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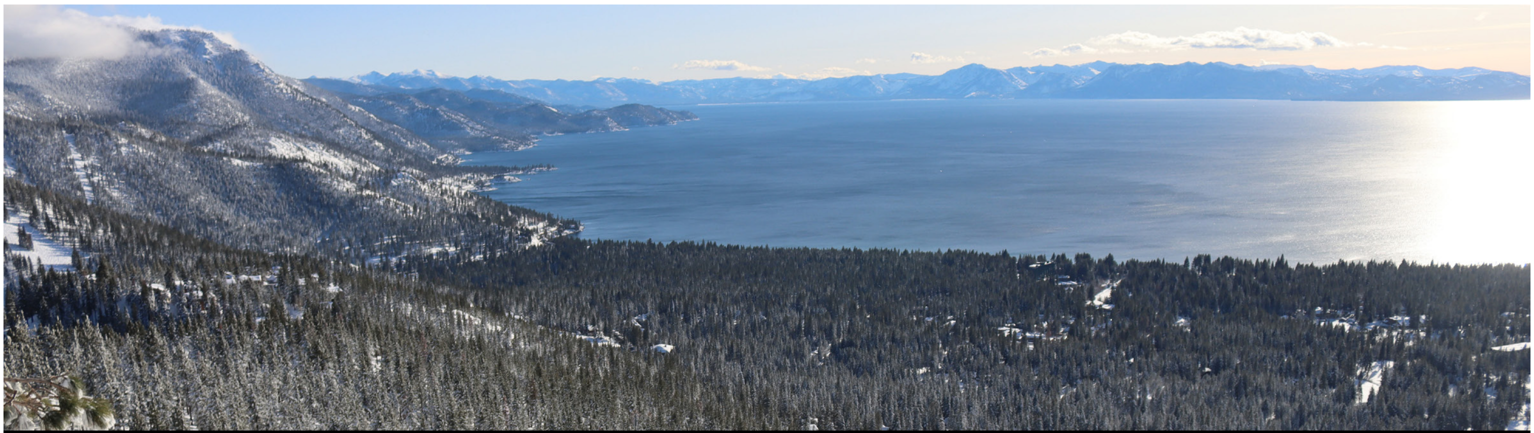
Financial Planner 2025



Simplicity In A Complicated World

We live in a complicated world, or at least that is the common belief of many. In my experience I can say that this does not have to be the case. We don't need to surrender to the chaos.

We instead can choose a simpler path, with a clearer understanding.

For example, take this newsletter. There are a plethora of different tax law changes; however, not all of them apply to any one of us. We each have different financial outlooks and individual scenarios.

Focusing on those items which are relevant to your particular situation is what keeps your stategies on the rails. Therefore, keeping focus is important.

This means not letting the mania of the masses, and all of the noises outside get in your way. When we have patience, the ability to focus follows and this can lead us to financial security.

I've discovered that if I can focus on the task at hand, I can accomplish so much more than trying to do everything all of the time.

We don't expect you to require professional help with all of your financial endeavors, especially with the tools that are at hand in today's world.

If you have the time and a straightforward income, you may be better off adding much of your tax preparation to your do-it-yourself list. In the case where complexity creeps into your taxes or financial decisions, then my firm is available to assist you. It's our goal to bring simplicity to a complicated world. We look forward to being a resource to you for your tax and financial questions and needs.

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Avoiding Fiscal Overwhelm

When doing tax and financial planning you may follow a thought process and reflect on what has been done in the past, and what may require your attention now. If you know that you have paid enough payments to satisfy your current federal tax requirements, you have successfully utilized cash as a resource to avoid paying the government more than it should receive (while avoiding a penalty). You can then check that box off.

On the other hand, if you owe when you file, then you must pay it. If you have a substantial amount owed whereby you break your safety net, then that is a problem. Those are unpleasant surprises. Next time we would want to get ahead of it and know what to expect.Document any substantial increases in income expected for the following year when you provide your current year tax information (> 110%).

If you know how much you need when you enter the adventure of retirement, then you can simply revisit that budget on an annual basis and measure it against your retirement income schedule. If you are ahead that's a good place to be. If you are behind, then take a moment and make some decisions to right the ship. This is simple enough, but sometimes discipline eludes us.

If you have your estate plan in place, then you should revisit it when changes occur. These are important things we can control and therefore deserve our focus. I think if we are trying to discover whether AI will replace us as human beings or if the dollar will no longer be the world's currency we lose focus.

We don't want to lose focus. I know all too well that losing focus interrupts our daily lives and as a consequence our future lives suffer. Instead, we want to keep our focus on plans to enhance our future lives.

