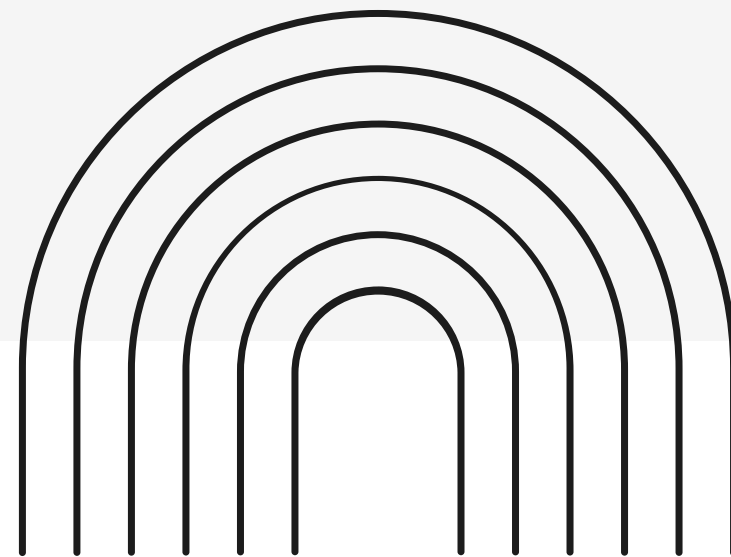


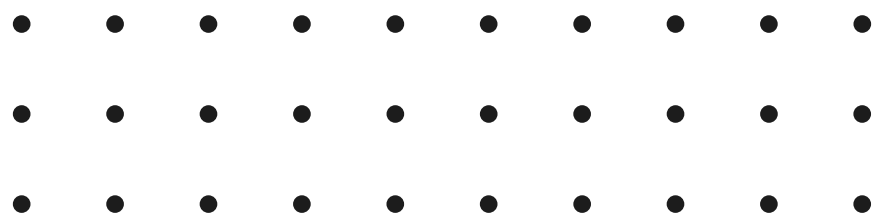
# FINANCIAL HEALTH & TAX SAVINGS

*Strategies for Interior Designers*

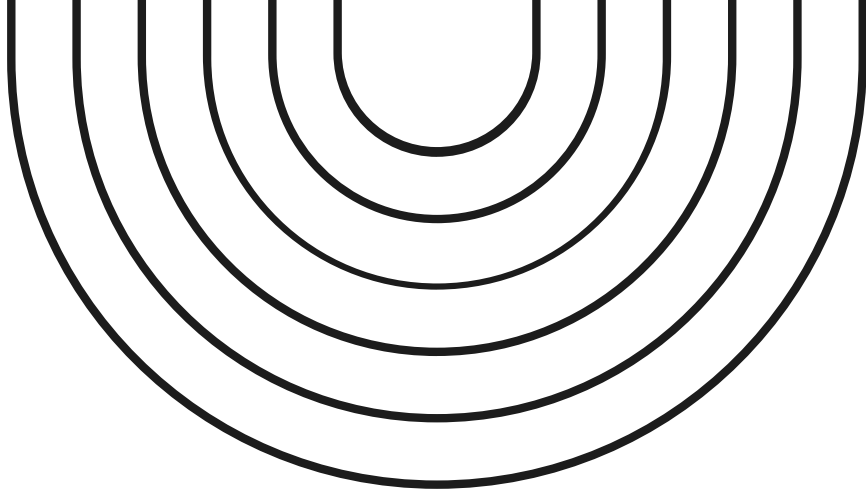


# MEET TERESA

**Teresa A. Ferruzzo, CPA,** is a partner at abip with 30+ years of experience supporting small businesses, interior design firms, and families with disabled loved ones. Known for her approachable style and dedication, she combines deep expertise with genuine care to guide clients toward lasting financial success.



