

# In The LOOP

Your Magazine of Personal Finance

May–June 2015

## Yard Sale Savvy—

How to sell your stuff and make money doing it

## Creating the Perfect Home Office

Make your workspace work for you

## Smart Home Technology—

The future is now

## On the Market—

Maximize your home sale with these strategies

## Bringing Home Baby—

Financial tips for new parents

# From the Firm

**Your home.** It's your sanctuary and often one of your largest investments. It's the place where family congregates and where special memories are made. That's why we're paying special attention to all things related to your residence in this issue.

Inside these pages you'll find many different ideas about how you can enjoy the time that you spend at home more—and ways that you can improve your living space. Plus, our “Yard Sale Savvy” article provides timely tips about maximizing the money you make if you decide to host a yard sale—and clean out some of the clutter that you've accumulated around the house.

From a financial standpoint, moving to a new home (or buying a second one) definitely deserves careful consideration, so check out our tips for making this decision with your finances intact. In addition, we're helping out new parents (and grandparents) tackle some of the key financial considerations related to welcoming a new baby home.

For those who work from home and for those of us who just need a quiet spot to take care of paying bills and other administrative tasks (or to write the next great American novel), our article, “The Perfect Home Office” will prove to be a handy reference.

We hope that you enjoy this issue and that you find it to be a helpful resource.

Sincerely,  
**SCS Consulting**



May–June 2015

# In this ISSUE

## Features

**4 • Yard Sale Savvy** | How to sell your stuff and make money doing it. To help you make sure that your next yard sale is a profitable success, we offer these tips.

**6 • The Perfect Home Office** | Make your workspace work for you. Working from home—or even just taking care of routine administrative tasks for your household can be much more pleasant (and productive) if you have the right home office setup. Consider these ideas to help you create your perfect workspace.

**8 • Smart Home Technology** | The future is now. Are you ready to transform your lifestyle with high tech for your home? This article will help you decide.

**10 • On the Market** | Maximize your home sale with these strategies. Do you think that negotiating a lower selling price is the only way to save money when buying a home? Check out these strategies for reducing the real estate costs of buying a home and you may just change your mind.

## Departments

**2 • From the Firm** | Your home. It's your sanctuary and often one of your largest investments. It's the place where family congregates and where special memories are made. That's why we're paying special attention to all things related to your residence in this issue.

**12 • Life & Living** | Bringing Home Baby: Financial tips for new parents.

**14 • Mind Flex** | Can you guess where these celebrities call home? Long before they graced the red carpets of Hollywood or were known around the world as being at the top of their profession, these stars were growing up in everyday places. Can you guess which star was born in which city?





For many Americans, yard sales are a favorite pastime. For many others, they are a true passion. However, if you are just becoming acquainted with the notion of selling your unwanted household treasures to the general public in your own front yard, you may be wondering if all the work is worth it?

**W**hile the art of a yard sale may seem pretty straightforward, it's the details of timing, pricing, and displays that can make the difference between making a profit and wasting a weekend sitting outside waiting for shoppers who never come. To help you make sure that your sale is a profitable success, we offer these tips.

### **1. Time your sale right**

Research shows that the best day and time to start a yard sale is Saturday at 7 a.m. while some yard sale experts believe that the best day of the week to hold a sale is Friday because this is when most dealers and retired people will come to check out your goods. Many serious yard sale buyers like to start early, so be prepared to be

open for business as soon as the sun is up and plan to close in the late afternoon.

### **2. Market your sale effectively**

The vast majority of yard sale devotees are looking for a deal on high value or gently used items. As such, try to market your sale to appeal to this type of buyer. Calling your sale an "Estate Sale" or

"Moving Sale" can earn you more than "Garage Sale."

To promote your sale the right way, you can preview some items on social media (Facebook and Instagram are great for this) or place ads in local print and online newspapers and on public bulletin boards (be sure to ask for permission). Make sure you tell all of your family, friends, and co-workers as well.

### 3. Remember to use promotional and directional signage

One of the most disconcerting things to a potential yard sale customer is not being able to find the sale. Even with the prevalence of GPS devices, if your address is hard to find, you'll want to place easy-to-read signs (with proper permission, of course) by the major intersections near your home and in your neighborhood. Wait until the day of your sale to put signs up and include the sale's date, time, and directional arrows to its location.

