



**LAMBERTY, PYLE
& ASSOCIATES LLP**
CERTIFIED PUBLIC ACCOUNTANTS

Online Advisor – February 2025

Upcoming dates:

February 14

- Valentine's Day

February 17

- Presidents' Day

Reminders

- Organize filing records (1099s, 1098s, W-2s, etc.)

- Begin tax planning for 2025

Some people avoid filing their tax return as long as possible because, well, anything dealing with taxes just isn't fun. Other people don't file right away because they know they owe a lot...and want to postpone making that big payment.

In this month's newsletter, read about several reasons why it might actually make sense to file your tax return early. Also learn what to do if you get a tax document with incorrect information.

Also in this edition are several fire survival tips and some ideas for how teenagers can keep down the cost of their future college tuition.

Please pass this information on to anyone that may find it useful and call if you have any questions or concerns.

When to Consider Filing Early

The tax filing season for 2024 tax returns is now officially open per the IRS. So when is the best time to file your tax return? Sometimes it makes sense to delay filing as long as possible, but on other occasions an early filing of your return makes more sense. Here are some of the more common reasons to get your return done as soon as possible.

- **To get your refund.** There's no reason to let the government hold onto your funds interest-free, so if you think a large return is coming your way, file as soon as possible. While legislation delays receiving refunds for tax returns claiming the Earned Income Tax Credit and the Additional Child Tax Credit until after February 15th, the sooner your tax return is in the queue, the sooner you will receive your refund.
 - **To minimize fraud risk.** Once you file your tax return, the window of opportunity for tax identity thieves closes. These thieves work early during the tax filing season because your
- Lamberty, Pyle & Associates LLP | 901 CAMPISI WAY, SUITE 380, CAMPBELL, CA 95008
cpa@cpasllp.com | 408-879-9990 | 408-879-0992 | www.cpasllp.com



**LAMBERTY, PYLE
& ASSOCIATES LLP**
CERTIFIED PUBLIC ACCOUNTANTS

paycheck's tax withholdings are still in the hands of the IRS. If thieves can file a tax return before you do using your Social Security number, they may be able to steal these withholdings via a refund that should have gone to you!

- **To avoid a dependent dispute.** One of the most common reasons an e-filed return is rejected is when you submit a dependent's Social Security number that has already been used by someone else. If you think there is a chance an ex-spouse may do this, you should file as early as possible.
- **To deliver your return to someone who needs it.** If you are planning to buy a house or anticipate any other transaction that will require proof of income, you may wish to file early. This is especially important if you are self-employed. You can then make your filed tax return available to your bank or other financial institution.
- **To beat the rush.** As the April 15th tax filing deadline approaches, the ability to get help becomes more difficult. So get your documentation together and schedule a time to get your tax return filed as soon as you can. It can be a relief to have this annual task in the rearview mirror.

Whatever your situation, ensure your filing experience is a planned event. The closer to the filing date, the more stressful your experience could become. So plan accordingly!

Help! My tax form is wrong!

You may receive a tax document with incorrect information. You may also discover that a tax form you're expecting was never delivered. Here are several situations you may encounter with incorrect information and what you can do about it.

- **Situation:** You receive a tax document with wrong personal information, such as an incorrect Social Security number.

What you can do: *Immediately contact the company that sent you the tax document and ask that the information be corrected. If it's your Form W-2 with wrong information, ask your employer for a corrected W-2 (Form W-2C, Corrected Wage and Tax Statement).*

- **Situation:** You disagree with the amount of wages or income reported on a tax form.

What you can do: *Contact your employer and ask for a corrected W-2 (Form W-2C, Corrected Wage and Tax Statement). If you do not receive the corrected W-2, you should report the incorrect amount as noted on the W-2 to avoid an IRS correspondence audit AND then correct the amount on your tax return.*



**LAMBERTY, PYLE
& ASSOCIATES LLP**
CERTIFIED PUBLIC ACCOUNTANTS

This is especially important because if the W-2 information is not corrected, you will not get Social Security credit for any missing wages you earned. If this happens to you, make sure your employee record is corrected as soon as possible.

- **Situation:** The business that issued your tax document went out of business and you can't locate the owner.

What you can do: *You are required to report all your income, whether or not you receive information forms (W-2s or 1099s) from the parties who paid you. You'll have to reconstruct your income and income tax withholding based on your paycheck stubs or other documents.*

Make sure your income is also properly reported on your account with the Social Security Administration, as your future benefits could be negatively impacted if they aren't properly reported by your employer. According to the IRS, you should contact the IRS and a representative will record a W-2 complaint on your behalf.

- **Situation:** You never receive a tax document that you were expecting.

What you can do: *If you don't receive a Form W-2 or Form 1099-R (for retirement distributions) by the end of February, you can call the IRS at 800-829-1040 for assistance. Be sure to have your employer's name and address, along with your name, address and Social Security number, before calling.*

- **Situation:** You receive a missing or corrected tax document after filing your return.

