

SelfInformed

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***NASE Members
Karen, Eddie,
and Karli Renz***

NOW? WHAT?



Health Care Launch Stumbles and the Self-Employed Have Questions

By Katie Vlietstra

For nearly three years, millions of Americans have been patiently waiting for October 1, 2013, the day they could access and shop for affordable health care on a virtual platform known as the Exchange Marketplace. The marketplace is the key tenet of President Obama's signature domestic policy achievement, *Patient Protection and Affordable Care Act (PPACA)*, otherwise known as health care reform, ACA, or Obamacare.

To say the launch was a disaster would be putting it nicely, but for millions of Americans the issue still stands: how will they gain access to affordable health care insurance?

On March 23, 2010, President Obama signed into law sweeping changes to the American health care system, with the worthy goal of ensuring all Americans have access to affordable, comprehensive health insurance. For the 23 million self-employed Americans, of which roughly one third are currently uninsured, the ability to purchase health insurance remains elusive. Yet on first glance the health care reform law tackled some of the key areas of issue for the self-employed:

- Denial of insurance due to a pre-existing condition.
- Required minimum level of coverage for all plans, including essential health benefits.
- Access to free preventive care including mammograms, colonoscopies, wellness visits, gestational diabetes screening, HPV testing, STI counseling, HIV screening and counseling, FDA-approved contraceptive methods, breastfeeding support and supplies, and domestic violence screening and counseling.
- Cap on out-of-pocket expenses per calendar year.
- Premium assistance for qualified taxpayers between 100-400 percent of the federal poverty level.

These immediate market reforms, including the very popular 26-year-old dependent provision, gave the impression that good things were only to come as it related to health care reform and millions of Americans, many of which represent the self-employed small business community, patiently awaited October 1, 2013.

In July and August 2013, warning bells began sounding: key deadlines and final “rules” for implementing the Exchange Marketplace were either trickling out or being blown past entirely.

In a letter to congressional leaders, the NASE expressed concern over the lack of concrete information about premium costs and the Exchange Marketplace, which was hindering the ability for the self-employed to budget accordingly and make informed decisions as to the best options for themselves, their families, and their businesses.

Health insurance coverage is one of the largest expenditures of America’s smallest businesses and an economic decision for many that should be made based on accurate and timely information. The successful launch of the Exchange Marketplace remains key to the overall success of ensuring all Americans can access affordable and comprehensive health insurance.

An overwhelming sense of doom began to build, and many analysts/experts predicted that the Administration’s efforts to rush the launch of the Exchanges would ultimately lead to the failure of the key tenets of the Affordable Care Act, negatively impacting small business and our nation’s economy.

Further concern over the launch of the Exchange Marketplace was evident in the NASE’s September Member *Health Care Enrollment* survey, which showed that more than half (54 percent) of the 476 respondents haven’t decided if they will purchase health care on the Exchanges. In fact, 64 percent of respondents indicated they have yet to even visit the new HealthCare.gov website and 100 percent of those surveyed answered that price will be a deciding factor in their decision.

The concern was valid.

On October 1, 2013, the Exchange Marketplace launched with significant technological challenges, including inaccurate pricing, questionable data security, and an overall inability to manage the significant traffic (an estimated 26 million people visited the healthcare.gov website over a six-week period). While the Administration – including the President himself – acknowledged the technology challenges, a political tsunami hit the Department of Health and Human Services in the form of subpoenas to testify in front of key Congressional committees to explain the debacle.

In another unforeseen blow, as millions attempted to purchase health insurance through the Exchange Marketplace, millions of Americans began receiving cancellation letters of current health care plans. Nearly 5 million Americans who had health insurance plans since before the health care reform law and who believed those plans met the “Grandfathered Health Care” provision, found themselves unexpectedly being notified that they would be without health insurance effective January 1, 2014, forcing them to secure coverage in the Exchange Marketplace to meet the individual health care requirements as mandated by the law.



2013 Federal Poverty Guidelines

48 CONTIGUOUS STATES AND DC

NOTE: The 100% column shows the federal poverty level for each family size, and the percentage columns that follow represent income levels that are commonly used as guidelines for health programs.



