ClientLine®

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DOLLAR-COST AVERAGING

Trying to predict the market isn't usually a recipe for success. In contrast, a slow and steady investing approach may help you use market fluctuations to your advantage as you invest for long-term financial goals. Dollar-cost averaging* can play a part in this approach.

DISCIPLINED INVESTING

Dollar-cost averaging is as much about discipline as it is an investing technique. When you use dollar-cost averaging, you contribute the same amount of money to the same investment portfolio on a regular schedule.

For example, you might contribute $100 twice a month to your retirement account, putting $50 into equity investments and $50 into fixed income. If each share were, say, $1, then you would buy 50 shares of one asset and 50 of the other.

Buying the same dollar amount of any investment doesn't, however, mean you are buying the same amount of each investment's shares each period. When stock prices rise, you get fewer shares for your $50. So, if stock prices double to $2 per share, you would buy 25 shares. And if fixed income shares declined to 75 cents a share, your $50 would buy almost 67 shares. In other words, you buy more securities with declining prices and fewer whose price has increased.

EMOTIONLESS INVESTING

Why does this matter? If you were making investment decisions on a daily basis, it would be easy to be influenced by what is happening in the markets now—not in the future. As a result, some investors tend to make decisions after the fact, buying when prices are high and selling when they're low.

Dollar-cost averaging takes the emotion out of investing, providing a way to maintain a consistent investing approach regardless of short-term volatility, with an eye on long-term goals.

Talk to your financial and tax professionals to learn how this technique may apply to you.

**Investing regular amounts steadily over time (dollar-cost averaging) may lower your average per-share cost, but this investment method will not guarantee a profit or protect you from a loss in declining markets. Effectiveness requires continuous investment, regardless of fluctuating prices. You should consider your ability to continue buying through periods of low prices.*

AMENDED TAX RETURN TIPS

If you filed your 2024 tax return already but realized you missed some information, you can amend your return by filing Form 1040-X.

An amended return is necessary for things like, forgetting to claim taxable income, or claiming the wrong tax filing status.

But before filing your amended return, ensure the IRS has already processed your original return. This will help ensure the IRS doesn't get your original and amended returns mixed up. The "Where's My Refund?" tool on IRS.gov is the most reliable and convenient way to track your refund. You can access it directly at: https://www.irs.gov/refunds.

Be sure to attach any documents or tax forms that support your changes. And check to see if you have to amend your state return. Contact your tax advisor for assistance.

CLIENT PROFILE

Kristen owns a small pet-sitting business and is concerned about inflation impacting her company's finances. What are some things she can do to help alleviate the pressure inflation is having on her business?

Reducing expenses is the first step to protect her business against price increases. Kristen should also send out invoices immediately after she completes a project and not wait to invoice at the end of the month. And along the same lines, keep on top of receivables. Don't let customers continue to book services without paying for previous work. And better yet, she should require immediate payment, either at the time of booking or after an assignment. The sooner she can get paid, the more spending power that money will have.

If Kristen can stock up on critical supplies like leashes, treats, or pet waste bags, she can lock in current costs and avoid future price increases.

And she should work toward engaging in more lucrative assignments.

Client Profile is based on a hypothetical situation. The solutions discussed may or may not be appropriate for you.

EASING INTO RETIREMENT OR SEMI-RETIREMENT

Retirement is not a single event. It is a process that begins long before you leave work and continues for the rest of your life. Here are some tips on how to transition into retirement and beyond.

CONSOLIDATE AND SIMPLIFY

Consolidate your retirement accounts for simplicity. Combining accounts makes managing your money and seeing the big picture easier.

Fewer accounts mean fewer monthly or quarterly statements, fewer companies to notify if you move or want to change beneficiaries, and possibly lower costs.

EXAMINE THE NUMBERS

As you move away from working full-time, be sure your monthly and annual budgets are up to date. Include existing expenses such as groceries and utility bills.

Don't forget to include new expenses you may incur in retirement. This includes healthcare costs your employer may have paid for or taxes when you withdraw from tax-deferred retirement accounts.

UPDATE YOUR PLANS

If it's been a while since you've reviewed your estate planning documents, nearing retirement is a good time for a refresher.

While you may focus on ensuring your will and trust documents are up to date, don't forget about your power of attorney, health care directives and guardian nominations.

If your retirement plans include relocating to a new state, consult an attorney in the new location to ensure your estate documents will be valid in that state. Having out-of-state documents can complicate trust and estate administration.

When you update your estate plan, remember to create a list of your accounts and assets and update that list as things change. It is not important to add a value to the account, as those change over time. Make sure to include the name and location of the account and the last four digits of the account number. It is one of the most important things you can do for your beneficiaries to avoid a time-consuming treasure hunt for your assets when you're gone.

