

CLIENT UPDATE

PRACTICAL TAX & FINANCIAL ADVICE

The unexpected benefits of

DOODLING

Ever catch yourself mid-call with the doctor or your internet provider, only to hang up and find your notepad full of squiggles, stars, and mystery objects? No, you weren't just zoning out...you were doodling!

You may have dismissed these spontaneous little sketches your hand makes while your brain is deep in thought, but your doodles often have a surprising secret life. Here are three unexpected perks of letting your writing tool of choice wander around.

Boosting your memory

Doodling isn't just a mindless habit — it's a memory booster in disguise. Think back to your days as a student, frantically jotting down notes during class. Sure, those scribbles helped you study late into the night, but part of the magic was in the act itself — writing things down can help wire

them into your brain. Doodling works the same way. It transforms what you're hearing into visual cues, helping your mind remember the important stuff. It's like your pen is quietly highlighting things your brain wants to remember.

Sharpening your focus

Doodling might be your secret weapon for staying on task. In a Harvard Medical School study led by psychologist Jackie Andrade, 40 people listened to a dull 2.5-minute voicemail (riveting stuff!), and guess what? The ones who doodled remembered nearly 30% more than those who didn't. Why? One theory: doodling keeps just enough of your brain busy to stop it from drifting off into daydream land, so the rest of your mind can stay in tune. It's like mental noise-canceling — with a pen.

Relieving your stress

Doodling is like a mental exhale. Unlike drawing something specific, there's no plan, no pressure with doodling — just your pen or pencil doing its thing. That's the beauty of it. When your brain's juggling a dozen to-do's and overthinking every little detail, doodling gives it a moment to wander. No rules, no goals, just shapes and squiggles that let your mind breathe. It's a quiet reset. And in the middle of a hectic day, that tiny act of letting go can feel like a full-blown stress detox.

With so many things grasping for our attention, it can be difficult to focus and retain information in the middle of a busy day. If you find yourself drifting during a meeting, or your kids struggle to pay attention to subjects they find less interesting, give doodling a try to see if it works for you! ♦

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CLIENT UPDATE

S U M M E R 2 0 2 5

A great time for tax planning

If you are interested in breathing a sigh of relief with a lower tax bill next April, consider a review of these four areas as you create and implement your tax plan for 2025.

#1 Your Home. When your home's value increases substantially, you might pay higher property taxes. Selling a home can also lead to capital gains taxes if you've lived in the property for less than two years or exceed the home sale exclusion amounts.

Tax planning tips:

- Get a professional property assessment to ensure you're not overpaying property taxes.
- Consider timing home improvements to manage potential tax consequences by being smart about when assessments are applied to your property.
- If selling, understand the capital gains exclusion rules (\$250,000 for single taxpayers, \$500,000 for married couples).

#2 Your Investments. Capital gains, dividend distributions, and frequent trading can all create tax consequences. Different investments may also be subject to different tax rates: Short-term capital gains get taxed at higher, ordinary income rates while long-term gains typically receive more favorable treatment.

Tax planning tips:

- Implement tax-loss harvesting to offset capital gains.
- Hold investments for more than a year to qualify for long-term capital gains rates.

- Leverage these rules with charitable giving tax strategies.

#3 Your Retirement. Retirement accounts offer financial opportunities, but can also cause tax pitfalls. Required minimum distributions (RMDs), early withdrawal penalties, and the tax treatment of different retirement account types can all influence your tax bill.

Tax planning tips:

- Understand RMD rules and plan withdrawals strategically.
- Consider tax-efficient Roth conversions to manage future tax liability.
- Maximize health savings account (HSA) contributions as an additional retirement account.
- Explore catch-up contributions if you're age 50 or older.

#4 Your Life Events. Major life changes can alter your tax situation. Marriage, divorce, having children, changing jobs, or experiencing significant income shifts can all reshape your tax liability.

Tax planning tips:

- Reassess your filing status as life changes affect your tax bracket and deductions.
- Track new deductions and credits as life events like adoption or education expenses may qualify for specific tax breaks.
- Understand the age triggers built into the tax code and plan accordingly. This is especially important to understand as your children get older. ♦

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TAX PLANNING TIPS for the entire *Family*

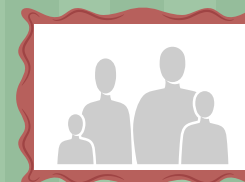
KIDS

Open an IRA to start saving for the future and cut your 2025 tax bill.