# AGENDA



**01.** MARKET & ECONOMIC  
TRENDS

**02.** KPIS & BENCHMARKS

**03.** FEE STRUCTURE &  
MARKUPS

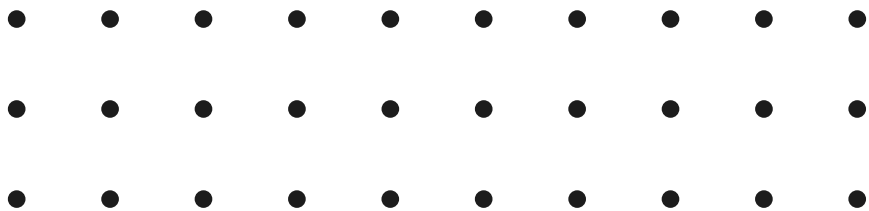
**04.** ONE BIG BEAUTIFUL BILL:  
TAX SAVINGS

**05.** ADVANCED TAX  
PLANNING STRATEGIES

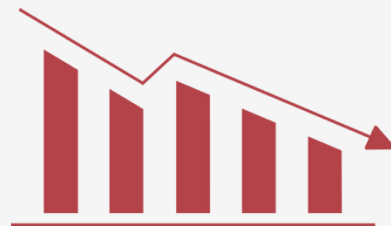
**06.** QBI SWEET SPOT &  
SOCIAL SECURITY CAP

**07.** STUDIO DESIGNER

**08.** Q&A



# 2025 MARKET & ECONOMIC TRENDS

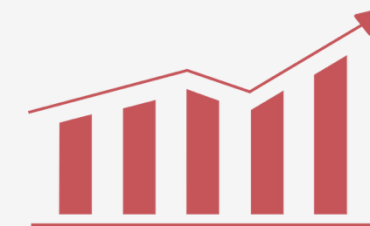


Houston design market  
slightly down.



Drivers:

- High interest rates
- Slower housing starts
- Material & freight inflation



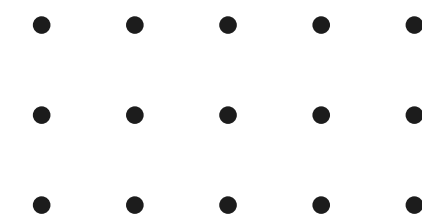
Expect rebound late 2025  
into 2026.

# KPI BENCHMARKS

*Houston, 2025*

Metric	Target/Typical Range
Billable Utilization	65-80%
Hourly Billing Rate	Junior \$100-150   Mid \$150-225   Senior \$225-350+
AR Days	30-45 (Stretch Goal <30)
Overhead as % Revenue	25-35%
Procurement COGS	40-60% of Revenue
Gross Margin (Services)	55-70%
Inventory Turnover	4-8X





# COMPARING FEE STRUCTURES



## FLAT FEE

Predictable,  
good for defined  
scopes.

## HOURLY

Good for variable  
scope, protects  
designer.

## HYBRID

Flat for design  
phase + hourly  
for extras.

## OUT-OF-SCOPE

Always define out-  
of-scope work and  
bill extra.

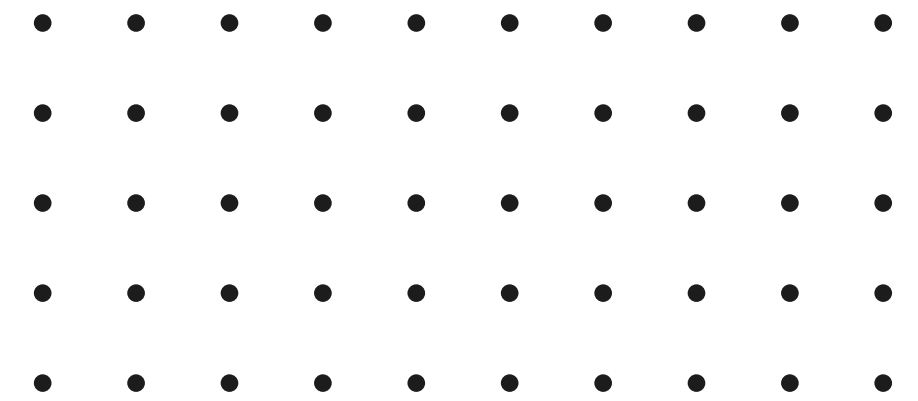
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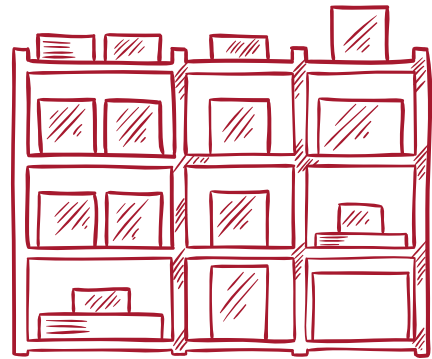
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# MARKUPS & LOGISTICS BEST PRACTICES



