



THE 7 BIGGEST PERSONAL FINANCE MISTAKES EVEN THE MOST SUCCESSFUL DIGITAL MARKETING ENTREPRENEURS ARE MAKING



AND WHAT YOU CAN DO TO FIX
THEM TODAY!

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ATTENTION DIGITAL MARKETING ENTREPRENEURS!



Hi, my name is *Michael Fischer, CPA* and welcome to my free report – The 7 Biggest Personal Finance Mistakes Even The Most Successful Digital Marketing Entrepreneurs Are Making.

So let me explain something quickly. This isn't some beginner level list that's going to tell you for the 100th time to "Start by separating your personal and business finances and set up a separate business bank account". This list is for the entrepreneurs who already have the basics down. They've experienced success in business but simply never learned how to actually build wealth. The ones who are ready to know "WHAT'S NEXT? How can I take things to the NEXT LEVEL?".

With that said, I'm excited to show you what I've learned from serving in Personal CFO roles to both Fortune 500 CEOs and top performing online digital marketing entrepreneurs. I'll also include the solutions and best practice tactics I've identified to successfully help them optimize all aspects of their personal finances and eliminate the emotional burdens of financial frustrations and worry. Before we get into the seven mistakes, let's start with some of the key personal financial difficulties ever entrepreneur faces:

- 1 What is lifestyle creep and its impact on my spending? What methods can I execute to counteract it and SAVE MONEY?
- 2 As an entrepreneur, how should I be paying myself? How do I withdraw the profit I make from my business?
- 3 What are all the ways I am being taxed and how can I reduce my taxes to the minimal amount by taking advantage of all the tax deductions and credits available to me?
- 4 What are the most important things I can do to improve my credit score? Do I have payment schedules developed that will show me the exact amount of interest expense I am paying and period of time my debt will be paid in full?
- 5 How can I leverage technology and automation to reduce the impact my DUMB BEHAVIORS have on the performance of my investments and the progress I make toward achieving my long-term financial goals?
- 6 As an entrepreneur, what are the key things I am giving up by choosing not to be a salaried employee? What insurance do I definitely need to address the most prominent risks while also protect my wealth and personal well-being?
- 7 How different will I feel when I start approaching my personal finances with a CEO Mindset? When it comes to my personal finances, what single decision can I make right now, that will help eliminate hundreds or thousands of future decisions?

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Enjoy!
Michael Fischer, CPA



MISTAKE 1: FALLING VICTIM TO “LIFESTYLE CREEP”

What exactly is “Lifestyle Creep”?

- Lifestyle creep is the gradual increase of your spending as your discretionary income increases. The all-too common problem: the more money people earn, the more money they tend to spend. Lifestyle creep is a behavioral change you make subconsciously, when you start framing your increased spending on nonessential items as a RIGHT TO HAVE rather than a CHOICE.

Consequences of Lifestyle Creep:

- Increase in spending on nonessential luxury items or material goods, which often leads to an increase in both credit card balances carried month-to-month and the total interest expense accruing you are liable for
- Inability to accumulate and build long-term wealth
- Inability to have enough funds to increase your passive investment strategies
- A gradual reduction in the percentages of your income allocated to savings & investments, causing you to miss out on the impact compound interest plays in your personal wealth maximization
- An increasing amount of useless physical crap you accumulate in the storage areas of your living space

SOLUTION:

To counteract the impact of lifestyle creep, we provide you with our easy, three-step “**ARR**” method we suggest you revisit on a recurring Quarterly Basis to monitor any changes in your spending habits.

STEP 1: AWARENESS

- Identify the categories of your spending that have increased over the past few years and quantify the impact. Review your fixed expenses, variable expenses, as well as recurring monthly and annual subscriptions to diagnose any areas of your spending that you feel are impacted by lifestyle creep

STEP 2: REFLECTION

- Now, it would be cruel and foolish to simply default to frugality in every category which you spend your money. Instead, you are going to reflect on the impact your increased spending has on your physical & emotional well-being by using the Impact Scale 1-3 Ranking outlined below:
 1. Increased spending in this area allows me to have more meaningful experiences for myself and the ones I love in life. Money spent in this area helps free up the amount time and energy I have on a daily basis, and rarely ever leaves me with feelings of guilt or regret
 2. Increased spending in this area allows me to improve my self-esteem. Sometimes the increased status I feel can last a long time, but more frequently it fades over a few weeks or months’ time and I end up feeling a little guilty about the purchase in hindsight
 3. Increased spending in this area allows me to finally provide evidence of my success to all the people that doubted me in my life. To help validate my purchase decision, I’ll make a post showing the evidence of my success to my Instagram/Facebook/Twitter so I can try to improve how my followers think of me. I often regret or feel guilty about these purchases, but whatever, I’ve worked hard for my success and I’ve earned the RIGHT to do what I want

