you would still be able to make a contribution to a SEP IRA up until the filing deadline which is mid-October, and what – these things, just like the solo 401(k)s, the employer portion – that's the portion that is funded through the SEP IRA – is going to lower your self-employment taxes, and 20 to 25% of your income is going to be lowered. That's – that's incredible.

BO: Okay, Brian, so I hear you, and that SEP IRA thing, that sounds pretty good because I want to lower my taxes for last year. What do I need to do? Do I need to go call, you know, hire somebody to set that – I mean, how do I – how do I do it? What are the steps to go actually – who do I call to do that?

BRIAN: I think the world has gotten so much easier in the world of personal finance, and the fact that – you heard me – and these aren't endorsements because we're – we're not really dealing with products. I just want to tell you, some of the easy, do-it-yourself-type things you can do these days is you can go to Vanguard, they have what's called target retirement funds. You can go to Fidelity. They have Fidelity freedom index funds, and these are – you go to the – and you can set up accounts directly through these websites. I – I think it's Vanguard.com, Fidelity.com, and you can set it up, and then they're gonna say, "Well, what do you want to invest in?" And that's why I was mentioning the target retirement funds, the Fidelity freedom funds. You just use the year you need to be financially independent or you think you're retiring. They'll do the asset allocation. They'll do the investing they – because they get – they're – they're aggressive while you're younger, and as you get closer and closer to retirement or financial independence, they get more and more conservative automatically for you. That's – that's the important thing. This thing – the technology – the innovation of – of investing has gotten to where you don't necessarily go hire somebody right out of the gate. Let's build that foundation of financial independence. Let all your money work for you before you hire a professional who's starting to take a portion of the fees.

Now we always tell people – just because you're going to say, "Well, is there a graduation point that I probably need to get somebody?" There will come a point probably when you get to about 300,000 in assets where you're starting to feel overwhelmed, that you feel like the assets have gotten to the point, "I'd

like to have a professional look over my shoulder." At that point, you probably want a fee-only financial advisor. You can go through organizations like NAPFA.org. That's the – the trade organization of the fee-only financial advisors that are – fiduciary requirement where they have to put your interests ahead of their own. Those are – those are key things, and I know we get a long answer to a very short question, Bo, but I wanted to make sure we picked that up. So those are the – the – the three key tax deductions I wanted to focus on. I want a kind of close the show out talking about organization. Guys, I did a l – some more – I did a lot of research trying to figure out what's the trends going on in the trucking industry, and I – and I saw this disturbing thing is that income between 2015 and 2016 was actually down according to the ATBS, the nation's largest owner/operator business service firm. And – and when I was reading, I was reading all these articles about why was income actually down? And I went down to the comments section, and there's a lot of guys, you know, sharing their opinion, too, but a lot of it is attributed to a lot of truckers unfortunately don't truly know what their cost per mile expense is.

BO: Right.

BRIAN: So, when a broker or a customer or somebody is offering loads to them, they don't know if it's a good deal or a bad deal, and that's bad for the entire industry. If you don't really know what it costs to operate your vehicle and your fleet, you – you are – you're a step behind because how do you know if you're creating enough profit for your firm, for your family, if you're not tracking what things truly cost? And that's what – and it all goes back to the organization. Your personal finances, your business finances have to be organized, and it – the – and I've already alluded to it. Here's what happens when you get this stuff right is you have less stress. You're going to be more appealing to your customers because – believe me, other small business owners can spot who's organized versus who's making it by the skin of their teeth and the more successful you are – you just don't come off – and it's not even something that – that you can fake. It's – when you're not faking it, when you're not making it by just the skin of your teeth, people will be able to tell, okay, I'm dealing with a professional, and they're not going to try to – to get one past you. That's – that's what I've found. The more success we've had, the more success – successful customers we deal with, Bo, it seems like this stuff happens for them better because people don't take advantage of people they perceive as being organized and having their stuff together.

BO: That's right.

BRIAN: And you're not just going to take on those – those money-losing jobs. One of the biggest things when I do business consulting with – with small business

owners is that I'm always like make sure you understand that volume does not always mean profit. I – I can remember I had a metal fabrication company just killing it. They had this great year. They were so excited. They had crossed this multimillion-dollar level mark with their revenue, and when I did the – did the accounting for them and helped them with it, they made less money than they made last year even though their revenue was up 25%. They actually – their net profit was down like 7 to 10%, and they – they were like, "What the heck happened? You know, this was the busiest year I've ever had. How did I make less money?" And I was like, "Because you're taking jobs that are not profitable." Volume does not equal more profit. So you have to – if you don't know what you're spending – now the good news is you know what things cost. You know what expenses are. That additional volume could be – mean more profit if you're being smart about the loads and the jobs that you're taking on, but you cannot get caught in that trap of thinking that volume equals more profit.

