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Online Advisor – January 2025

Upcoming dates:

January 15

- 4th quarter installment of 2024 estimated income tax is due for individuals,

January 20

- Martin Luther King Jr. Day

Begin tax filing for 2024

- Organize tax documents (W-2s, 1099s, 1098s and other records)
- Schedule tax appointment for document drop off or meeting

Begin tax planning for 2025

- Create a budget
- Adjust your withholdings
- Rebalance investment portfolios

January marks the official beginning of the 2024 tax filing season. Informational tax returns will start pouring in, so too will the bad players trying to take advantage of the unwary taxpayer. So be on the alert for possible tax identity theft. Now is the time these bad players are most active.

This month's focus is on the new year. Traditionally a time for new year's resolutions, each article chosen is a different angle on approaching the new year. Whether it is getting prepared for the upcoming filing season, or a new year review of your retirement savings plan, now is a great time for review and goal setting.

There is even an article on suggestions to help prepare the financial future of young loved ones and a list of areas that could use an annual check up. Enjoy!

Creating a Financially Savvy Family

As part of our new year issue, why not include some ideas to help those around us set themselves up for a great financial future. This article focuses on ideas to help create financial savvy children and grandchildren. It's never too late to impart your wisdom. Here are some age-relevant suggestions to help develop a solid financial IQ:

- **Preschool** – Start by using dollar bills and coins to teach what the value of each is worth. Even if you don't get into the exact values, explain that a quarter is worth more than a dime



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and a dollar is worth more than a quarter. From there, explain that buying things at the store comes down to a choice based on how much money you have (you can't buy every toy you see!). Also, get a piggy bank to start saving coins and small bills.

- **Grade school** – Consider starting an allowance and developing a simple spending plan. Teach them how to read price tags and do comparison shopping. Open a savings account to replace the piggy bank and teach them about interest and the importance of regular saving. Have them participate in family financial discussions about major purchases, vacations and other simple money decisions.
- **Middle school** – It is time to connect work with earning money. Start with activities such as babysitting, mowing lawns or walking dogs. Open a checking account and transition the simple spending plan into a budget to save funds for larger purchases. If you have not already done so, now is a good time to introduce the importance of donating money to a charitable organization or church.
- **High school** – Introduce the concept of net worth. Help them build their own by identifying their assets and their current and potential liabilities. Work with them to get a part-time job to start building work experience, or to continue growing a business by marketing for more clients. Add additional expense responsibility by transferring direct accountability for things like gas, lunches and the cost of going out with friends. Introduce investing by explaining stocks, mutual funds, CDs and IRAs. Talk about financial mistakes and how to deal with them when they happen by using some of your real-life examples. If college is the goal after high school, include them in the financial planning decisions. Tie each of these discussions into how it impacts their net worth.
- **College** – Massive debt often occurs during this period. So focus leaning on borrowing money and all its future implications. Explain how credit cards can be a good companion to a budget, but warn about the dangers of mismanagement and not paying the bill in full each month. Discuss the importance of their credit score and how it affects future plans like renting or buying a house. Talk about retirement savings and the importance of building their retirement account.

Knowing about money — how to earn it, use it, invest it and share it — is a valuable life skill. Simply talking with your children about its importance is often not enough. Find simple, age-specific ways to build their financial IQ. A financially savvy child will hopefully lead to a financially wise adult.

It's Tax Preparation Time!

Tips to Organize your Tax Records



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January officially launches the tax season. As those tax forms start coming in, here are some tips to help you stay organized to make filing your tax return efficient and with the least amount of potential stress:

- **Gather your tax documents.** Create a list of expected tax forms and then mark them off as they are received. This includes W-2s, 1099s, K-1s, and other statements from your employer, business, brokers, banks, or other sources. If you notice any errors, promptly contact the issuer to request corrected copies.
- **Stay organized.** As you gather your documents, designate a specific spot to keep everything together. Consider scanning the documents to store them digitally on your computer, or take photos with your phone as a backup. Missing paperwork is one of the most common reasons for delays in filing tax returns.
- **Mark important deadlines.** Make and keep your tax filing appointment in mind. While April 15 is the normal filing deadline, your deadline could vary depending on business returns and your tax appointment. But also keep April 15th in mind—it's the deadline for filing your 2024 individual income tax return. It is also the due date for submitting gift tax returns, contributing to a Roth or traditional IRA for 2024, and paying the first installment of 2025 individual estimated taxes. Set reminders in your calendar to stay on track.
- **Know business tax deadlines.** If you're involved in a partnership or an S corporation, remember that business tax returns are due by March 17th. For calendar-year C corporations, the deadline is April 15th.
- **Review your mileage logs.** If you're claiming mileage for business, moving, medical, or charitable purposes, ensure your logs are complete, accurate, and up to date. Review and total them to avoid discrepancies.
- **Check your child's tax requirements.** Your child might need to file a 2024 income tax return. Typically, a return is required if their earned income exceeds \$14,600 or if their investment income (e.g., dividends, interest, or capital gains) is more than \$1,300.
- **Maximize IRA and HSA contributions.** You can still make contributions for 2024 to your IRA or HSA until April 15th or the date you file your return, whichever is earlier. The 2024 IRA contribution limit is \$7,000 (or \$8,000 if you're age 50 or older). For HSAs, the maximum is \$4,150 for single taxpayers and \$8,300 for families.
- **Plan for an extension if needed.** If you anticipate needing an extension, you must calculate your estimated 2024 tax liability. Even with an extension, you'll need to pay any taxes owed by April 15th to avoid penalties and interest.