### 4. Employ savvy pricing strategies

According to [moneycrashers.com](http://moneycrashers.com), there are several pricing strategies you can use to make sure you're not stuck with yard sale inventory including:

- The one-third rule: The general rule of thumb when you start pricing items for a garage sale is to go for one-third of their full price.

That means that if you paid \$100 for a coffeemaker, price it around \$30. While this rule might not work for absolutely everything you hope to sell, it's a good starting point.

- Price to the local market: Yard sale pricing depends heavily on geographic location. Some buyers are willing to head into a higher-end neighborhood and shell out a little more for quality items, while

sales in the same area.

- Price slightly high: If you have an exact figure in mind for an item, you might be disappointed when a savvy buyer tries to undercut you. Instead, price items a couple of dollars higher than what you are hoping for. That way, when a buyer makes a low offer, you can come down to your desired price point and make a deal. Then the transaction becomes a win-win.

- Offer some real deals: Yard sale proprietors, like other retailers, can benefit from using loss leader pricing to engage deal seekers. Using buy-one-get-one deals or bundle pricing, especially on books, DVDs, and lots of toys or clothing can motivate shoppers to snap up your stuff.

Although this seems like a given, it is worth noting that one of the best pricing strategies is to make sure that you display prices clearly to avoid frustrating potential buyers and having to answer endless questions about how much things cost at your sale. Use a black marker and a pack of circular stickers from the dollar store to make quick work of labeling. If you have a group of identical items, such as books or coffee cups, post a sign that states how much each one is. It may take some time to price every item, but it will decrease the time you spend haggling with customers. With these tips and a little bit of luck, you'll become a yard sale pro in no time! ■

## SELL, SELL, SELL

### Yard sales by the numbers

**165,000**

Average number of garage sales each week in the US

**690,000**

Average number of people who purchase something at a garage sale each week

**95,000**

Average number of garage sales listed on *Craigslist* each week

**4,967,500**

Average number of items sold at garage sales each week

**\$4,222,375**

Total US weekly revenue from garage sales

**7:00 am**

Best time to start a garage sale

**462%**

Average profit margin when items purchased are resold on *eBay*

others are strictly bargain hunters. Several weekends before your scheduled sale, drive around your neighborhood and take note of how other sellers are pricing items similar to yours. If your prices come in too high, you might get ditched for lower-priced garage

# Creating the Perfect Home Office

Make your workspace work for you.



**W**orking from home—or even just taking care of routine administrative tasks for your household, can be much more pleasant (and productive) if you have the right home office setup. Consider these ideas to help you create your perfect workspace.

## **Remember...It's your office**

The optimal office setup for your personal and business use will depend on you. Your own preferences and the activities that you plan to use your office for should be foremost in your mind when setting up your workspace. If you have limited room, you might choose to set up your office in a bedroom, living room, or kitchen. If you have a basement or an extra bedroom, that space might be ideal. For the sake of productivity, a room that is separate from the regular traffic of your home is the best bet, both aesthetically (no office clutter in your kitchen) and

psychologically (for separation between work and home). Having an office with a door will also help, especially if you work at home on a regular basis. Plus, having a distinct area to conduct business will also help with setting boundaries as far as your work is concerned—both for yourself and for family members who may have trouble remembering that your office is reserved only for certain uses. Lastly, don't hesitate to add decorative touches to your home office to make it inviting and inspiring. After all, the more you enjoy being in your office, the more you're likely to get done.

## **Curtail the clutter**

While a separate office space in your home is certainly ideal, it can also become a clutter magnet with files on the floor, shopping bags on your bookshelves, and other non-essential items that pile up. If you have a smaller alcove or

closet for your office, there's only so much room to store things, so you need to maximize your storage space. In both instances, consider creating a dedicated space such as a storage room in your basement or a closet for your work or personal finance archives. To maximize your in-office storage capacity, look for desks with built-in drawers and shelves and consider purchasing stackable shelving units to expand your office storage vertically.

## **Take time to build the right infrastructure**

In addition to comfort, functionality is the second key to creating a home office that you love. The equipment that you purchase can go a long way toward ensuring that you have the tools you need to accomplish what you need to do in your work space. Generally a desk, a chair, a computer (with a working internet connection),

a printer, and a phone line with voicemail are adequate for telecommuters or the self-employed. You may also need a scanner or several monitors depending on what type of work you do. For those who use a home office for personal or household use, you can likely get away with buying less equipment.