BO: Okay, so, Brian, I – I get it, volume does not equal more profit. My ears have perked up, and you're telling me I need to know what it costs to operate my rig, what it cost to run my business. How in the world do I do that? How do I know what my cost to business is?

BRIAN: You're going to notice the key theme is innovation is our friend. I will tell you the gold standard on bookkeeping is – been QuickBooks. I mean, I can tell you when I start – got into this industry of – of doing accounting and other things back in the – the early to mid '90s, QuickBooks owned by Intuit was a popular, you know, provider then. It's still very popular. The cool thing about QuickBooks – and this is what's great for – for our audience – is that QuickBooks has innovated. You don't go and buy – you can. I mean, they'll still meet you where you want – where you want to be. If you want to go buy the software at your local big box store, you can buy QuickBooks in the store, but that's not what most people are doing now. Most people are doing their QuickBooks in the cloud, meaning that you go to QuickBooks.com, you get a – you get a user ID, you get a password. Now your accounting is out there in the cloud, and what's important about that is, guess what? As a trucker, you're always on the move. And I love – and I will tell you, I'm guilty. I will give you true confession. Even though we do this for a living, there have been years where my companies, I've been three months behind in putting in transactions.

BO: (overlapping) Sure.

BRIAN: And I'm so embarrassed about it because, you know, you th – I think back to those times that I'm behind things three, four months, you know, man, this is just silly. I don't know how profitable my company is right now. I don't know

what's going on. And I should be caught up because I'm a CPA. How – how am I behind? It just because you get busy. I mean, you got life. You got your family. Plus, you got your business. And you're like, "Well, if there's a way to make this easier..." Guess what? There is. Now with technology – guys, I kid you not – and I'm going to talk about this in an upcoming podcast, so just please keep tuning in. Come back to Trucker Territory, and I think you will be rewarded – is now through the QuickBooks app that you download on your phone, on your – on your iPads, on your – you know, on your Google phones and everything else, Android devices, now you just go hit update. It goes out to the cloud, communicates with your banks, communicates with your credit card companies, downloads the transactions, categorizes them, and then you just go through and you tick off, you approve, yep, that's meals and entertainment. Yep, that's fuel. You just hit – you check in the boxes, and guess what it's doing? It's creating your financial statements. It says creating your books and, guys, it makes life so much easier. So, that is the easiest thing, is QuickBooks will do that. We're going to do an episode that I've already – that the working title I've come up with right now is "Graduate Past the Shoebox Accounting." Because there's a lot of you. I used to have clients that'd come to me, and they really would bring their stuff, you know, in a shoebox and here's the worry and the fear I have with people who do shoebox accounting. You realize when you underpay your taxes – now I've already told you it's going to lower your income just because you're taking jobs that are not profitable. Let's talk about the tax side because this is a tax-tip episode. If you underpay your taxes, if you're not making your estimated taxes correctly, the government can charge you 5% a month underpayment per month up to 25% of the outstanding liability.

BO: Holy cow.

BRIAN: If you are not the person that's wired mentally to be good with your finances, go hire a bookkeeper. And we're going to be talking about that in that upcoming episode, too. How do you go find a good bookkeeping resource to help you use QuickBooks or whatever you're using for your internal accounting so that you don't fall behind? Because let me tell you, you can pay for a lot of bookkeeping expenses just by one bad mistake with the Internal Revenue Service. And I – I remember – because let me tell you, I've represented clients in front of the Internal Revenue Service. We've had audits and other things, and there is a peace of mind that comes when you know you have clean books and you can sit across the table from the Internal Revenue Service knowing you're in a good place, and I've seen grown men cry because they're sitting across from the Internal Revenue Service, and there's not a question they can ask, because guess what? Their questions, if they don't get answered appropriately and they don't like it, they can go back three years. They can go from your business to your personal taxes. There is all kinds of mushroom side effects

from being disorganized, and we're going to help you try to figure that out, so don't get behind on this stuff. If you don't have the skill set, if you don't have the comfort, go get a bookkeeper. And we're going to be covering that in a future episode, but before we do that, let's close out the show. I want to talk about – because we are talking about taxes – why you need to be physically organized as well as digitally organized in this – this new modern world that we live in. Physically, this is not something that you can necessarily do right now, but it will – you're hopefully gonna recall this next year in getting preparation for getting your 2017 taxes done – is all of your tax statement are going to start showing in – showing up between mid-January through mid-February. That's when the government requires these things to start coming out. You'll – you'll either get e-mails or you'll get them physically in the mail, typically physically in the mail because our system still hasn't completely modernized.

BO: Right.

