

ClientLine®

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529 COLLEGE SAVINGS PLAN TO MINIMIZE TAXES

A 529 college savings plan* is a popular way for families to save for higher education expenses while enjoying significant tax advantages. Contributions grow tax-free when used for qualified education costs, such as tuition, books, and room and board. To maximize these benefits, consider contributing early and regularly, allowing your investments more time to grow.

Changes under the One Big Beautiful Bill Act (OBBBA) make 529 plans more flexible than ever for covering college and other educational needs. When the time comes, you can take tax-free withdrawals to pay for qualified education expenses. Additionally, up to \$10,000 (lifetime limit per beneficiary) from these plans can be used to pay qualified student loans for the beneficiary and any siblings.

Starting in 2026, families can withdraw up to \$20,000 per year per beneficiary from 529 plans for qualified K–12 expenses—up from the previous annual limit of \$10,000. Qualified expenses now include not only tuition but also curriculum and instructional materials (such as books or online courses), tutoring by licensed or expert instructors, dual-enrollment fees, standardized test (e.g., SAT/ACT) fees, and educational therapies for students with disabilities.

Distributions may now be used tax-free for training registered under the Workforce

Innovation and Opportunity Act, apprenticeships, and state-licensed certifications (specific qualifications may apply). Qualified expenses include tuition, fees, books, supplies, and exam fees in career training and continuing education.



A key to minimizing taxes is to take advantage of state tax deductions or credits offered for 529 contributions. Many states provide incentives that reduce your state tax bill dollar-for-dollar up to a certain limit. Make sure to check your state's rules to maximize these benefits. Talk to your tax professional about your unique strategy to minimize taxes while funding educational needs.

**Certain requirements may apply. Before investing, read the program offering statement and consider the investment objectives, risks, charges, and expenses. These plans are not guaranteed by any state or federal agency. If you are not a taxpayer of the state offering the plan, consider before investing whether you or the designated beneficiary's home state offers any state tax or other benefits that are only available for investments in that state's qualified tuition program.*



Karen Petrucco
Account Manager

LTM Client Marketing
1060 Broadway #1161
Albany, NY 12204

Tel: 518-870-1083
Toll Free: 800-243-5334 ext.505
Fax: 800-720-0780

kpetruccho@ltmclientmarketing.com
www.ltmclientmarketing.com

TAXABLE FRINGE BENEFITS

Generally, employers must report the value of fringe benefits provided to employees as taxable income, unless the IRS explicitly excludes them. Excludable (non-taxable) examples include:

- ◇ Employee discounts on goods or services
- ◇ Qualified parking subsidies up to \$340 per month (as of 2026)
- ◇ Company services offered at or below cost
- ◇ Modest holiday gifts
- ◇ Minimal personal use of office equipment
- ◇ Occasional company parties

More substantial benefits—such as personal use of a company car or country club memberships—must be included in taxable income. Starting in 2026, most moving expense reimbursements and bicycle commuting reimbursements are now fully taxable and must be reported as employee income.

CLIENT PROFILE

The Thompson family faced a familiar challenge: funding their daughter Mia's four-year degree at a public state university, with annual costs reaching \$28,000, totaling over \$112,000.

They started early and regularly contributed to a 529 college savings plan. By Mia's senior year of high school, the account had \$38,000, supported by consistent \$4,000 yearly deposits and years of tax-advantaged growth.

Mia applied aggressively for aid. She received a \$9,000 need-based Pell Grant, \$3,800 in federally subsidized loans, and two private merit scholarships totaling \$5,000. Her campus work-study job contributed \$3,200 annually.

The parents took an \$18,000 federal Parent PLUS loan at a fixed rate, planning to refinance if rates dropped later. They also redirected discretionary spending—vacations became staycations, and dining out became rare—to free up \$6,000 annually.

Through disciplined saving, maximized grants and scholarships, part-time work, and modest borrowing, the Thompsons covered Mia's education without crippling debt. The experience reinforced a key lesson: early planning, open family conversations, and exploring every funding option turn an intimidating expense into a manageable shared goal.

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

START YOUR COLLEGE GRAD'S FINANCIAL WELLNESS PATH

You may be able to do this utilizing any unused funds in the student's 529 Plan. The IRS now allows rollovers of these funds to a Roth IRA in the child's name.

REQUIREMENTS

You must have owned the 529 account for at least 15 years before rollovers are permitted. Contributions made in the five years prior to when distributions begin—including the related earnings—are not eligible for a tax-free rollover. Rollovers can't exceed the 2026 annual Roth contribution limit of \$7,500 for beneficiaries under age 50 or \$8,600 for those age 50 and older (which includes a



\$1,100 catch-up contribution).