Ensuring that the furniture and technology that you buy and the configuration of it is ergonomically correct is extremely important, especially if you spend hours every day using it. You should also be prepared to handle any breakdowns that may impact your productivity, particularly when it comes to your computer hardware and Internet service. It is a good idea to find an outside support contractor to have at the ready in case of a serious computer malfunction, so you don't waste valuable time working through technical issues.

### **Consider whether you qualify for home office tax deductions**

Depending on your situation, you may qualify for a home office tax deduction. There are several IRS stipulations, however. In order to qualify for the home office deduction, you have to use the space in your home regularly and exclusively for your own business purposes. If you are employed by

someone else and you are a telecommuter or virtual employee, you will not qualify for these deductions.

If you are self-employed and have a home office that is your principal place of business, you can select from two methods of calculating a home office tax deduction. The first is the "regular" method. With this deduction, you must determine

*Ultimately,  
the purpose of  
designating office  
space in your home  
is to help you get  
more work done.*

the actual expenses of your home office such as mortgage interest, insurance, utilities, repairs, and depreciation. The IRS states that, "Generally, when using the regular method, deductions for a home office are based on the percentage of your home devoted to business use." Therefore, if you use a whole room or part of a room for conducting your business, you need to figure out the percentage of your home devoted to business activities. In 2013, the IRS introduced a second and simpler option for claiming a home office tax deduction for tax returns filed in 2014 and beyond. Keep in mind that the IRS

advises, "...the simplified option does not change the criteria for who may claim a home office deduction. It merely simplifies the calculation and recordkeeping requirements of the allowable deduction."

The simplified calculation allows for a standard deduction of \$5 per square foot of home used for business to a maximum of 300 square feet. It also allows for qualified home-related itemized deductions to be claimed in full on Schedule A. There is no home depreciation deduction or later recapture of depreciation for the years the simplified option is used, according to the IRS guidelines.

Remember that your business must be profitable in order to qualify for a home office deduction. Also, your annual tax write-off cannot be greater than your annual business income.

### **An office that works for you is the end goal**

Ultimately, the purpose of designating office space in your home is to help you get more work done—whether it's where you make your main living, work on your side business, or take care of household administrative tasks. Using the tips above, you can start creating the perfect office space—perhaps even use some of this year's tax refund to pay for any related expenses. ■

# Smart Home Technology: The future is now

Are you ready to transform your lifestyle with high tech for your home? If you're curious about how it can help you save time, money, and energy, read on!

**O**ur technology-driven world is evolving at a rapid pace. The vast majority of Americans have adopted smart phones... which begs the question, will smart homes be next?

A smart home is one that uses smart technology, defined by freshome.com as “a way of connecting your home through innovative technology to control and give homeowners ‘on-demand’ access to various systems throughout their home. From video, data, telephone, wireless, security, climate, lighting, and other home lifestyle factors that affect you and

your family's daily life. Smart home technology can help your home run more efficiently while also helping family members live in total comfort while at home or away.”

Although this definition sounds very appealing, you might wonder if making the step from carrying a phone or tablet to using them to control your home's heating and air conditioning while away on vacation is something that we can count on in the near future. It is. Smart technology is becoming more common, and here are some ways that you can use it to make your life easier.

## **Get complete control with one smart technology pad**

Imagine being able to use a simple mobile application on your phone or tablet to control the lights, water, security system, and more in your home. With smart technology, you can. For example, smart technology in your kitchen allows you to control appliances, faucets, and cooktop surfaces. Many smart homes also have a tablet or keypad built into the wall in the kitchen to access other parts of the home. Other homeowners may have the technology built into an appliance such as a refrigerator so they can





access the internet, play music, or can watch television right on the screen set within their refrigerator door.

### **Smart technology helps you save energy and increases safety**

Many smart home technologies can help keep your family safe while also saving you money on utilities such as water and energy. Induction cooktops are one example. They only produce heat when cookware comes in contact with the cooktop surface. This means a safer and more efficient kitchen to work in.

While you may think that a kitchen is one thing and a smart phone activated security system is overkill, if you have school-aged children that come home from school before you return home from work, or if you travel often, it may be something to think about for the future.

### **Relax in the comfort of your ultimate “smart” bathroom**

The application of smart home technology in your bathroom may be the ultimate way to relax—giving you the ability to control your bathing experience while lounging in the tub, as well as changing your shower’s temperature, spray, steam, and lighting at the touch of a button. If you share your bathroom, smart technology can even allow each user to define their favorite settings and have their favorite music piping through sound tile speakers. Plus,

with smart water fixtures that use less water, you’ll be able to control your water bill, too.