Household Size	100%	133%	150%	200%	300%	400%
1	\$11,490	\$15,282	\$17,235	\$22,980	\$34,470	\$45,960
2	15,510	20,628	23,265	31,020	46,530	62,040
3	19,530	25,975	29,295	39,060	58,590	78,120
4	23,550	31,322	35,325	47,100	70,650	94,200
5	27,570	36,668	41,355	55,140	82,710	110,280
6	31,590	42,015	47,385	63,180	94,770	126,360
7	35,610	47,361	53,415	71,220	106,830	142,440
8	39,630	52,708	59,445	79,260	118,890	158,520
For each additional person, add	\$4,020	\$5,347	\$6,030	\$8,040	\$12,060	\$16,080

SMALL GLIMMER OF HOPE

Affordability of health care remains the NASE's number-one legislative priority. In fact, we believe strongly that Congress should commit itself to working across the aisle to put forth common-sense solutions for a competitive health care market that allows individuals to pick and choose health care based on their needs, not what they can or can't afford.

To that point, the NASE has actively pursued Congress to enact legislation to allow for the permanent deduction of health care insurance for the self-employed, one of these easiest and quickest ways to bring equity to the health care market. Additionally, key reforms in Health Reimbursement Accounts (HRAs) to allow for employers to reimburse employees for related health care costs is another way that tools already in the market can be used to address coverage and affordability issues.

The NASE has loudly called on Congress to act now to protect the self-employed by demanding a one-year delay of the individual mandate penalty in order to provide the self-employed and all Americans more time to properly evaluate their health care options through the Exchange Marketplace and make the best decision for them, their families, and their businesses. ■

Katie Vlietstra is the NASE Director of Government Affairs and provides critical insight to policymakers on issues affecting our nation's self-employed. You can contact her at advocacy@NASE.org.

Self-Employed Health Insurance FACTS

- ✓ There are 23 million self-employed or micro-business owners in the United States representing 78 percent of the total small business community.
- ✓ Nearly 6.2 million self-employed or micro-business owners currently are without health insurance.
- ✓ 71 percent of self-employed or micro-business have gone uninsured at some point in their lives.
- ✓ In 2012, 84 percent of self-employed or micro-business owners indicated that rising health coverage costs have been detrimental not only to themselves and their families but also to their business over the past three year.



SMALL BUSINESS LOCATOR Member Directory

- No monthly fees, members get listed for **FREE!**
- Find service categories that fit **your** business.
- Generate Leads & Grow Your Business.



- Expert Support for PC's, Laptops, Software, Networking, Secure Backup & more.
- Get Protected with the best Anti-Virus Software - **Trend Micro**.
- Pay for service and support used, **No Contracts & No Setup Fees!**

Call NASE Tech Support
877-546-0789
or email
nasesupport@xtechgrp.com



Ask The Experts

Q: *Before I started my small business I worked for a construction company. The owner and the bookkeeper always spent the last few days of each year with "tax planning." I am not sure what they were doing. Should I be considering some year-end planning for my business?*

A: The easy answer is *yes*, you should certainly sit down at the end of each year and review your overall financial and tax situation. Most tax planning ideas lose their effectiveness as soon as the New Year's Eve Party hits midnight. In other words, very few tax planning ideas are retroactive, but with a little planning you may be able to reduce the check that you otherwise would be required to write on April 15, 2014.

The most direct path to tax savings includes either reducing revenue or increasing expenses, neither of which sounds very appealing at first blush. However, managing the timing of each of these categories can be helpful. For example, if you are completing a job or providing consulting services to a client at or near the end of the year, consider sending your bill after January 1 rather than before the end of the year.

As a cash basis taxpayer, the payment you receive in January will not be taxable income until you file your tax return next year. This is simply a timing adjustment which provides you the benefit of the time value of money by delaying the tax due until you make your first quarterly estimated tax payment.

Likewise, if you are planning to purchase some additional equipment or supplies during the first quarter of next year, consider accelerating those purchases into this year. The cash expenditure will be deductible in the current year, and most likely even equipment purchases will be fully deductible based on accelerated depreciation options.

Don't forget, *never ever* buy something or spend any money just to get a deduction. However, if you are going to spend that

GET MORE ANSWERS

The NASE's small-business experts are here to help you understand the ins and outs of operating a successful small business. Access to these professionals is free with your NASE Membership!

Just go online to the [NASE Business Learning Center](#) where you can ask the experts questions about:

- Taxes
- Financial issues
- Accounting rules
- Marketing
- Employee relations
- And much more

The experts are available 24/7 and ready to help!

money anyway, consider spending it before the end of the year rather than just after.