## Furniture/Lighting

30–40% markup typical (some Houston decorators 15%).



## Warehouse/Storage

10–20% handling fee.



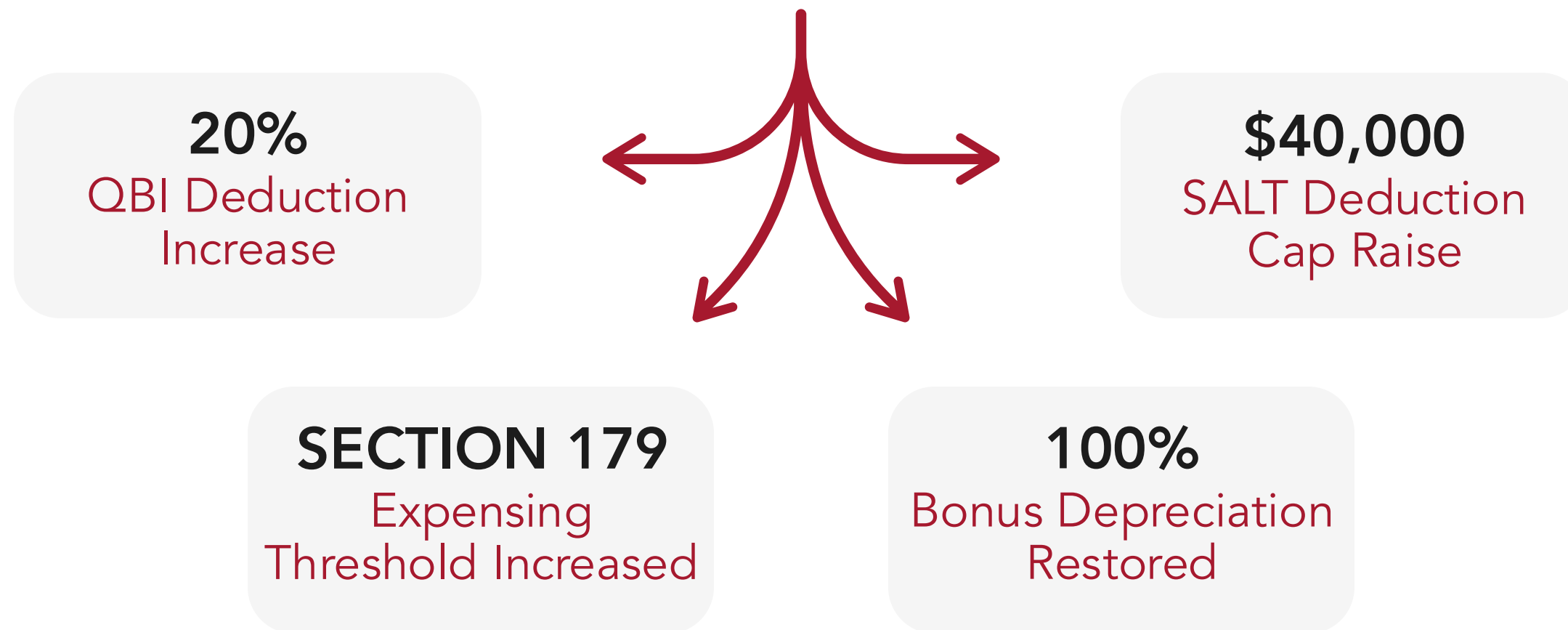
## Installation

Markup or supervision fee to cover risk.

