ACCOUNT STRUCTURE & MONEY FLOW

1. Income (collections from patients and insurance) is deposited into your business checking account.
2. Business expenses are paid from your business account. Your **net income** equals #1 minus #2 (collections minus business expenses). Taxes are paid based on your net income.
3. Money taken out for personal use is your draw. By flowing your personal draw into your personal savings and investment accounts rather than your personal checking, you make the money "harder" to spend. With a low balance in your personal checking account, you are forced to "transfer funds each time you want to spend which hopefully gives you an opportunity to decide if the expense is really a priority.
4. Tax money is saved into the tax savings account (a separate dedicated account) as a percentage of total draw every time a personal draw (#4) is taken out of the business account. You need to save for income tax based on your current net income. Estimated taxes are paid based on prior year's taxes. Your total draw (#3 plus #4) is a good approximation of net income.
5. Money transferred to use or replenish cushion account.
6. Money saved for long-term accumulation on a regular basis