POST-RETIREMENT PLANNING PHASE

- Should not assume cost of living in retirement will be significantly less versus working years
- Budget management: Work on your spending plan
- Living longer means preparation for inflation is critical
- Need to realize above average investment returns
- Work part-time

PLANNING TIPS RELATED TO MINOR CHILDREN

- Guardians and wills: A will is legal document appointing a guardian
- Review beneficiary designations on IRAs, 401Ks & other tax qualified accounts
- Life and disability insurance; will help protect you or your spouse's income in the event of death or disability. Disaster relief up to $22,000
- Establish a Trump IRA account receive $1000 seed contribution for child born 2025-2028

End Of Year Tax Strategies

As year-end approaches, now is the ideal time to review your financial picture and take steps to capture available tax savings. With new tax legislation, economic shifts, and evolving personal circumstances, thoughtful planning can make a meaningful difference. Our goal is to help you navigate these changes with confidence and position yourself for financial success in the year ahead. Here you'll find a summary of key tax law changes, important deadlines and actionable planning ideas. Whether you're looking to maximize deductions, plan for retirement or address life changes, we're here to provide guidance and support every step of the way.

New temporary deductions for tips, overtime, car loan interest and seniors
For 2025-2028, you may be eligible for new deductions: up to $25,000 of qualified tips; up to $12,500 ($25,000 joint) of overtime premium pay; up to $10,000 of interest on loans for new, U.S. assembled vehicles; and an additional senior deduction of up to $6,000 if you are age 65 or older available to those who itemize or claim the standard deduction. Each deduction is subject to income phase-outs and specific eligibility rules. If these deductions are applicable to your situation, we can help you maximize these benefits.

Charitable contribution planning
With changes coming in 2026 to the charitable deduction, it will be important to review your plans to discuss the best timing and structure for your charitable giving. There are many tax planning strategies we can discuss with you about charitable giving.

• Consider donating appreciated assets that have been held for more than one year, rather than cash. You benefit from a deduction for the fair market value (FMV) of your appreciated stock and avoid taxes on capital gains from the appreciation.
• Opening and funding a donor advised fund (DAF) is appealing to many as it allows for a tax-deductible gift in the current year and the ability to distribute those funds to charities over multiple years.
• Qualified charitable distributions (QCDs) are another beneficial option for those over age 70 ½ who don't typically itemize on their tax returns. A QCD counts toward your required minimum distribution (RMD) and is excluded from taxable income, especially valuable if you do not itemize deductions.

It is essential to maintain proper documentation of all donations, including obtaining a letter from the charity confirming that no goods or services were provided in exchange for donations of $250 or more.

Energy tax credits and green incentives
Many federal energy credits, including those for new and used clean vehicles, solar panels and energy efficient home improvements, have expired or are set to expire soon. If you are considering such purchases or upgrades, we can help you determine if your purchases will still qualify.

Estate and gift tax planning
The federal estate and gift exemption will increase to $15 million per person ($30 million per couple) for transfers after Dec. 31, 2025, with future inflation adjustments. The annual gift exclusion for 2025 and 2026 is $19,000 per recipient. These changes may present new planning opportunities for wealth transfer and estate planning. Please contact us to review your estate plan in light of the changes.

Reviewing Your Retirement Plans

We recommend you review your retirement plans at least annually. That includes making the most of tax-advantaged retirement saving options, such as traditional individual retirement accounts (IRAs), Roth IRAs and company retirement plans. It is also advisable to take advantage of health savings accounts (HSAs) that can help you reduce your taxes and save for medical-related expenses.

Here are a few more important tax and financial planning items to consider and discuss with us:

- Life changes — Let us know about any major changes in your life such as marriages or divorces, births or deaths in the family, job or employment changes, starting a business and significant expenditures (real estate purchases, college tuition payments, etc.). These events often create both tax and planning opportunities.
- Capital gains and loss harvesting — Consider tax benefits related to using capital losses to offset realized gains. Selling underperforming assets before year-end can help manage taxable income.
- Education planning — Save for education with Sec. 529 plans. There can be income tax benefits to do so, and there have been changes in the way these funds can be used. We can help you with any questions.
- Updates to financial records — Determine whether any updates are needed to your insurance policies or beneficiary designations.
- Required minimum distributions (RMDs) — You cannot keep retirement funds in your account indefinitely. RMDs are the minimum amount you must annually withdraw from your retirement accounts once you reach a certain age (generally age 73). Failure to do so can result in significant penalties.
- Roth IRA conversions — Evaluate the benefits of converting your traditional IRA to a Roth IRA to lock in lower tax rates on some of your pre-tax retirement accounts.
- Estimated tax payments — With underpayment interest rates currently at 7% for federal, it is a good idea to review withholding and estimated tax payments and assess any liquidity needs.

Selling Your Home In Retirement Is Common

Selling your home in retirement is common. Many retired people find their current home is too large, lacks necessary features or isn't laid out to accommodate their mobility needs.

Others find they can sell their current home for more than a suitable replacement home will cost, providing them with extra cash flow in their retirement. While your CPA will help review your needs and make suggestions, there are a few items to keep in mind when considering selling your home.

- Is it your primary residence?
- If selling a primary residence, have you lived and owned in the home for more than two of the five years before your sale?
- Did you sell another property within the past two years for which you claimed a primary residence exclusion?

Answers to these questions and others will help your CPA determine if you'll be exposed to any taxes when selling your home. In general, single individuals may exclude up to a $250,000 capital gain on the sale of a primary qualifying residence, while married couples filing jointly may exclude up to $500,000 of capital gain.