*Be transparent to build trust with clients. Educate and have a conversation upfront with clients about receiving, inspection, and storage fees.*

# ONE BIG BEAUTIFUL BILL

## TAX SAVINGS



### **Expanded Small-business Credits (CHOICE arrangement credit).**

Instead of paying full premiums you can set a defined amount.  
Contributions are deductible plus a credit.



# DEPRECIATION & EMPLOYEE BENEFITS

## Designer Impact

### Student Loan Repayments

Up to \$5,250 per employee  
tax-free (permanent).

### Expanded Deduction Limits

Section 179 & bonus depreciation  
for improvements.

### No Tax on Overtime/Tips

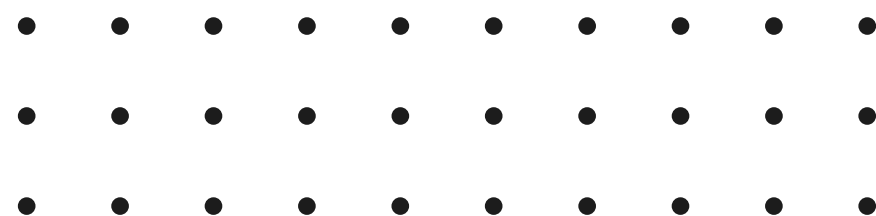
New deductions for hourly  
staff & showroom teams.

### Planning Point

Consider benefit strategy  
(bonus, health plans, and  
retirement) to retain staff.

# ADVANCED TAX PLANNING STRATEGIES

- Max retirement contributions (Solo 401(k), SEP, Cash Balance)
- Optimize S-Corp salary to hit QBI sweet spot
- Defer/accelerate income and expenses strategically
- Deduct more for employee health via CHOICE arrangement and get credit
- Meet with CPA quarterly to avoid surprises



# QBI 199A DEDUCTION

## Finding the Sweet Spot

*Example: S-Corp Designer with \$250k net business income:*

### HIGH SALARY

**\$200k**

Small QBI deduction  
\$10,000

### BALANCED SALARY

**\$120k**

Larger QBI deduction  
\$26,000

### VERY LOW SALARY

**\$40k**

Largest QBI deduction  
\$42,000  
*Audit Risk*

### Goal:

Optimize salary to maximize QBI while staying IRS-compliant.

# SOCIAL SECURITY CAP & SALARY PLANNING

- 2025 wage base: \$176,100 2026 \$183,600
  - Social Security tax 6.2% stops above this.
- Salary above cap only pays Medicare tax 1.45%, cheaper payroll tax.
- Consider setting salary near cap for optimal balance of QBI deduction and compliance.
- Owner draws should always be lower than your salary if you are S-Corp due to IRS rules for reasonable compensation.