PARENTS

Convert retirement accounts to a Roth IRA and pay taxes now so your children and grandchildren can inherit tax-free withdrawals later.



GRANDPARENTS

Superfund a 529 education savings plan using the 5-year election to donate up to \$90,000 per grandchild (\$180,000 if married).

PETS

Spend mom and dad's tax refund on more chew toys.



Seasonal jobs & taxes

What you need to know

Summer work can be financially rewarding, but it can also come with tax consequences that are sometimes overlooked. Here are several ideas for managing your tax obligations that come with seasonal jobs.

► **Keep it separate.** If you mow lawns, babysit, or have other jobs where you haven't filled out a Form W-4 for tax withholdings, the IRS may consider you to be a business for tax purposes. If you are considered to be in business, it's a good idea to keep your business transactions separate from personal transactions. If you comingle both types of transactions, the IRS may disallow all business expenses and leave you with a much higher tax bill.

► **Document your driving.** If you are driving for business purposes, document your mileage as it happens. The IRS allows 70 cents a mile for the portion of driving time you spend on business use. Use an app or driving log to record your business driving, and don't forget to hang on to all receipts.

► **Keep your receipts.** If you want to deduct a business expense, you need to prove that you paid for it. The IRS says any recordkeeping system is okay as long as it clearly shows your expenses. Keep receipts, canceled checks, bank statements and other easy-to-understand

records of what you spent the money on and when. Many bookkeeping and accounting systems can help digitize these records, making them easier to corral for tax time.

► **Calculate your estimated tax bill.** Plan to file a tax return (it may be your first return) early next year. Depending on how much you make the rest of the year, you may get back every dollar that was withheld from your paychecks for taxes. If you were self-employed for your summer job, remember that you'll need to set aside some of your earnings to pay federal, state, and local taxes.

► **Remember that all income is taxable.** No matter how you earn your money, all earned income is taxable. Even tips, cash payments and income from freelance platforms must be reported on your tax return. If you receive a W-2 from an employer, the income is automatically reported to the IRS. If you conduct freelance work, you might receive a 1099 form. But even if you don't get a 1099, you're still responsible for reporting all income you earn.

Summer work can provide much more than a temporary income boost — it can also be an opportunity to build good financial habits. By staying mindful of your tax obligations, you can avoid tax surprises and enjoy more of your hard-earned money. ♦

Summertime financial lessons for your child

Here are some financial ideas to add to your child's summertime activities:

- **Earning money.** Teach entrepreneurship with a lemonade stand. Show how some of the money earned from selling lemonade needs to be reinvested to purchase lemonade mix and other supplies.
- **Saving money.** Many children have big plans for summer vacation. Explain what you will pay and what your child will have to pay. Encourage them to set a specific goal for what they want to buy, along with how much money they need to save.
- **Budgeting money.** Involve your children with budgeting for various summer activities. If you're going on vacation, tell them

the overall budget for the trip and have them help you plan. For example, decide to stay at a fancy hotel or downgrade the hotel and having money left over to go to an amusement park.

- **Spending money.** Consider giving a snack allowance, then explaining that they can buy whatever they want with that amount of money. The only catch is the snacks your child decides to buy must last until your next shopping trip.
- **Borrowing money.** Lend your child a reasonable amount of money at the beginning of the summer to spend on whatever they want, but explain it must be paid back with interest. Arrange the loan to be paid with part of an allowance. You can show your child how loans work, and that they're on the hook for making payments.

IRS UPDATE

IRS reminder: Protect important records in case of natural disaster

The IRS is reminding taxpayers that now is a good time to think about protecting important tax and financial information as part of creating a disaster emergency plan for you and your family:

- Original documents such as tax returns, Social Security cards, marriage certificates, birth certificates and land ownership documents need to be secured in a waterproof container in a safe space.
- Consider using cell phones or other devices to make a record of high-value items. A simple list with current photos or videos can help support claims for insurance or tax benefits after a disaster.
- Reconstructing or replacing records after a disaster may be required for tax purposes, claiming federal assistance, or insurance reimbursement. Accurate loss estimates could mean more loan and grant money may be available.