### **Monitor cooling and heating usage with smart technology**

Most homes use a lot of energy for cooling and heating. Smart technology can help you control and monitor your energy usage with thermostats such as the Nest learning thermostat. It “learns” your family’s lifestyle and connects to Wi-Fi enabling homeowners to control settings from any internet-enabled smart device.

Register your email and home location to receive monthly energy usage reports so you can see how your usage patterns compare with those of other homeowners in your city.

### **Get ready for your home to increase its IQ**

Many smart home applications are being developed and some are available now in select areas, but they haven’t yet been adapted for widespread residential use. However, it likely won’t be long until they are available for you to implement in your residence. Saving energy, time, and money as you take care of your home and your daily activities—that’s the beauty of smart home technology. If you are considering implementing some of these innovations, it is wise to think about your lifestyle and which amenities would best fit your home and family. ■

Source: freshome.com

## **Don’t Miss These Tax Deadlines**



*Keep these dates handy to avoid paying penalties:*

### **Business Tax Deadlines**

- **March 16, 2015**  
Filing Deadline
- **Sept. 15, 2015**  
Extension Deadline

### **Estimated Quarterly Tax Payment Deadlines**

- 1st Quarter:**  
April 15, 2015
- 2nd Quarter:**  
June 15, 2015
- 3rd Quarter:**  
September 15, 2015
- 4th Quarter:**  
January 15, 2016

### **Individual Tax Deadlines**

- April 15, 2015**  
Filing Deadline
- Oct. 15, 2015**  
Extension Deadline

### **IRA Contribution Deadline:**

**April 15, 2015**

Please visit  
[www.tax.gov/calendar](http://www.tax.gov/calendar)  
for additional information.

# On the Market: Maximize your home sale with these strategies

Do you think that negotiating a lower selling price is the only way to save money when buying a home? Check out these strategies for reducing the real estate costs of buying a home and you may just change your mind.

**T**he smartest home sellers know that holding out for a too-high price will result in a property that sits on the market for months and then, eventually sells for less than the asking price. Pricing a home appropriately for today's market is essential for a sale, but homeowners can also find other ways to increase their profit margin, even when selling at a reduced price.

Rather than focusing entirely on the price, sellers should look at

the bottom line: Their net profit. Home sellers typically pay the commission of the real estate agents involved on both sides of the transaction. While commissions vary by agency and location, in general they are about five or six percent of the sale price or about \$12,000 on a \$200,000 home. Each real estate agent will typically earn about three percent, splitting the overall commission. One of the easiest ways to keep more of the profit from a home

sale is to find a way to pay lower fees. Check out the following tips to help you reduce your out-of-pocket costs when selling your home.

## **Negotiate your realtor's commission**

Every home seller should interview at least three real estate agents before choosing someone to list their home. As part of the interview process, don't be afraid to ask for a discount on the commission. While some sales agents



will agree to the reduced commission, others won't. A lot depends on the price range of your home and how quickly and easily the agent believes it will sell. The more you know about your own market and how to price your home, the easier the agent's job will be.

### **Consider working with a reduced-fee real estate agent**

Several national discount real estate brokerages have opened in recent years, including ZipRealty, which connects local home sellers and agents but offers a reduced fee for sellers and also keeps the buyer's agent commission at the standard market rate, which saves approximately 25% of the overall commission fees paid by the seller. Actual fees vary by market conditions, but these companies and other discount brokerages can save sellers thousands of dollars in fees while still providing full services to their customers.

### **Look at flat-fee listing services**

While some homeowners want to sell their home on their own and are confident they can handle showing the home and negotiating with potential buyers, they may be concerned about marketing their home to buyers and to real estate agents. Flat-fee listing services allow homeowners to have their property placed in the Multiple Listing Service (MLS) used by

realtors. Listing your home on the MLS exposes it to real estate agents working with buyers who may be interested in the property, and will usually include placing the home on real estate websites visited by potential buyers. Other than the fee of a few hundred dollars, the sellers only pay the commission of the buyer's agent.

