Tax-Saving Tips for Self-Employed Childbirth Educators

Nayna Campbell Philipsen, RN, PhD, JD, LCCE

NAYNA PHILIPSEN is a practicing attorney in Baltimore, Maryland, and is associated with the State of Maryland's Department of Health and Mental Hygiene. She is also a health educator at St. Agnes Hospital in Baltimore.

Abstract

A self-employed childbirth educator asks for advice on how to reduce her end-of-the-year tax payments. The answer includes some general advice and four specific suggestions that may help a small-business owner save money on taxes.

Journal of Perinatal Education, 8(3), 38–39; *tax deductions, self-employment, childbirth educators.*

Question: I just paid my taxes and want to find ways to reduce them next year, probably like everybody else. As a Lamaze teacher with a five-figure income, I want to remain self-employed. Do you know of any new suggestions for saving on my taxes?

Answer: Your question reflects a very common concern. Many small businesses operate as sole proprietors (self-employment) for tax purposes, like you do. It is a good idea for you to re-examine tax changes every year. If you have an accountant, ask him or her about items that you learn about and whether they could apply to you. Some of the newer items to consider:

1. *Home Office Deductions.* Home office deductions are an area that many childbirth teachers should reconsider. In the recent past, home office deductions were quite restricted and many accountants told clients not to use them even if they might qualify. In 1997, Congress expanded the opportunity to deduct a home office. It must be used exclusively and on a regular basis for your employment. Do you have a room from which you arrange all

Note: "Ask a Lawyer" answers are not official Lamaze International positions and are not intended to substitute for consulting with your own attorney. Nayna Philipsen welcomes your questions. Please send them to "Ask a Lawyer," Lamaze International, 1200 19th Street, NW, Suite 300, Washington, DC 20036-2422 or via email to naynamom@aol.com.

Lamaze activities, sell products, maintain displays and supplies, hold classes, etc.? If so, this deduction may be allowed.

2. *Purchasing Property.* In 1999, under Section 179 of the Internal Revenue Code (IRC), you can “expense” some property that you used to have to depreciate over time. “Expense” means that you can deduct the total cost from your 1999 taxes (but not more than you earned that year).
3. *Retirement Plan Updating.* Laws defining your retirement planning options seem to change almost as often as the stock market. Notice about the availability of the Roth IRA has been rampant in the past two years. You may have seen what looked like a Roth IRA ad every time you got your mail or went into your bank! Nevertheless, I have to remind you that, as a self-employed person, you probably should put as much into a Roth IRA as you can each year. An IRA can be opened at places other than your bank, too. If you are comfortable with some risk, call your broker.
4. *Local Tax Benefits.* Remember to inquire about tax changes on the state or local level that can

benefit you. For example, do you have children who may go to college some day? In Maryland, you could participate in the Prepaid College Trust fund. Contributions are deducted from state taxes, and in-state tuition cost is guaranteed. Or, do you live in an urban zone that has received a federal grant to promote local businesses? As a childbirth educator, you may qualify as a local business! If so, you should ask for a list of the benefits of maintaining a business in your neighborhood and how to apply for them.

One way to keep on top of some of these issues is to become active, both with your local Lamaze International Professional Chapter and with local business associations. You could suggest that your chapter host a speaker on tips for small businesses at one of your meetings. Your community likely has a number of organizations supportive of small proprietors. Groups of other women in business can be especially helpful on many issues relevant to self-employed educators, like taxation, economic opportunities, advocacy, and resources. You might well call today and find that they have a seminar on taxation issues scheduled for next week!

Guidelines for Authors

Manuscripts and correspondence should be addressed to: Sharron S. Humenick, Editor; *The Journal of Perinatal Education*; VCU—School of Nursing; P.O. Box 980567; 1220 East Broad Street; Richmond, VA 23298-0567.

Categories of invited manuscripts include “practice-ready” articles, including review articles; **perinatal issues articles** and questions for the “Ask a Lawyer” column; **obstetrical practice articles** which describe non-invasive and physiological approaches to childbirth and feature exemplary maternal-newborn services; **clinical research articles** with implications for perinatal education (these typically include an introduction, literature review, methods, results, discussion, and implications for practice); **letters to the editor** of 300 words or less; and **creative submissions** such as poetry, photos, drawings.