STEP 3: REDUCTION

- Once you’ve reflected on all the areas of increased spending you’ve identified from step 1, it is time to determine next actions you can take to quickly reduce your spending. Therefore, for all of the #3s, and half of the #2s, you need to define the clear, “Next Action Step’ to take to that will reduce your spending

MISTAKE 2: FAULTY OWNER COMPENSATION PRACTICES AND FAILING TO CAPTURE THE ACTUAL PROFIT YOUR BUSINESS GENERATES

Consequences of a Faulty Owner Compensation

Method:

- Increased financial stress & anxiety about generating the necessary cash to pay your bills every month
- Rollercoaster of fluctuations in your month to month personal and household cash flow
- Producing red flags for an IRS Audit when you fail to provide yourself a 'reasonable compensation' as the owner of a S-Corporation
- Constantly facing a large TAX DUE bill every April, compounded by tax penalties and interest accruals due to inadequate payment of your estimated tax on a quarterly basis
- Inability to accumulate funds to invest with or even just set aside emergency savings fund to protect against unforeseen risks you face as an entrepreneur

SOLUTION:

Depending on the structure of your business entity (sole proprietorship, multi-person LLC, S-Corp or C-Corp) there are specific legal requirements you need to consider. So make sure to discuss this area with a financial professional before finalizing the process you implement

- With that said, we recommend building towards a method that allows for the automatic allocation of the revenue your business has coming in based on pre-determined percentages. Whenever you receive earn income, the money will automatically be allocated to the various bank accounts you've setup to address your all of your business and personal lifestyle needs. For your reference, and a place to start from, see an example of allocation percentages we have implemented to help stabilize the personal cash flow for one of our digital marketing agency owner clients:



100%

Business Revenue
Bank Account



50%

Owners Compensation Bank → Distributed to Owner's personal/family checking account



5%

Profit Savings Account—Distributed to Owner/Partners on Quarterly Basis



15%

Tax Savings Account → Distributed Quarterly To Owner/Partners for Purpose of Making Estimated Tax Payments



30%

Business Expense Account → Used to fulfil vendor payables and re-invest to growing and scaling the business



MISTAKE 3: BELIEVING YOU ARE SAVING MONEY BY SELF-PREPARING YOUR TAX RETURN EVERY YEAR

Consequences of DIY Tax Prep:

- Overpaying the amount of taxes you are legally required to pay by failing to identify all relevant tax deductions and credits available to you
- Unknowingly raising RED FLAGS that could make you a target for an IRS AUDIT
- Missing out on the chance to optimize your retirement savings, defer the tax on the income you receive today, as well as grow it tax-free until retirement

SOLUTION:

We always recommend partnering with a CPA or tax professional that has experience serving clients in your industry. There isn't much you can lose from simply discussing your situation with an expert. Often tax advisors will even offer a free initial consultation, something to really take advantage of. At ProLedgr, we have extensive experience serving entrepreneurs in the Digital Marketing space and also offer our own FREE Tax

Consultation. In fact, if you decide to hop on a discovery with us and it's clear that the complexity of your situation doesn't warrant paying what we have set as our minimum tax preparation and planning fees, we have no problem advising you not to engage with us, and will most definitely still provide tips and guidance to properly handle your tax situation moving forward.

Book Your FREE Tax Consultation below:

BOOK HERE

Or Copy & Paste the following link below:

<https://calendly.com/mike-proledgr/tax-consultation>



MISTAKE 4: NEGLECTING YOUR PERSONAL CREDIT SCORE

Consequences of bad credit:

- Reduces your ability to secure loans or financing assistance you will likely need to make large purchases such as a home, automobile, or investment property
- When your personal credit score is lacking, banks & lenders will view as a risky bet and this will increase the borrowing rate you are offered. Ultimately this raises the amount of interest expense you will have to pay compared to someone who effectively manages their personal credit score and is offered a more favorable borrowing rate
- Poor personal credit can also impact your chances at receiving a business loan, which you may need one day to scale and grow your business
- Without the ability to borrow funds when your

business absolutely needs it, you're putting your business at a much higher risk of failing, or even worse defaulting on your payables and declaring bankruptcy

SOLUTION:

If you haven't already, sign up for one of the many free credit monitoring services so you can find out where you currently stand with your personal credit or FICO score. Next, review the 5 factors that play a part in calculating your credit score, and enact strategies that address these factors head on to start raising your credit score. Note: 5 Factors Ranked By Impact to Your Credit Score: (Out of 100%)

Payment History
35%

Amounts Owed
30%

Length of Credit History
15%

New Forms of Credit
10%

Types of Credit
10%





MISTAKE 5: TRYING TO ACHIEVE INVESTMENT RETURNS THAT OUTPERFORM THE MARKET, OR AVOIDING INVESTING ALTOGETHER

Consequences of investment mistakes:

- Failing to allow the power of compounding interest to maximize the ability for your wealth to grow
- Reduced gains your investments are yielding by paying excessive investment management fees and expenses
- According to Y-Charts, the S&P 500 yielded an annual return of 31.49% in 2019. There are easy to implement strategies you can use to start putting your money to work and maximize your wealth today

SOLUTION:

Successful investing is about managing risk, not avoiding it. Too often I see entrepreneurs either taking on excessive risk or simply choosing to avoid investing altogether. Unless you are an investment professional, look into implementing a passive index-fund investing strategy that simply tries to match the returns of the market, not outperform it. Review your current situation and investment strategy with a financial planner or expert so you can get the much needed guidance to dive deeper into the key investment strategies. This includes determining your ideal asset allocation that aligns with your long-term financial goals and can put you on the right path toward achieving those goals.



MISTAKE 6: IGNORING YOUR MOST BASIC INSURANCE COVERAGE NEEDS SO THAT YOU AND YOUR FAMILY AREN'T PROPERLY PROTECTED.

Consequences of Insurance Neglect:

- An unforeseen accident or medical emergency arises, and you or a loved one is not properly covered
- Having to be that “go fund me” campaign starter in the middle of a personal tragedy because YOU weren't prepared for dealing with worst-case scenarios
- Putting the burden on your loved ones to deal with a complete financial mess in the unfortunate instance that you unexpectedly pass away at an earlier than anticipated age

SOLUTION:

Put first priorities first and protect the ones you love. Follow the basic wealth protection checklist we've created for entrepreneurs to ensure they have the necessary coverage needed to ensure their financial future stays on track and their personal well-being is protected.

ProLedgr's Basic Wealth Protection Checklist:

- Insurance Needs -- Consult with an insurance agent on the following types of insurance
 - Health Insurance
 - Auto Insurance
 - Renters or Homeowners Insurance
 - Life Insurance
 - Umbrella Insurance
 - Disability Insurance
 - Business Liability Insurances
- Setup a Basic Estate Plan – Consult with an estate planning attorney or professional
 - Get a will
 - Setup a durable power of attorney for property and healthcare
 - Consider setting using a revocable living trust to minimize assets that go through probate

INVEST IN YOURSELF

MISTAKE 7: WAITING TOO LONG TO GET FINANCIAL ADVICE OR PROFESSIONAL HELP

Consequences of a Financial DIY Mindset:

- Continued time spent micromanaging and serving as the employee of your personal finances. Instead of taking a CEO approach that is calm, methodical and drives the strategic high-level decisions, while delegating the details around the actual execution
- Miss out on the opportunity to receive expert guidance that could have potentially saved you weeks, months, or even years of past or future time, that could be better spent growing your business, or creating meaningful experiences with the ones you love
- Continue feeling stressed, anxious and guilty about money
- A DIY mindset can only take you so far, and those who default to it, fail to understand that as your net worth grows, the rules of money change

SOLUTION:

Lets start by identifying the single most important financial decisions successful Digital Marketing Entrepreneurs can make to eliminate the hundreds or even thousands of future decisions: Seeking professional HELP!

So lets work on being more open-minded to overcome any negative pre-conceived notions you have about financial advisors. I promise you that it's entirely possible for you to feel noticeably better about your financial affairs just by choosing to have a simple discussion about your situation and by bringing all your pressing financial problems and questions that have caused you to worry over the years directly to the forefront to be addressed through a Free Consultation. The time to face your problems, or finally learn "What's next?" is NOW!

If you're curious on what specific financial services ProLedgr offers, and what customized solutions we offer our clients, please proceed with booking one of the FREE consultations we offer below:

FREE Personal CFO Consultation

[BOOK HERE](#)

OR

FREE Tax Consultation

[BOOK HERE](#)





So there you have it - The 7 Biggest Personal Finance Mistakes Even The Most Successful Digital Marketing Entrepreneurs Are Making.

This free report really delivered the goods when it comes to identifying the most important challenges every digital marketing entrepreneur faces when it comes to managing their personal finances.

BUT, as you can also see, this is just the TIP of the iceberg when it comes ensuring accountability in the actual execution and implementation of the advanced personal finance strategies discussed!

So, if you're serious about wanting to learn more about how a Personal CFO can help optimize your finances, eliminate financial frustrations, and save you time and energy to focus on growing and scaling your business, then we highly recommend taking advantage of our FREE Personal CFO Consultation offering by booking a call using the link below:



BOOK YOUR FREE PERSONAL CFO CONSULTATION

BOOK HERE

Have a great day!

Michael Fischer, CPA