### **Go it alone: For sale by owner (FSBO)**

Homeowners can also choose to sell their home completely on their own, creating their own marketing materials, advertising, showing the home, and negotiating terms. A wide range of services are available for FSBO sellers, including flat-fee MLS listings, access to real estate agents for advice, and websites with FSBO listings—all at various fees. If you work with a real estate agent, the seller can negotiate the terms of the sale, but generally will need to pay the buyer's agent commission.

### **Dual agency sales may reduce realtor commission fees**

Dual agency refers to a scenario in which the same real estate agent represents both the buyer and the seller. In some states, dual agency is illegal; in others, agents must disclose this relationship with both parties. If your listing agent works with buyers and sells your home to someone he is already

working with, this could be an opportunity to request a discounted commission since this one agent is earning the entire commission. One drawback of the dual agency situation is that it can be difficult for the real estate agent to fairly represent the interests of both the buyers and the sellers.

In addition, a real estate agent may be less interested in showing your home to her buyers if she knows she will earn a lower commission on that transaction. It's best to discuss the possibility of dual agency when signing on with a listing agent to be sure you both understand the ramifications of this type of situation.

### **The bottom line for home sellers**

If you choose to reduce your real estate commission fees, be aware that you may find yourself selling your home for less than you would with a traditional real estate agent. It is advisable to carefully weigh the pros and cons of working with a real estate agent and to evaluate your local market, especially before you decide to sell on your own. Make sure you have the time and ability to handle some of the home-sales tasks, such as showing the property, negotiating, and checking out the buyer's ability to finance the purchase before making your decision. ■

Source: Investopedia.com

# Bringing Home Baby: Financial tips for new parents

One of the sweetest moments in life is often bringing a new baby home. It can also be one of the most stressful experiences as well—especially for first-time parents who worry about the baby's health and safety. Then there's the added costs of providing all of the necessities that a baby needs and future thoughts about the real costs of bringing up a child, both

of which can add to the stress of new parenthood.

While worry is intrinsic to parenthood, money worries can be alleviated with some careful planning and budgetary discipline, in most cases. New parents should consider the following information as they modify their household budget and long-term financial plans in light of their new arrival.

## **Know your numbers**

There really is no singular number for how much money you need to raise a child, but the U.S. government estimates that a middle-income family will spend more than a quarter of a million dollars to raise a child born in 2010 until he or she is 17. The true cost of child rearing varies widely depending on parents' income, savings, and



goals for their children. Consider what your goals are for your child and take a look at the big financial picture in the short and long term. This will help you gain perspective on how much money you really need to earn to cover regular expenses and save for the future.

### **Create a savings cushion**

If you haven't done it before the arrival of your child, building a safety cushion of six to nine months of savings is important to do when you bring your baby home. This will give you some contingency funds in case you or your partner lose your income, or help in the transition from two incomes to one income if you decide that one parent will stay at home with baby.

### **Budgets may be boring... but they work**

While food and clothes don't cost much for infants, other expenses such as increased health insurance premiums, childcare, and diapers can really add up—especially in the first year. It's essential to get a handle on what your monthly expenses are so you don't fall into debt.

### **Got life insurance?**

Planning for the long-term security of your family should include a contingency plan for mortgage and education costs in case tragedy strikes, such as the death of a parent. As such, life insurance

*In the next 15 years, the cost of sending a child to a public four-year college in America is expected to be approximately \$250,000.*

is highly recommended for new parents. Figuring out how much you need to pay off your mortgage and put your child(ren) through college can help you estimate how much life insurance you need.

### **Prioritize your retirement savings**

While having a baby changes your perspective and priorities, financial experts advise that parents should not shortchange

their own retirement saving to meet the needs of their children—even for college tuition. Putting money away for your retirement is critical during your peak earning years. When it comes time for college, you can always make up for a shortfall with student aid, scholarships, or possibly a home-equity loan.