BRIAN: Have a folder next to where you open your mail, and just put it in there. Guys, this is one of the easiest things. I know it sounds so common-sense, but if you can just do this, it's physically gonna make your life easier, and you're going to – you're gonna be able to have everything consolidated instead of having to go scramble around when you're getting close April 15 and trying to get everything to your CPA. Digitally, this is the cool thing. I like digitally because, guess what? Things happen throughout the year. Maybe you supported your local – local baseball team or local softball steam and you gave some money so that your name of your trucking company could be on the back of a – a team's T-shirt, you know, their – their jerseys.

BO: Right.

BRIAN: That stuff might have happened – you know, 'cause spring comes. That's when baseball season kicks for all the – the rec leagues and stuff. You might've forgotten about that by the time you get to doing your taxes next April, but if you're keeping a good digital folder, you know, so that when you have those deductions, you just scan them away, you put the e-mail in that tax folder for the next year, you'll have a great accounting for the next year. So you're making sure that no deductions are slipping through the cracks. That type of stuff can be so powerful. And then here's the last thing I'll just share is on tax preparation. Don't send all your stuff to the tax preparer unless it's complete. Meaning that, don't be in such a hurry that you send your tax preparer all your stuff, and there's three, four, five key documents left out. There's two things that happen. If you're a self-preparer, if you don't have all your documentation, you're going to be frustrated that you start the process and you can't get

through with it because you're gonna realize, uh-oh, I – I don't qu – I don't have that interest deduction form.

BO: Right.

BRIAN: (overlapping) Or I don't have, you know, whatever document it is. If you hire somebody and you do this start-and-stop process with them, guess what they do?

BO: They're going to start charging you.

BRIAN: They charge you more because I can tell you from my experience when I was doing taxes is that, you know, it takes you a good 6 to 10 minutes just to get geared up into that client's, you know, business and what they're working on. And if you're going to start, you get into it and then you realize, you know, 25, 30, 40 minutes into the process, hey, I'm missing these three key documents, guess what? You have to do that whole gear-up process again, and that's not free because they get paid for their time. So, you need to make sure that you're organized and you don't try to do the preparation process until you have all of your supporting tax documents. This is going to save you money and time, and believe me, time is money, as we all know. So, these are the things – I hope you could tell, we got specific, just kind of giving you – Bo, you always do – do such a good job. So, keep me posted on if I let something slip through the cracks.

BO: (overlapping) Sure.

BRIAN: The three things I was hoping that our listeners would get a hold of is taxes do not have to be that organization nightmare. So, take advantage of the home office deduction. Take advantage of the per diem. But then, number two, there's a lot of overlooked deductions, and – you know, and I mentioned the fuel tax credits. I've also mentioned the uniforms, the laundry expenses, the mobile phones, the banking and credit card fees. Also, make sure that you're taking depreciation on your equipment. That you're also deducting the interest on your purchases of your equipment. I mean, there's all kind of things that I want to make sure are not slipping through the crack and then, number three – guys, this is the big one – maximize those retirement plans, and don't be overwhelmed by the process. If you don't feel capable of handling it, there are people that will help you to do it, but just don't leave deductions on the table. That is money that is en – you are entitled to. Take advantage of it, and then kind of to close it out, kind of the wraparound step that I mentioned was just the organized because you're going to make more money if you can get your financial life in order. And these are the things that – I'm hopeful you've gotten some – some knowledge, some nuggets of knowledge because we made this

meaty. We made like a beef stew here and made this as meaty as possible. So hopefully you'll get energized or at least get motivated to go inquire or research more of these things we just talked about, and we want to hear from you. I mean, I'm hoping that you guys will go out to – to TruckerTerritory.com, leave some comments, go out there and listen, become part of the community, and then you can also reach out to us directly.

You can write me. I'm Brian, B-R-I-A-N, @MoneyGuy.com. You can write my co-host Mr. Bo Hansen, at Bo, B-O, @MoneyGuy.com as well, but this is – this is our first step. We're going to go deeper. Like I said, I've already got ideas on business structures because a lot of you guys, you know, you're taking a risk driving trucks out there on the interstate because there's accidents, there's other things that can happen. If you don't have your business structure right, you could be jeopardizing the entire family as well is your livelihood. So, we need to you talk about business structures. So, we're gonna talk about risk management, business structures. We're going to be talking about bookkeeping. We're going to be doing this until the end of the year. So, we enjoy – you know, really invite you to join in, become part of the money movement that we're creating, the tune-up, the money tune-up, if you will. We want to give you another big thank you to Progressive Commercial. Check out TruckerTerritory.com. It's a website dedicated to the American truck driver from America's number-one trucker insurer, Progressive Commercial. Thanks for coming on this journey with us. I'm your host Brian Preston. We'll talk you soon.

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