So far in 2025, the Federal Emergency Management Agency has issued 12 major disaster declarations in nine states impacted by winter storms, flooding, tornadoes, wildfires, landslides and mudslides.

Interest rates unchanged for second quarter of 2025

Interest rates for the second quarter in 2025 are unchanged compared to last quarter. These rates include: 7% for overpayments (6% for corporations); 4.5% for the portion of a corporate overpayment over \$10,000; 7% for underpayments and 9% for large corporation underpayments.

TAX CALENDAR

June 16, 2025

- Second installment of 2025 individual estimated tax is due.

September 15, 2025

- Third installment of 2025 individual estimated tax is due.

Scammers up their game with

AI



Scammers are becoming increasingly sophisticated, with more emails, phone calls and text messages crafted to look and sound like the real thing. This is often because thieves are adding artificial intelligence to its arsenal of tools to transform their tricks into messaging that genuinely looks like its coming from a person you know and trust.

Here are the top ways that scammers are using AI and what you can do to protect yourself.

How Scammers are Using AI

- **AI-Powered Phishing Attacks.** Phishing attacks have been around for decades, but AI makes them far more convincing. AI can analyze large amounts of data to craft messages that look and sound authentic, increasing the chances of tricking victims into clicking malicious links or providing personal information.
- **Deepfake Scams.** Deepfake technology allows scammers to create realistic videos and audio clips that impersonate real people. Some examples include fake videos of CEOs instructing employees to transfer money or of celebrities endorsing fraudulent products.
- **Generate Realistic Conversations.** Scammers are using AI chatbots that can hold realistic conversations with potential victims. These bots can appear very convincing while pretending to be customer service agents, a friend or family member, or even government officials. The goal is to trick you into sharing sensitive information or sending money.
- **Fake Profiles.** AI can scan all of a person's online footprint to create a realistic profile and social media accounts. Scammers then use these fake personas to try and steal information and money from you.

Protect Yourself from AI-Driven Scams

- **Be skeptical of unsolicited messages.** If you receive an email, text, or call from a company or person you don't recognize, verify its authenticity before responding. Do this by contacting the company or person directly using official channels.
- **Use multi-factor authentication (MFA).** Constantly using MFA on every website you visit may cause some frustration, but it's nothing compared to the frustration you may experience if your identity or money are stolen. Even if scammers steal your password, they'll need an additional verification step to access your accounts.
- **Verify identities.** If someone claims to be a friend, boss, or family member requesting money, first verify their identity through another channel, such as a phone call or video chat.
- **Look for red flags.** AI-generated scams often contain small inconsistencies — such as unnatural speech patterns in voice messages, slight facial distortions in deepfake videos, or unusual grammar in AI-generated texts. Trust your instincts and independently verify whenever you can. ♦

What banks won't tell you about credit cards

- **Minimum payments are a trap.** Banks design minimum payments to look very appealing, typically 2% to 3% of your balance. But paying only the minimum allows interest to grow on your remaining balance, which can result in you paying two or three times more!
- **The high cost of rewards programs.** Banks design these programs to encourage spending. To truly benefit from rewards programs, only use your card for planned purchases and pay off the balance in full each month.
- **Interest rates are negotiable.** Call the customer service number on the back of your card and ask if you can lower your rate. Banks prefer to keep loyal customers rather than risk losing them to competitors.



- **Late fees are avoidable.** Many credit card issuers offer a grace period for late payments. If you miss your payment due date, call your bank immediately and explain the situation.
- **Introductory offers have strings attached.** Offers like 0% interest or bonus rewards often come with terms and conditions that are easy to overlook. If you don't read the fine print, you might end up spending more than you intended.
- **Banks monitor your spending habits.** Banks track your spending patterns and use this data to their advantage. For example, customers who carry balances and pay interest may receive more marketing for additional financial products. Be mindful of your spending habits to avoid falling into these costly traps.

This newsletter is issued quarterly to provide you with an informative summary of current business, financial and tax planning news and opportunities. Do not apply this general information to your specific situation without additional details. Be aware that the tax laws contain varying effective dates and numerous limitations and exceptions that cannot be easily summarized. For details and guidance in applying the tax rules to your individual circumstances, please contact us.