Make sure you have captured all expenses that will be deductible in your specific business. Don't forget about those expenses that might not show up in your business checkbook such as the business use of your personal vehicle or the use of a home office.

Also make sure you consider the benefits of investing in your own future by making a deductible retirement plan contribution. Build a new habit of spending some time at the end of each year reviewing your overall financial situation. Don't wait until April 15 to think about taxes, because by then, it may be too late to make a real difference.

Keith Hall, NASE Tax Expert ■

Member Spotlight

The Art of a Family Business

Karen, Eddie, and Karli Renz run a family business called Bay Arts Center in Bay Saint Louis, Mississippi and have been NASE members since 2005.



When and why did you start your business?

Karen has been painting since her childhood, and she always dreamed of opening an art studio to teach the skills of art. In 1997, after raising six children, an opportunity arose for her to start teaching art to youth and adults out of her home. Her success has continued through the years and the school continues to grow to this day. Karli, the fifth child, also had a love for art; she attended college and received a Bachelors degree in Fine Arts. This talented mother-and-daughter combo created the opportunity to expand the art school into an arts center. In the most recent expansion, they added an art supply store and art gallery. Eddie, the husband and father, lends a hand with accounting and handyman work, while their oldest son, Eddie III, is their webmaster. Bay Arts Center is a unique place where one can learn fine art skills, shop for supplies and local artwork, attend adult and youth painting parties, and hang their favorite masterpiece in the gallery.

Your business received a Growth Grant from NASE. How did that help you build your business?

Bay Arts Center's newest addition of an art supply store and gallery opened earlier this year. However, we were limited on funds to purchase inventory. The NASE Growth Grant allowed us to purchase the proper quantity and quality of products in our store for our customers. Because of the NASE

Member Spotlight

grant, we are able to provide supplies to our students, local artists, and the local schools. Making a first impression in the retail business is very important; with the NASE grant we were able to have the supplies our customers needed the first time they walked in, making them returning customers.

How did art become so important to your family?

Karen always had a natural ability for art. When she was younger, she received art lessons from a local artist in her community. She continued her learning in college by working on a degree in fine art. Karen's love of art was then passed to her daughter, Karli, who also attended college for fine art. Although their painting styles are different, they share the same passion of making art and bringing art to others.

You have two sides to your business – Karen Anne's School of Fine Art and the Bay Arts Center. Tell us about how one of those built on the other.

Karen Anne's School of Fine Art began out of her home. Eventually, her school grew too large for her home, and she decided to rent a studio to accommodate her many students. After years of success with the school, Karen, Eddie, and Karli decided that they wanted to offer more to the community. They decided to create a center for art: Bay Arts Center. This opened many doors of opportunity for not only their expansion, but for their community. Bay Arts Center houses Karen Anne's School of Fine Art, while also offering art parties, art workshops, an art supply store, and an art gallery.

What activities do you offer at the Bay Arts Center and how does that integrate you into the community?

Within Bay Arts Center we offer a place for beginning youth and adult to learn art in "Karen Anne's School of Fine Art". We also have private "Youth Paint-n-Parties" for children or youth groups, as well as "Sip Dip-n-Stroke," which is a fun painting class for adults on the weekends. Throughout the year, Bay Arts Center hosts weekend workshops that

are taught by various artists. We are very involved with our local schools and churches, and often donate paintings and gift certificates for classes to help them raise money for their various fundraisers. We also help by volunteering our time to support youth art education, and participating in the local Arts society.

How do you market your business?

We advertise in our local paper on occasion, and sometimes put an ad in local advertising publications. The Bay Arts Center can also be found in the [NASE Small Business Locator](#) under arts and crafts. However, we depend heavily on word-of-mouth. We have found that if we treat our customers well, they will do the same and tell their friends. When people enjoy their time here or experience great service, they want to come back and they want to help us by telling others. Social media assists in spreading the word about us, and it helps people spread the word even quicker. We recently started sending out a monthly email newsletter letting our subscribers know what's new at Bay Arts Center. Also, our website helps a great deal when people want to know more about us.

What challenges have you faced in your business? How have you overcome them?