# STUDIO DESIGNER SOFTWARE

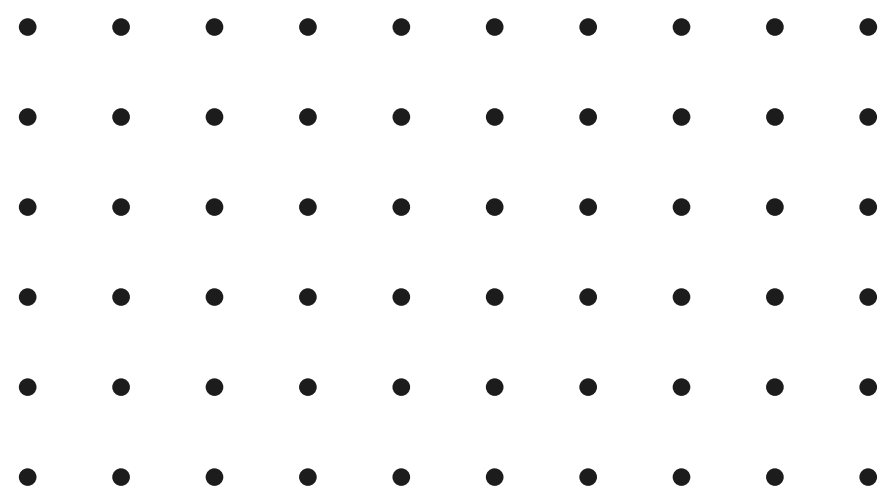


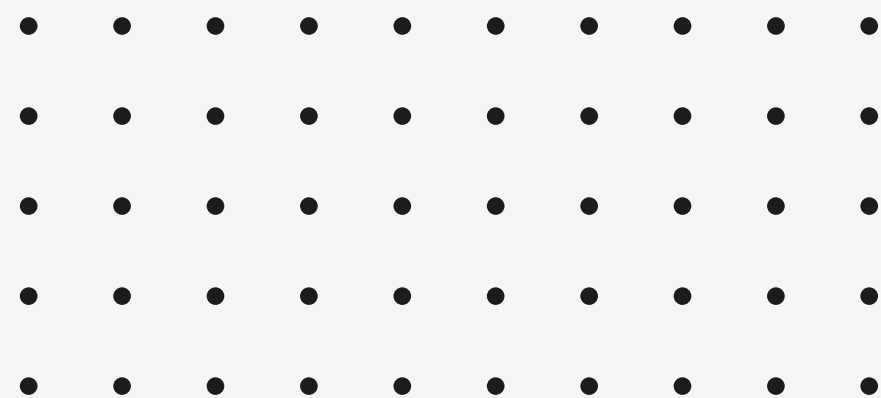
## BEST SOFTWARE

Matches your revenue with the expense by item. Accrual basis and best way to analyze your financials.

## CPA NEEDED

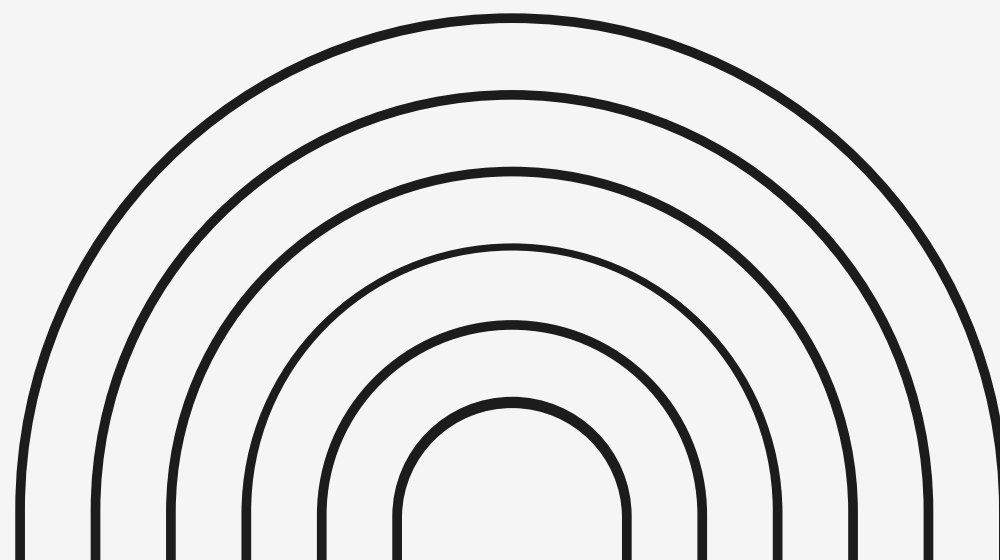
Difficult modules that require CPA are usually inventory, re-selections, bank and credit card reconciliation, credit and returns.





# THANK YOU

Do you have any questions?



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