What you can do: *You may need to file an amended tax return to include the missing tax document or if the dollar amount on the corrected tax document is significantly different from what you reported on your tax return.*

Remember that when you receive these informational tax forms to immediately review them for accuracy. The best way to get them corrected is early detection.

Fire Survival Starts with a Family Escape Plan

The recent wildfires in California forced thousands of families from their homes with little to no warning. If you ever find yourself in a similar situation where you need to evacuate your home with only a moment's notice, having an escape plan mapped out ahead of time could potentially save your life, as well as some of your belongings.



**LAMBERTY, PYLE
& ASSOCIATES LLP**
CERTIFIED PUBLIC ACCOUNTANTS

Learn from the experts

Conduct a review of your situation now. Here are links to three great resources:

- American Red Cross - Learn how your family can prevent home fires and escape from a home fire in 2 minutes
- American Red Cross - Learn how to keep your family and home safe during a wildfire
- National Fire Prevention Association

Install and maintain equipment

This includes smoke and carbon monoxide alarms and proper fire extinguishers all in the proper places and all in working order. Remember to test them according to the recommendations by the manufacturer and fire prevention experts. This may be monthly or even weekly. Take special note as to the date of installation, as older detectors are preset by the manufacturer to expire. When this happens you will hear an annoying beep. Your only recourse is to change out the expired equipment.

Be prepared with fire knowledge

The top causes of home fires are cooking, heating, electrical, smoking, and candles. Knowing this, you can reduce the risk of fire by creating an awareness trigger when engaging in these areas. For example:

- Know how to handle different types of cooking fires both inside and outside.
- Know where shut off valves are for gas.
- Unplug when not using electrical devices.
- Never smoke inside.
- Only buy candles enclosed in glass.

Have an escape plan and practice it!

When a fire from within your house occurs, you have two minutes to get out. Create a plan, provide two methods of escape, and practice the plan every six months. Know where you are going to meet so everyone is accounted for after you exit. This is especially important for kids as they may need to escape without your help. Also think about overnight guests and grandkids at sleepovers. This is where reviewing plans from experts can help.

Get out. Stay out. Call for help.

Make this your mantra when in the midst of a fire emergency.

Review this *I wish* list.

Hindsight is 20/20, especially when it comes to fires. Here are some tips from those who have gone through it. *I wish...*



**LAMBERTY, PYLE
& ASSOCIATES LLP**
CERTIFIED PUBLIC ACCOUNTANTS

- ***I had a go bag.*** This is a small bag of essentials stored in your bedroom to grab if you need to leave in a hurry. It contains a change of clothes, coats, or other emergency items for the kids.
- ***I had a good inventory.*** After the fire, you are going to spend a significant amount of time with insurance adjusters. Periodically review your policy and develop an inventory of your household items. Take videos, document models and ages of major appliances, autos, other equipment, and valuables.
- ***I had a 'where to go' plan.*** If you cannot return to your home, where will you stay? How will you pay for it? Figure this out ahead of time.
- ***I had a remote backup of my computer and phone.*** Remote backups can be invaluable in getting you back up and running.
- ***I had an emergency fund.*** It will take a while to get your life back in order. What if you need to take time off from work? Having 6 months of emergency funds can make all the difference as you recover from a fire.

The purpose of this article is not to act as an expert in fire safety, but rather to help generate awareness in this often overlooked subject. If, however, you need expert advice with your financial and tax affairs as you navigate this or other disasters, please call for help.

High School Students! Here's How You Can Make College More Affordable.

With the cost of college rising rapidly, it can be overwhelming to think about how to pay your way through school for either yourself or your kids. Fortunately, saving hundreds, or even thousands, is possible. Teenagers can help keep down the cost of their future college tuition by taking the following classes and exams while in high school:

- **Advanced Placement (AP) classes** and exams provide the opportunity for high school students to take college-level classes at their high school and an exam at the end of the school year. Many colleges will accept AP credits as placement and/or college credit. Most will accept a passing grade of 3, but some universities may require a score of 4 or 5 to earn college credit. (AP exam scores range from 1 to 5.)
- **College Level Examination Program (CLEP) tests** also offer the opportunity to earn college credit by passing an exam. However, instead of taking a class, you must study on your own and schedule an exam at a testing center when you're ready. CLEP exams receive a score between 20 and 80. A score of 50 is typically the passing score to obtain college credit, but



**LAMBERTY, PYLE
& ASSOCIATES LLP**
CERTIFIED PUBLIC ACCOUNTANTS

each university sets its own requirement. It is important to note that while many colleges accept CLEP credits, some top schools do not.

- **Dual enrollment classes** allow high school students to take college courses at a local college or university and earn both high school and college credit. You must be a high school junior or senior to qualify for the program. Dual enrollment credits are widely transferable.