### **Save for college as early as possible**

While retirement should take precedence on your savings priority list, that doesn't mean that you should ignore college savings altogether. In the next 15 years, the cost of sending a child to a public four-year college in America is expected to be approximately \$250,000. If your new parent stress level just went up a notch, breathe. Just start saving early, even if it is a small amount. Over the course of 18 years, money you put in qualifying education accounts, such as a 529 College Savings Plan account will compound, providing at least a nice starter fund for your college-age children (as well as providing an annual tax break for you). ■



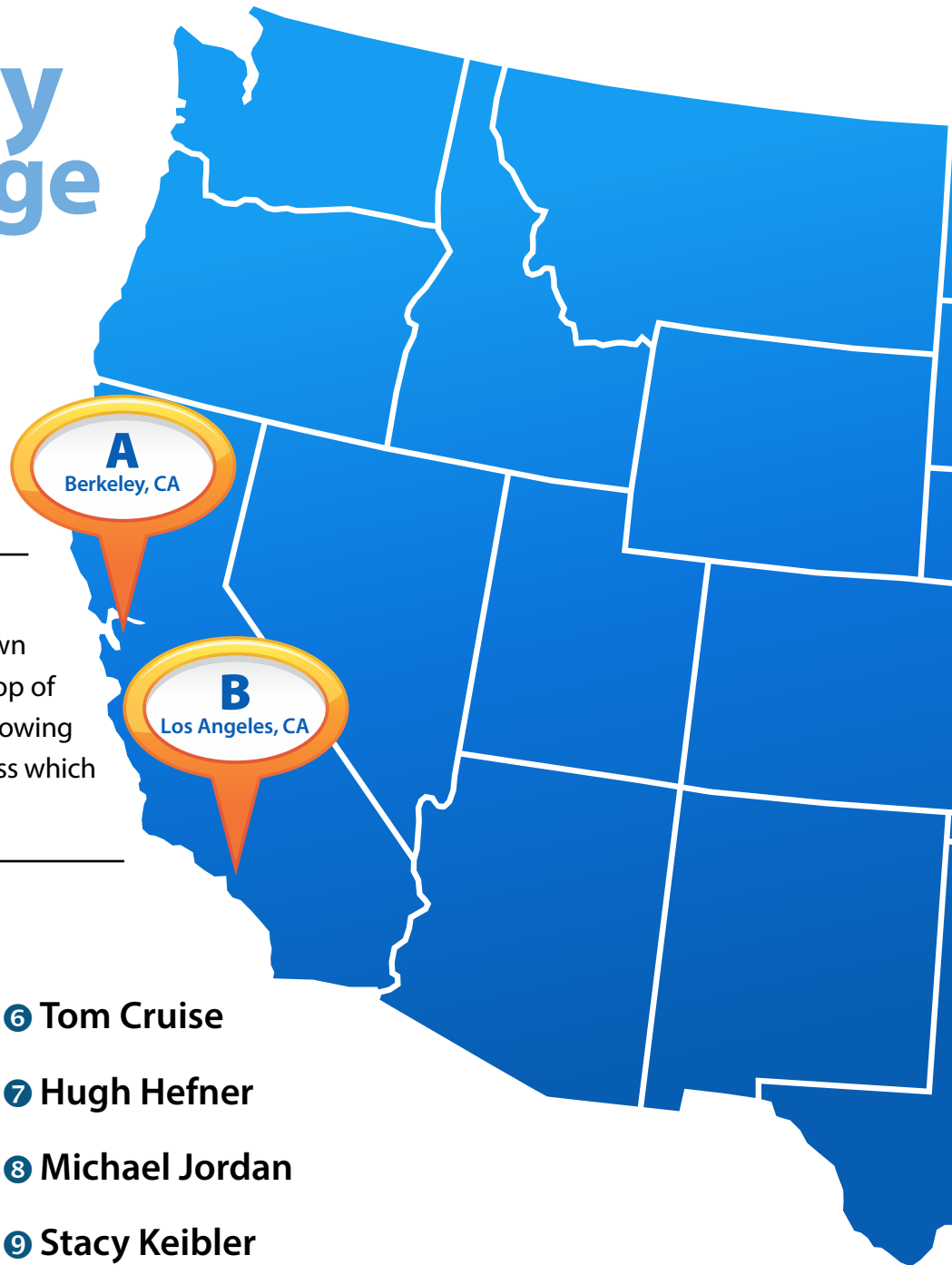
## Test Your Celebrity Knowledge

Can you guess  
where these  
celebrities call  
home?