The U.S. inflation rate has been recorded since 1913 and is typically measured using the Consumer Price Index (CPI) from the U.S. Bureau of Labor Statistics (BLS), reflecting the year-over-year percentage change in the cost of a basket of goods and services. From 1925 to 2024, the average annual inflation rate is approximately 3.1%. Following are long-term high and low years:

17.8%
Highest Rate in 1917 during WWI

-10.3%
Lowest Rate 1932 during the Great Depression

YOUR FINANCIAL LEGACY AND TAXES

You may think that only other people's estates have tax problems, but that's often untrue. Take steps today to insulate your estate from taxes.

PROJECT AND PLAN

Start with income tax projections and planning at least twice a year. Catch tax problems early with your tax professional and find out if there are ways to minimize or even avoid taxes entirely.

Corporate executives with significant wealth in their employer's stock can develop tax-efficient strategies for diversifying, such as stock donations and creating capital gains budgets.

UNDERSTAND HEIRS

Don't review your own tax situation in a vacuum. Instead, consider your family's overall position.
When you work with your tax professional, provide as much insight as possible into your multi-generational financial situation to minimize taxes—for you and your entire family.

BE EFFICIENT

Different assets have different tax characteristics. For example, a qualified charity doesn't pay tax on an inherited IRA, but your heirs may.

So, whether it is an IRA, real estate, or cash remember the tax consequences that beneficiaries may experience.

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How do I begin accepting credit card payments from my customers?

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First, analyze how many credit card transactions you might receive each month and whether they will be online, in-person, or over the phone. Also, think about if you plan to accept all cards (Mastercard, Visa, Discover, American Express) because processing fees vary by card type.

Next, find a credit card processor that offers competitive fees for the volume and type of transactions you'll process. If you operate online, be sure the processor can easily integrate with your website.

Finally, after you choose a processor, you'll open a merchant account.

BEST PRACTICES FOR EMPLOYEE REIMBURSEMENTS

Using new technology to report and track employee business expenses can be easier and more accurate.

MODERNIZE REPORTING

Instead of using paper to report employee's expenses you can simplify the process with a virtual expense reporting system that lets employees photograph and submit receipts from an app. This prevents the need for your accounting staff to keep paper files or scan receipts.

ESTABLISH ACCOUNTABILITY

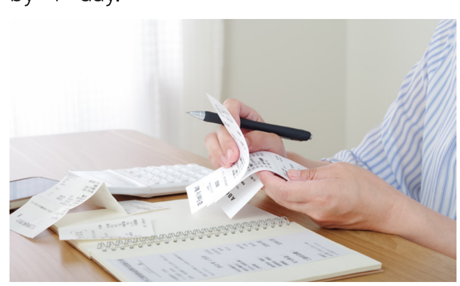
Inform managers and supervisors about the company's expense policies so they can hold their teams responsible for following them.

To ensure high levels of accountability in this area, give managers an easy way to access to approve submitted expenses on their employees' expense reports.

TIME IS VITAL

No one wants to pay $1,000 in travel costs out-of-pocket for a business trip and then wait for weeks while those expenses are reviewed, approved, and reimbursed.

To avoid delays, create service-level timeframes that work for both the company and employees. For example, make clear that associates must submit their expense reports by "X" day of the month, with complete required documentation, to receive reimbursement by "Y" day.



COMBINING BUSINESS AND PERSONAL TRAVEL

If you run your own company and travel for business, you may be tempted to combine work with pleasure. That's okay, as long as you don't trip up on tax rules. Your tax professional can advise you as to what you can or cannot do.

TAX-SMART TRAVEL

Generally, businesses can deduct the cost of airfare, lodging, car rentals and meals from taxable income when used for legitimate business purposes.

But when you combine personal and business travel, it gets a little more complicated. You can still deduct transportation costs for you, but not for any family. Also, you may only deduct the reasonable cost of lodging, which in this case would be single or double occupancy. You may also deduct the cost of shipping materials needed for business, your dry cleaning and even tips. You can't, however, deduct any family activities.

SEPARATE EXPENSES

It's important to keep detailed records, with the days, locations, time involved, names of people you meet and your purpose of business. Know that the IRS won't likely allow deductions for a day when you have a 15-minute meeting and spend the rest of the day with your family at a theme park.

You will have to allocate all of your expenses for tax purposes. For example, you may deduct the cost (including gas) of renting a car only during those days when conducting business. So, if you spend $500 for a 10-day rental and you put in five days for business, you can deduct half of that as a business expense.

Finally, you will have to recognize the personal expenses paid by the company as an owner's draw and part of your income.