

Assistance with  
Building Your Business

A Wealthy Retirement Plan

Accountability

Organization

Clear Goals

Confidence

Peace of Mind



# CASE STUDY

XYZ Apps Company Enhances Growth  
With Financial Planning from Offit Advisors



## Client Profile

XYZ Apps Company (name changed for confidentiality purposes) consists of a team of full-time, award-winning software engineers that specialize in developing mobile apps for aspiring entrepreneurs and also has a niche with farmers around the Mid-Atlantic. They are unique in that their firm has ten full-time employees, including four lead software engineers and a project manager that manage their projects from start to finish. Lead by President Nicholas Smith (name changed for confidentiality), the company prides itself on the attention to detail and passion for their work, allowing them to differentiate from other apps and design companies.

## Client Challenge

Nicholas Smith started his business out of a love and passion for his technology. A skilled engineer with an eye for detail, he saw a business opportunity to focus on coding and design projects, because it seemed his clients were having difficulty finding skilled mobile engineers and also could not do this on their own. His company has attracted and kept its employees happy because they offer attractive benefits that are a rarity in this field – health insurance, paid vacations, training. However in 2015, he realized the company was not growing rapidly and business was experiencing seasonal peaks and lulls which made it difficult to maintain everyone's full-time employment. "I wanted to grow business and profits, and put systems in place to guarantee a steady stream of jobs for my company," said Smith. "But the challenge of being a small business owner is figuring out how to do this with little business training and even fewer options for consulting with peers," commented Smith. Knowing that the growth and success of his business required detailed planning and analysis, Smith reached out to Offit Advisors to advance his company.



# Recommendations & Solutions

## Phase One | Implement creative employee benefits and voluntary benefits program

- ▶ Establish a benefits program that makes employees feel valued and cared for by the company, improve retention rates.
- ▶ Improve the ability to attract and maintain key employees by offering more creative benefit packages than competitors.
- ▶ Decrease payroll and FICA tax for the business through pre-tax deduction of some benefits

## Phase Two | Redesign retirement plan that allows for significant tax-deductions for owners and employees

- ▶ Redesign retirement plan that allows for significant tax-deductions for owners and employees
- ▶ Create opportunities for owners and employees to compound money over time on tax-deferred basis, save for retirement, and grow net worth
- ▶ Design creative ways to incentivize employees to stay with the company for the long term

## Phase Three | Review Business Insurance and Accounting and Tax Strategies

- ▶ Review coverages for opportunities to improve overall design, eliminate coverage gaps, and find best pricing in the market
- ▶ Integrate tax planning with bookkeeping and monthly accounting to optimize tax and streamline business processes.

## Phase Four | Personal Financial Planning

- ▶ Review how the business impacts personal financial planning and cash flow
- ▶ Determine best options for retirement, education planning, and insurance planning for family
- ▶ Integrate the long term value of the business with providing for family and future
- ▶ Review business insurance and accounting and tax strategies.

## Phase Five | Team of Trusted Advisors & Impact Bottom Line

- ▶ Develop a team of other advisors to serve the business in all facets
- ▶ Set roles and responsibilities for each position and develop accountability and measurements to quantify actual results against expectation
- ▶ Implement system of consistent introductions to the business owner of clients and other referral partners



# Results

Working with Offit Advisors has helped XYZ Apps establish a solid base of referral partners that essentially sell the business for him. "I've been able to greatly reduce my marketing budget by networking with the right people to grow my business," Smith commented. These partners not only provide a constant source of projects for XYZ Apps but also provide a diverse group of business connections that provide him with a sounding board for other business challenges and problems. "Small business ownership can feel lonely, it's really nice to have the Offit Advisors and trusted colleagues to help solve problems."

After working with Offit Advisors for just three years, XYZ Apps shared some incredible results:

## Phase One | Implement creative employee benefits and voluntary benefits program

- ▶ Improved retention by maintaining 85% of current employee base
- ▶ Improved recruiting by adding 4 new marquee hires
- ▶ Reduced company payroll tax by 7.65% (Every dollar that is contributed to a pre-tax qualified plan reduces a company's payroll tax by 7.65 cents on the dollar FICA rate).
- ▶ Provided benefits for health insurance, maternity leave, short and long term disability, life insurance and hospital care

## Phase Two | Redesign retirement plan that allows for significant tax-deductions for owners and employees

- ▶ Increased owners ability to put away pre-tax dollars by \$55,000 per year (Maximum amount of compensation that a business owner can put away pre-tax into a retirement plan in 2018)
- ▶ Provided valuable employee education and financial wellness around the importance of savings and retirement
- ▶ Improved satisfaction and confidence in owners and employees retirement plan

## Phase Three | Review Business Insurance and Accounting and Tax Strategies

- ▶ Implemented \$1.5M in total more coverage for the business while reducing premiums by \$3K per year.
- ▶ Gave five more hours per month to the CEO instead of them doing monthly accounting and bookkeeping on their own.
- ▶ Realized over \$50K in additional tax savings opportunities for the company through creative strategies



# Results

## Phase Four | Personal Financial Planning

- ▶ Created clear alignment of business and personal financial planning
- ▶ Implemented cash flow system that alleviates stress around money on a month to month basis
- ▶ Created tax-efficient portfolios for retirement and education
- ▶ Redesigned life insurance and disability insurance programs, and reviewed estate and tax planning objectives

## Phase Five | Team of Trusted Advisors & Impact Bottom Line

- ▶ Devised infrastructure to support the business and family with a team of advisors
- ▶ Developed confidence that with whatever challenges the business may face, they have a Head Coach and team that supports them
- ▶ Formed a regular system of referrals and referral partners driving inbound business to the company to improve profits

## Ready to learn more?

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