

CLIENT UPDATE

PRACTICAL TAX & FINANCIAL ADVICE



PROPERTY TAXES: What every homeowner should know

Property taxes are one of the few taxes you can actually negotiate to get lowered, but you must understand how the system works. Here's a look at what goes into determining your bill and a few ideas that may help to reduce it.

Background

Property taxes are typically calculated using two factors:

- The assessed value of your property (set by your local assessor)
- Your local tax rate (set by schools, counties, fire departments, etc.)

Why this matters: Even if your home's value doesn't change, your tax bill can go up if any of the taxing authorities raise their rates. And while setting the tax rates is usually a legislative process, establishing the value of your property often has judgement applied.

Ideas to lower your property tax bill

- **Understand and adhere to the tax calendar.** Challenging the value of your property requires an understanding of the process for doing so AND hitting the proper deadlines. If there's an appeals process, know it and make sure you meet their deadlines or you could be out of luck for that year.

- **Challenge your property's assessed value.** You can appeal your property assessment with your local assessor if you believe it exceeds your home's market value. Deadlines are short, so act quickly and gather solid evidence, such as recent sales of similar homes and documentation of your property's condition.

- **Claim all exemptions and eligible tax breaks.** Contact your local assessor's office to see what exemptions you can claim. Many states and counties offer breaks for veterans, people with disabilities, low-income households, older residents and those in designated areas like historical districts or disaster zones.

- **Compare local tax rates before you buy or move.** Property taxes are determined locally by counties, cities, or school districts, which means two identical homes in nearby ZIP codes can have drastically different tax bills. So always check the local tax rate before you buy or move. Look at the history of property taxes in your target neighborhood and see how it changed over the

past several years. Then compare it with other homes in the area to ensure the property tax rate changes are consistently applied.

- **Calculate the tax impact of renovations before building.** Adding a new deck or renovating your kitchen may increase your home's assessed value, especially if the county finds out through permits or a property inspection. So even if you don't sell your home, upgrades may mean a bigger tax bill. Some areas reassess properties automatically after building permits are pulled. So always factor in long-term tax implications when upgrading your home.

- **Review your lot details for unused land.** Your property tax bill covers not only the value of your house, but also the value of your land. If part of your property can't be used, like wetlands, steep slopes, or areas with easements, ask your assessor if your bill can be adjusted. ♦



CLIENT UPDATE

S P R I N G 2 0 2 6

4 financial concepts everyone should know

Whether you're just starting your career, running a household, or trying to grow your savings, understanding a few key financial concepts can give you a real advantage. Here are 4 financial terms that you should understand to help better manage your money.

1 Net Worth = Assets - Liabilities

Net worth is the bottom line of your financial life. It's what you own (assets) minus what you owe others (liabilities). The result of this math is your net worth.

Planning tip: Check your net worth regularly. If it's not growing, it's time to rethink how you're spending, saving, or investing. Consider creating this calculation at the beginning of each year, then compare it over time.

2 Compound Interest

Compound interest is like a money snowball. You earn interest not just on your original cash, but also on the interest on the interest that was made in previous time periods. It's growth feeding on growth.

Planning tip: Compounding works in a bank's favor with mortgages and credit card debt. It works in your favor with savings and retirement accounts. Actively

manage it. Search for bank accounts that pay reasonable interest (most don't!). Maximize your retirement contributions. Make extra payments to eliminate credit card debt and reduce interest you pay on loans like your mortgage.

3 Liquidity

Liquidity is all about access. It's how quickly you can turn an asset into spendable cash. A \$100 bill? Instantly liquid. A house? Not so much. It takes time and effort to sell and turn a home into cash.

Planning tip: Keep an emergency fund in something ultra-liquid like a savings account. That way, when things get rough, you're not forced to sell stocks or real estate at the worst possible time.

4 Loan-to-Value Ratio (LTV) = Loan Balance / Current Value of the Asset

LTV is how much you owe on a loan compared to what the asset (usually a home or a vehicle) is currently worth.

Planning tip: ALWAYS keep your LTV under 80% (a safer target is 50% or lower). The more equity you build, the more control and options you have, whether you're refinancing, selling, or just sleeping better at night. ♦

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proactive tax planning
to lower your tax bill



IRS recommends revisiting estimated tax payments

If you earn or receive income that is not subject to tax withholding, such as self-employment income, or if you're an independent contractor, you should be paying your taxes quarterly to the IRS to avoid a possible underpayment penalty. The estimated tax payment due dates for the 2026 tax year are April 15th, June 15th, September 15th, and January 15th, 2027.