By following these steps, you can simplify the tax filing process and avoid unnecessary stress as deadlines approach.



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Plan Your Retirement Goals for 2025

Consistent with our new year's theme of starting the new year out on a great financial footing, one cannot overlook planning for your retirement future. Now is a good time to review your alternatives and plan to take full advantage of programs available to you and your family. Here are some ideas.

- **Maximize your employer retirement benefit.** The first place to start is to look to see what your employer offers in the way of retirement benefits and ensure you are taking full advantage of those benefits. So if your employer offers matching contributions, now is a great time to double check that you're contributing enough to your 401(k) to take full advantage of this benefit. Matching contributions are essentially free money that can significantly boost your retirement savings over time.
- **Leverage new catch-up contribution limits.** One of the most significant updates for 2025 is the increased catch-up contributions for certain retirement accounts. For 401(k), 403(b), and SIMPLE IRA plans, individuals age 50 and older can contribute additional amounts beyond the standard annual limit. There's also now a supersized catch-up contribution limit if you're age 60 to 63.
- **Re-evaluate your investment portfolio.** Consider reviewing your portfolio regularly or consulting with a financial advisor to ensure it aligns with your retirement timeline and risk tolerance.
- **Explore Health Savings Accounts (HSA).** If you're enrolled in a high-deductible health plan, an HSA can be a valuable tool for retirement planning. Contributions are tax-deductible, growth is tax-free, and withdrawals for qualified medical expenses are also tax-free. After age 65, you can use HSA funds for non-medical expenses, though these withdrawals will also be taxed like regular income.
- **Consider opening an IRA.** Many employees maintain employer-provided plans without realizing they could also establish a traditional or Roth IRA. Use this time to review your situation and see if these additional accounts might benefit you or someone else in your family.
- **Automate your savings.** Consistency is key when it comes to retirement savings. Consider setting up automatic contributions to your retirement accounts to ensure you're consistently saving.

The best way to take advantage of increases in annual contribution limits is to start early in the year. Remember many tax beneficial retirement plans have annual limits. If you do not max out your annual opportunity, that year's unused limit is gone forever.

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Creating a New Year Financial Review

Some great ideas to consider

Now's the perfect time to review your financial health and set yourself up for success in 2025. The following checklist can help you organize your goals, identify areas for improvement, and make informed decisions about your money.

- **Calculate your net worth.** Add up all your assets (savings, investments, property and other valuables). Then subtract your liabilities (what you owe others) from these assets to calculate your net worth. Then compare this figure to last year's net worth. This measurement can provide valuable insights into your financial progress. If your net worth has decreased, identify the contributing factors and create a plan to address them.
- **SMART your goals.** Establish your financial goals and then define them using the SMART process: specific, measurable, achievable, relevant, and time-bound. Whether your goal is saving for a home, planning a vacation, or paying off debt, break your goals into actionable steps with clear deadlines.
- **Identify hidden spending traps.** Review your spending habits. Compare your total income with your expenses to identify areas where you overspent. Look for patterns and consider categories where you can reduce costs in 2025. For example, small adjustments like dining out less frequently or finding more affordable subscription options can add up over time.
- **Build up or top off your emergency fund.** An adequately funded emergency account is crucial for your financial health. Assess your current emergency fund balance, aiming to save three to six months worth of expenses.
- **Give your insurance policies a check-up.** Review your existing policies, including health, life, home, auto, and disability insurance. Consider whether your coverage meets your current needs and then adjust limits or add coverage for any new circumstances. Common examples include starting a family or purchasing a home.
- **Set up quarterly money check-ins.** Schedule regular financial reviews throughout the year to evaluate your progress toward your goals and to address unexpected hurdles you encounter. These check-ins provide an opportunity to adjust your budget, update your goals, and celebrate milestones, such as paying off a credit card or reaching a savings target.
- **Invest in your education.** Invest in your financial knowledge. Read books, attend workshops, or follow reputable financial experts to stay informed about money management best practices. Knowledge is a powerful tool for achieving financial independence.