Cost of Exams and Potential Savings

AP exams cost around \$100, while CLEP tests cost \$93 plus an additional administrative fee while dual enrollment programs pay for tuition, fees and books. According to the College Board, the average cost of a 3-credit class at a four-year college ranges from \$1,200 to \$4,500, meaning for each 3-credit class you test out of, you save hundreds—potentially thousands—of dollars!

Additionally, earning college credit in high school can enable you to finish college in less than four years. Just make sure that when you're choosing a college, you pay attention to whether or not the schools accept AP and/or CLEP exam scores as credit.

Aiming for Financial Goals as a Couple

Financial goals make it possible for you and your partner to work toward achieving your dreams. Here are several action items to create – and achieve – financial goals as a couple:

- **Start talking sooner rather than later.** Finances can be hard to talk about. People sometimes feel guilty about debt or ashamed that they don't make more money. More than that, many people consider money to be a private thing that shouldn't be discussed with others.

However, the first step to setting financial goals as a couple is to start talking. And the sooner you start talking with your partner, the better prepared you'll be to make positive financial decisions. Saving for a big purchase, for example, takes time and planning. Having a discussion early on gives you more time to start saving.

- **Agree on your goals.** Once you're talking about your finances, you'll want to agree on your goals. Would you like to pay off your credit card debt? Save for a big family vacation? Have more of a financial safety net?

After you've agreed on what you'd like to achieve, start talking about how you'll work together to achieve it. The best financial plans require both partners to contribute to the financial goal – whether that means each agreeing to contribute monthly to a savings account or cutting back on personal spending.



**LAMBERTY, PYLE
& ASSOCIATES LLP**
CERTIFIED PUBLIC ACCOUNTANTS

- **Keep the conversation going.** Plans need maintenance to succeed. That means continuing to talk about them, and checking progress on a regular basis. It's important for both partners to know all the numbers, even if one partner is the primary manager of the finances.

Scheduling a regular financial conversation is one way to keep you and your partner on track to achieving your goals. This financial date night is a good way to ensure that things are proceeding as planned. It's an opportunity to check in and adjust the numbers accordingly.

With open communication and commitment from both partners, you'll be well on your way to reaching your financial goals.

Simple Ideas to Help Your Small Business

Here are several ideas to help your business grow and thrive this year.

- **Understand your cash flow.** One of the biggest causes of business failure is lack of understanding cash flow. At the end of the day, you need enough cash to pay your vendors and your employees. If you run a seasonal business you understand this challenge. The high season sales harvest needs to be ample enough to support you during the slow, non-seasonal periods.

***Recommendation:** Create a 12-month rolling forecast of revenue and expenses to help understand your cash needs.*

- **Know your pressure points.** When looking at your business, there are a few big items that drive your business success. Do you know the top four drivers of your financial success or failure? By staying focused on the key drivers of your business, success will be easier to manage.

***Recommendation:** Look at your most recent tax return and identify the key financial drivers of your business. Do the same thing with your day-to-day operations and staffing.*

- **Inventory matters.** If your business sells physical products, you need a good inventory management system. This system doesn't have to be complex, it just needs to help you keep control of your inventory. Cash turned into inventory that becomes stuck as inventory can create a major cash flow problem.



**LAMBERTY, PYLE
& ASSOCIATES LLP**
CERTIFIED PUBLIC ACCOUNTANTS

Recommendation: *Develop an inventory system with periodic counts to ensure you do not have shrink or theft issues. These periodic counts can help identify when you need to take action to liquidate old inventory.*

- **Know your customers.** Who are your current customers? Are there enough of them? Where can you get more of them? How loyal are they? Are they happy? Several large customers can drive your company's growth or create tremendous risk should they take their business to a competitor.

Recommendation: *Know who your target audience is and then cater your business toward them and what they are looking for in your offerings.*

- **Know your point of difference.** Once you know who your target customer is, understand why they buy your product or service. What makes you different from other businesses selling a similar item?

Recommendation: *If you don't know what makes your business better than others, ask your key customers. They will tell you. Then take advantage of this information to find new customers.*

- **Develop a great support team.** Successful small business owners know they cannot do it all themselves. Do you have a good group of support professionals helping you? You need accounting, tax, legal, insurance, and employment help, along with your traditional suppliers.

Recommendation: *Conduct an annual review of your resources. Be prepared to review your suppliers and make improvements where necessary.*

Sometimes focusing on a few basic ideas can help improve your business's outlook. Please call if you wish to discuss your situation.

As always, should you have any questions or concerns regarding your tax situation please feel free to call.

This publication provides summary information regarding the subject matter at time of publishing. Please call with any questions on how this information may impact your situation. This material may not be published, rewritten or redistributed without permission, except as noted here. This publication includes, or may include, links to third party internet web sites controlled and maintained by others. When accessing these links the user leaves this newsletter. These links are included solely for the convenience of users and their presence does not constitute any endorsement of the Websites linked or referred to nor does LAMBERTY, PYLE & ASSOC., LLP have any control over, or responsibility for, the content of any such Websites. All rights reserved.