Time has been one of our biggest challenges. Because we are family-owned and operated, we handle almost everything ourselves. This requires that we spend the majority of our time at the center, arriving early in the morning and leaving late at night. So, to overcome this challenge we try to break away every now and then, but especially on Sundays. We value Sundays as a religious and family day, and the Bay Arts Center is closed. Another challenge we have recently faced is our online competitors. With our addition of a retail store, we have had the challenge of competing with online prices. Some online stores are able to offer their products at almost wholesale prices. If we were to offer the same prices, we would not be able to stay open. Our community has

Member Spotlight

helped us overcome this challenge. We are based in a small community that believes in supporting local businesses.

What's the best thing about being self-employed?

The best thing about being self-employed is the satisfaction of knowing we are making a difference in people's lives with the services we provide. Our Motto is: Art is our joy, our passion, our ambition, our delight, our fun, and our release, and we'd love to share it with you! To God be the glory!

What's the best compliment you've ever received from a customer?

Customers and students have told us on numerous occasions that Bay Arts Center has helped them through some difficult times in their lives. Through creating art and being in a serene atmosphere, they have been able to leave the world and their troubles behind when they enter our door. A specific example is a student of Karen Anne's School of Fine Art who was suffering from depression. Coming to art classes made her happy and gave her relief from her pain. Her doctor actually gave her a prescription to continue art lessons!

Which NASE member benefit is most important to you?

We enjoy all of our member benefits that are provided through NASE, but we are especially grateful for the **NASE Growth Grant program**. Without it, our retail expansion would not have been so successful. It helped us grow and expand our income while expanding our services to our community. ■

Learn More in the NASE Small Business Locator

Learn more about **Bay Arts Center** in the **NASE Small Business Locator** directory, where the company is listed in three categories: **Arts and Crafts: Art School**, **Arts and Crafts: Art Studio**, and **Arts and Crafts: Art Supplier**. You can **add your own company** to the NASE Small Business Locator in up to three categories at no charge – it is a free benefit to NASE members.

GET PUBLICITY FOR YOUR BUSINESS!

Your business could be featured in the *SelfInformed* Member Spotlight or another NASE publication. Let us know you'd like to be featured and tell us more about your business on our **Publicity Form**.



The Securities & Exchange Commission Speaks On CROWDFUNDING

By *Katie Vlietstra*

In 2012, the Jumpstart Our Business Startups Act (JOBS Act) was signed into law to “increase American job creation and economic growth by improving access to the public capital markets for emerging growth companies.”

A key component of the bill was the establishment of formal regulatory rules for raising capital through the increasingly popular “crowdfunding” platform. The bill directed the Securities & Exchange Commission (SEC) to write the rules for the regulatory structure of crowdfunding. The proposed rules, which had been delayed for over a year, were finally released on October 23, 2013. The rules are 585 pages long and will be open for public comment through February 3, 2014.

We remain concerned that the proposed rules may have gone a little too far...

While many key stakeholders had actively engaged with the SEC in advance of the release of the proposed rules, these rules were met with mixed reviews. Groups such as the Consumer Federation of America were hoping that the proposed rules would

protect investors more. The CEO of crowdfunding site Indiegogo felt the new rules were over-burdensome and would negatively impact young companies. However, the CEO of crowdfunding site RocketHub said he would reserve judgment until the rules were ironed out. He believed that if some of the fees were smaller, crowdfunding would still be viable; if the fees were high, a traditional bank loan would be a better option.

The NASE supports accountability on the side of businesses seeking funding and the sites hosting these avenues for funding. Additionally, we recognize that it is also important to have some protection for the investor in the regulations. However, we remain concerned that the proposed rules may have gone a little too far, as is seen in one of the new regulations requiring a company seeking crowdfunding to file annual reports until one of three criteria is met. These criteria are:

1. All of the crowdfunded securities are purchased.
2. The company goes public.
3. The company is shut down and dissolves.

Adding to the burden of small business owners is a requirement for at least two years of financial statements and most recent tax return of the principal executive. If the crowdfunding funds raised reach certain levels, the burden grows as accounting audits are required. Crowdfunding has proven to be a great resource for small businesses looking to grow and a great opportunity for small investors.

We will continue to monitor the conversation, but we hope the SEC realizes that over-burdening and regulating these small businesses and crowdfunding sites is a great disservice to the small business community. ■

Katie Vlietstra is the NASE Director of Government Affairs and provides critical insight to policymakers on issues affecting our nation's self-employed. You can contact her at advocacy@NASE.org.