The lifetime 529 rollover limit is \$35,000, so you'd have to do a rollover annually for several years. As the owner of the Roth IRA, your graduate must have earned income at least equal to the amount of the annual rollover.

Consult your trusted advisors about your unique situation.

TOP SUMMER TRAVEL DESTINATIONS

Some of the top travel trends in 2026, according to U.S. News & World Report and Expedia, include iconic national parks, coastal getaways, mountain adventures, and historic cities celebrating America's 250th anniversary (America 250). Here are a few of the top trending destinations this year:

Grand Canyon National Park, Arizona Great for summer rafting, hiking, and stunning sunsets

Yellowstone National Park, Wyoming/Montana/Idaho Offering wildlife viewing, geysers, and hiking

Big Sky, Montana Best known for summer hiking, rafting, and proximity to Yellowstone

Outer Banks & San Diego Beaches – The Outer Banks offers relaxing beaches, while San Diego provides excellent surfing and vibrant waterfronts

Philadelphia and Boston Historic hubs buzzing with America 250 events, boat parades, and festivals. Ideal time for Freedom Trail walks and visits to Independence Hall.



BUDGET-FRIENDLY GARDENING TIPS

May is prime time for spring planting in many regions, with warmer soil perfect for starting vegetables and flowers. Here are practical tips to maximize your garden's output while minimizing costs:

Kick off by starting seeds in everyday recyclables—think egg cartons, yogurt cups, or toilet paper rolls. Free pots that biodegrade? Yes, please!

Whip up your own “black gold” compost using kitchen scraps and yard clippings in a simple pallet bin. Say goodbye to pricey fertilizers!

Layer on free mulch such as grass clippings or fallen leaves—it locks in moisture, blocks weeds, and reduces your water bill.



Go for high-return winners: tomatoes, basil, peppers, and zucchini. These champions deliver harvest after harvest, perfect for eating fresh or preserving.

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Hunt deals at nursery sales, join local seed swaps, direct-sow tough crops like beans and carrots, and craft trellises from branches or twine.

These fun, frugal moves keep costs low while delivering delicious rewards. Dig in, get creative, and watch your garden (and savings) grow like crazy!

Q

How do I file an amended tax return?

A

If you already filed your 2024 tax return but later realize you missed some information, you can amend it by submitting Form 1040-X.

Before filing your amended return, make sure the IRS has already processed your original return. This helps prevent mix-ups between your original and amended returns. The “Where’s My Refund?” tool on IRS.gov is the most reliable and convenient way to track your refund.

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

SAVVY NEW CAR SHOPPING TIPS

Memorial Day weekend kicks off summer—and some of the year’s best car deals! Dealerships clear out older inventory to make way for new models, offering rebates, low APR financing, and lease specials.

Research ahead: Deals often start weeks early. Check manufacturer sites and tools like Edmunds or CarsDirect for current incentives—expect cash back, 0%-low rates, or military bonuses.

Get pre-approved: Secure financing from banks or credit unions first to strengthen your negotiating position. New vehicle loan interest of up to \$10,000 a year can be deducted, effective for 2025 through 2028.

You must purchase the vehicle for personal use and meet other eligibility criteria.

Target outgoing models: Previous-year vehicles typically receive the largest discounts to clear inventory for new arrivals.

Shop midweek: Avoid crowded weekends by visiting on Tuesday or Wednesday for more salesperson attention and flexibility.

Negotiate smartly: Prioritize the out-the-door price over monthly payments alone. Request quotes from multiple dealerships via email.

Test drive thoroughly: Make sure the car meets your needs, not just the deal.



BUSINESS EXIT PLANNING

Potential taxes can greatly affect the proceeds from selling your business. One way to reduce the tax burden is to perform an installment sale, especially if the buyer doesn't have enough cash or will pay a contingent amount based on the company's performance. Installment sales spread the gain over the contract's duration, which may help avoid triggering the Net Investment Income Tax or short-term capital gains. However, there are drawbacks, such as the recapture of depreciation in the year of sale or higher tax rates in future years.

SMART MOVE:
Consider the entire picture when planning to sell your business. Tax consequences are only one of many important considerations.

If you're gifting your business to family members during your lifetime, you'll need to file a gift-tax return. You can choose to pay an immediate gift tax or use your lifetime gift and estate-tax exemption (currently \$15 million). Unless the value of your business exceeds this exemption, you typically won't owe any tax on the gift.

GIFT-TAX EXCLUSION

You have another option if you plan to eventually pass your business to a family successor, but the business's value exceeds the exemption. You can use the annual gift-tax exclusion (\$19,000 in 2026) to gradually give an ownership interest each year without incurring taxes.