Also, if you owed taxes when you filed your 2025 return, you may also have taxes to pay when filing your 2026 return, especially if one or more of the following situations apply to you:

- You've itemized deductions in the past but are now taking the standard deduction
- Your household has two wage earners
- You are an employee with non-wage sources of income such as dividends
- You have a complex tax situation

Interest rates unchanged for first quarter of 2026

Interest rates for the first quarter in 2026 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

April 15, 2026

- 2025 individual income tax returns are due.
- First installment of 2026 individual estimated tax is due.

June 15, 2026

- Second installment of 2026 individual estimated tax is due.



Easy-to-miss income sources that can cause tax headaches

The IRS is getting pretty good at comparing your reported income against what you claim on your tax return. The result is a notice in the mail called a correspondence audit. If you get one, it unfortunately takes a long time to straighten out. In an effort to help you avoid this hassle, here are some easy-to-miss income sources and several ideas to help capture this income when filing your tax return.

Easy-to-overlook income sources

- **Side gigs and freelance work.** Extra projects and informal work sometimes feel more like favors than income. The IRS, though, still generally views any paid work as taxable. The upside is that these activities often come with deductible expenses, which can help offset the income when they are tracked from the start.
- **Selling items online.** Online selling frequently starts as a hobby or decluttering your living space. But pay attention when your sales turn profitable or more regular. Knowing where this line is can help you decide when you need to step up your recordkeeping.
- **Small amounts from accounts and apps.** Taking a moment to notice interest, bonuses, or app payments helps ensure these amounts are accounted for before tax time, when they are more likely to be flagged through automated reporting by the IRS and other tax authorities.
- **Refunds and reimbursements.** Money coming back to you often feels like a non-event. Keeping brief notes about refunds and reimbursements makes it easier to confirm whether they're taxable and ensures they're treated correctly if questions arise later.

- **Insurance payouts and settlements.** Insurance payments usually need a review. Understanding what the payment covers – replacement costs, lost income, or another purpose – helps determine how it should be reported, if at all.

“When a deposit comes from outside a regular paycheck, make a quick note of it.”

What you can do

To reduce the chances of missing these types of income, the following habits can make a meaningful difference:

- **Keep a running list of income sources.** When a deposit comes from outside a regular paycheck, make a quick note of it. A short entry on your phone or a simple spreadsheet creates a reliable reference later and reduces the chance of last-minute guesswork.
- **Save documents as you receive them.** Tax forms, payout summaries, and transaction statements often arrive at different times. Placing them in a single digital or physical folder keeps everything in one place, so nothing is missed when you are ready to file.
- **Review accounts before preparing.** Before your tax return is prepared, scan your bank accounts, payment apps, and online platforms for deposits that may not feel like income. A quick review can catch items that didn't generate an official tax form but still need to be reported. ♦



Raising a FINANCIALLY SAVVY child

While teaching your child about money and finances is easier when you start early, it's never too late to impart your wisdom. Here are some age-relevant suggestions to help develop a financially savvy young adult:



PRESCHOOL

Start by using dollar bills and coins to teach them 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 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 them 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 how interest works and the importance of regular saving. Have them participate in family financial discussions about major purchases, vacations, and other simple money decisions.



MIDDLE SCHOOL

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 along with 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 mis-

takes 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.



BEYOND HIGH SCHOOL

Discuss borrowing money and all its future implications. Explain how credit cards can be a companion to a budget, but warn them about the dangers of mismanagement or 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. ♦



Five great money tips

Creating a sound financial foundation for you and your family is a great goal. Here are five thoughts that may help.

- ✓ **Pay yourself first.** Take a percentage of everything you earn and save it. Using this technique can help build your savings balance and keep you from living paycheck to paycheck.
- ✓ **Know and use the Rule of 72.** To estimate how long it takes for an investment to double, divide 72 by the rate of return. For example, 10% interest will double an investment in 7.2 years.
- ✓ **Use cash versus debt for purchases.** Debt works against you by increasing the true cost of what you buy, and often forcing you to work more just to pay interest. So using cash is usually the smarter choice.
- ✓ **Understand amortization.** When you take out a loan, each payment includes both interest and principal. A process known as amortization causes a loan's early payments to go mostly towards interest, while later ones pay down the balance. Making extra principal payments early can reduce total interest and shorten the overall amortization of the loan.
- ✓ **Taxes are complex and require help.** Tax laws are complicated and become even harder when rules change. The IRS will not alert you if you miss a deduction, so the best way to avoid problems and reduce taxes is to ask for help.