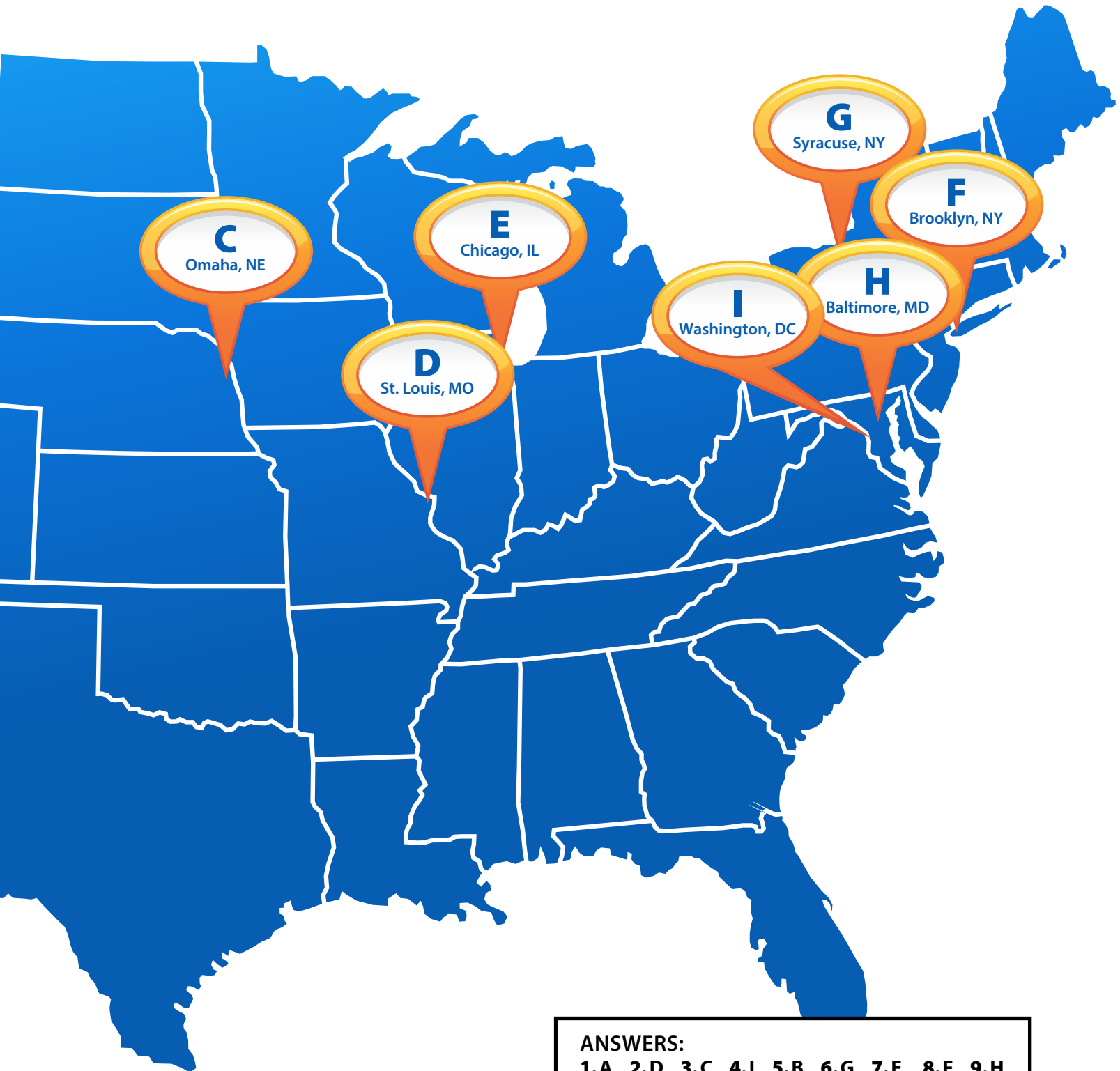
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Long before they graced the red  
carpets of Hollywood or were known  
around the world as being at the top of  
their profession, these stars were growing  
up in everyday places. Can you guess which  
star was born in which city?

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- 1 Ben Affleck
- 2 Maya Angelou
- 3 Warren Buffett
- 4 Stephen Colbert
- 5 Angelina Jolie
- 6 Tom Cruise
- 7 Hugh Hefner
- 8 Michael Jordan
- 9 Stacy Keibler



**ANSWERS:**  
**1.A 2.D 3.C 4.I 5.B 6.G 7.E 8.F 9.H**

# Where do you find Trust?

When it comes to your financial strategies and well-being, your most trusted advisor is found where skill meets integrity.

From your monthly business financial management, to your tax strategies and planning, our firm has the knowledge and commitment to keep your best interests at the crossroads of our relationship.

And for the other important aspects of your business and personal life, we can introduce you to a referral network of trusted experts who can help.

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