Manuscripts should be submitted in triplicate and double-spaced with 1½-inch margins. Pages should be numbered and manuscripts limited to 15 pages. Reference lists, tables, and figures should be typed on separate pages. A signed form agreeing to the transfer of copyright of the article to Lamaze International (see <http://august.uwyo.edu/perinatal/Journal/Journal%20Frame.htm>) should be mailed with the manuscript, along with a 3.5-inch IBM formatted disk that contains a copy of the manuscript (please identify the word processing program). Photographs and artwork are encouraged with submitted articles.

Format—Provide a title page with the author or authors’ full names, degrees, and academic or professional affiliations; an abstract of up to 75 words; and three to five key words.

Style—The journal follows American Psychological Association (APA) format. This style should be used for all manuscripts.

Kay's Perinatal Crossword Puzzle JPE 8,3

ACROSS

2 Matching ___ with needs influences the experience of parents. (Stainton-JPE 8,3)

5 Aim of Lundgren's study was to describe women's experience of _____. (Lundgren-JPE 8,3)

6 By year 2050, the Hispanic population will make up 24.5% of the population of _____. (Nadathur-JPE 8,3)

11 Lundgren's study at Sahlgrenska University Hospital was in what country? (Lundgren-JPE 8,3)

12 Process of _____ can be used by educator to awaken memories to weave into context. (Polomeno-JPE 8,3)

13 This author teaches _____ massage to expectant parents and grandparents. (Polomeno-JPE 8,3)

16 ABC stands for Alternative _____ Care. (Lundgren-JPE 8,3)

18 Theme of 2nd trimester was "meeting something ____". (Lundgren-JPE 8,3)

20 Interviewers asked each parent to provide _____ words that described their pregnancy, labor, and infant. (Stainton-JPE 8,3)

21 Theme of 1st trimester was "meeting one's _____ situation. (Lundgren-JPE 8,3)

22 Grandparents could not wait to try techniques after film on infant _____. (Polomeno-JPE 8,3)

24 A culturally relevant program is essential in teaching _____ couples. (Nadathur-JPE 8,3)

25 Slow _____ encourages a rocking motion that eases the baby down the birth canal. (Nadathur-JPE 8,3)

27 Finding points of _____ interests during introduction of grandparents helps group find common ground. (Polomeno-JPE 8,3)

28 This study's aim was to determine if contemporary postbirth _____ had universal needs. (Stainton-JPE 8,3)

DOWN

1 The strengths of the _____ model of care are the handling of complications. (Lundgren-JPE 8,3)

3 Grandparents with swimming pools cherished being taught _____ techniques. (Polomeno-JPE 8,3)

4 Family-centered postpartum care may not meet specific _____ of contemporary parents. (Stainton-JPE 8,3)

7 Medical model caregivers may fail to attend to mother's _____ and psychological needs. (Lundgren-JPE 8,3)

8 Because grandparents discussed their own _____ issues, blood pressure checks were offered at break. (Polomeno-JPE 8,3)

9 Theme of 3rd trimester was "preparing for the ____". (Lundgren-JPE 8,3)

10 To _____ their own physical health, light stretching was done by participants. (Polomeno-JPE 8,3)

14 Hispanic passive learning style is very different from _____ philosophy. (Nadathur-JPE 8,3)

15 Pregnancy can be described as a _____, a transition, and a transformation to motherhood. (Lundgren-JPE 8,3)

17 _____ Lamaze is the Spanish version of *Lamaze Parents Magazine*. (Nadathur-JPE 8,3)

19 Passing baby equipment as visual aids around class makes learning more _____. (Polomeno-JPE 8,3)

23 12 women kept _____ to express experiences during their pregnancies. (Lundgren-JPE 8,3)

26 Grandparenting sessions included audiovisual & written materials and _____ dynamics approach. (Polomeno-JPE 8,3)

By Kay Raheja, RN, FACCE

(See solution on page 42.)