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- **Look for tax-saving opportunities.** There are a number of ways to lower your taxable income and qualify for tax deductions and tax credits for any and all taxpayers!

By taking these steps, you'll be well on your way to making 2025 a year of financial success. Remember, small, consistent actions can lead to significant progress over time.

Capture and Share Your Family Traditions

Family traditions are a powerful way to connect generations, preserve cultural identity, and create a sense of belonging. Here are some ideas to capture and share your own family traditions.

Record classic family recipes

Food is many times at the heart of family traditions, with recipes handed down from one generation to the next. Here's how to capture your family's time-honored recipes:

- **Document the process.** Don't forget to include personal notes—such as Grandma always uses fresh basil from her garden — to give the recipes context and personality.
- **Photo and film.** Taking pictures of the finished dish or videos of someone cooking can bring recipes to life and make them easier to replicate.
- **Compile a family cookbook.** A printed or digital cookbook can serve as a central repository for all your family's culinary traditions. Consider including stories or photos that accompany the recipes.

See your parents and grandparents as walking libraries

Your parents and grandparents are living repositories of history and tradition. Here's how to make the most of their knowledge:

- **Conduct an in-person interview.** Sit down with your parents or grandparents to ask about their childhood, family traditions, and personal memories. Consider recording a video of your conversation.
- **Explore stories beyond words.** Pay attention to the way they do things—whether it's how they sew a button, braid hair, or prepare a traditional remedy. Ask them to elaborate on a particular part of a story or anecdote.
- **Create a memory archive.** Transcribe stories, gather old photographs, and preserve keepsakes. Tools like digital storage platforms can help you organize and share this archive with the wider family.

Use extended family gatherings

Family reunions or holiday gatherings are perfect opportunities to collect information and memories from a broader group of relatives. Here are some ideas for these gatherings:



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- **Host a storytelling session.** Encourage family members to share their favorite stories, jokes, or anecdotes. Record these sessions to capture the voices and expressions that make them special.
- **Collaborate on projects.** Set up a group activity like creating a family tree, sorting through old photographs, or sharing heirloom items. This can spark conversations and uncover hidden gems of family history.
- **Crowdsource contributions.** Ask relatives to bring a piece of family history to the gathering, whether it's a recipe, photo, or story. Use these contributions to enrich your documentation.

Pass down family skills

Skills and crafts passed down through generations are a unique part of any family's heritage. Whether it's woodworking, knitting, or gardening, these abilities create a bridge between you, your parents and grandparents:

- **Learn by doing.** Spend time with the family member who holds the skill and learn directly from them.
- **Host workshops.** Organize family workshops where the skill can be taught to interested members. These sessions can be recorded for future reference.
- **Document the process.** Create detailed instructions, diagrams, or videos to accompany the skill, ensuring it's accessible even to those who couldn't learn in person.

Capturing and sharing family traditions is more than preserving memories, it's also about creating a legacy of connection.

Small Business: Keep Your Customers Coming Back

Happy, satisfied customers are essential to the health of every business. Increasing competition, online review opportunities, and unlimited access to information up the ante on the importance of quality customer service. Here are some tips to help your business thrive by meeting and exceeding your customers' expectations:

- **Understand your customers and their needs.** As best you can, put yourself in your customers' shoes and hone in on the need they are trying to meet with your product or service. Understanding their core need will help you with delivery timelines and provide a clear picture of what it will take to ensure they are satisfied enough to come back.
- **Set clear goals and expectations.** Once you understand their needs, be clear and transparent regarding the process to deliver your product or service. Set realistic goals and



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discuss potential delays and pitfalls. Your customers will appreciate the honesty and may even be more understanding if things don't go according to plan.

- **Communicate, communicate, communicate.** Keeping your customers from feeling in the dark is imperative to their satisfaction. Be proactive in your communication. The more forms of communication, the better — phone calls, text messages, emails and social media messages. Even if everything is going according to schedule, regular progress messages will help them feel at ease.
- **Go the extra mile.** Put in the extra effort to go above and beyond what your customers are expecting. At the end of the day, you want your customers to feel like they get what they pay for, and more. If a problem arises with a product or service, show them you care by prioritizing and resolving the situation. If it makes financial sense, consider adding something of value to leave a positive impression.
- **Add an authentic, personal touch.** In a world full of social media bots, augmented reality and alternative facts, authenticity goes a long way. Showing your customer you care builds trust and loyalty that leads to repeat business and referrals. Birthday greetings, holiday cards and customer appreciation events can show your customers they mean more to you than just revenue.

When times are busy, it can be easy to focus on the work and not the customers. Hold on to these tips as a reminder to keep your customers' needs a top priority.

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

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