

October 2025

In This Issue

- Key Tax Planning Topics to Consider
- Property Taxes: What Every Homeowner Should Know
- Annual Sexual Harassment Training Required by Illinois Law
- Be Debt-Free: Graduate with Zero Student Loans

Important Dates:

October 15 – Filing deadline for extended 2024 individual and C corporation tax returns

Key Tax Planning Topics to Consider

The U.S. tax code is constantly changing. Between shifting income thresholds, changing deduction rules, and overlooked credits, you now need to stay focused on your tax plan throughout the year. Here are several bits of tax wisdom that can help you lower your bill to the IRS.

Phaseouts matter (a lot). A lot of tax breaks, such as child tax credits, tax benefits for college costs, or the new senior deduction don't disappear all at once. Instead, they phase out slowly as your income rises. This means earning a bit more could quietly cost you some of these benefits.

What you can do: Keep an eye on how much income you're showing on paper and how it will impact these phaseouts. You might be able to stay in the sweet spot so you don't lose the value of your deductions or credits by putting more into your retirement account or timing when you receive certain payments.

Are itemized deductions going the way of the dinosaur? Not so fast! Yes, the standard deduction is now higher than ever (\$31,500 for married couples, \$15,500 for singles in 2025), which has made itemizing less common. But with an increase of the state and local tax (SALT) deduction from \$10,000 to \$40,000, you may be shifting back to itemizing your deductions without realizing it.

What you can do: Don't assume you'll be taking the standard deduction again this year. Add up your potential itemized deductions, especially if your expenses vary, to see how close you are to being able to itemize. Consider bunching charitable contributions or property taxes into one year to clear the standard deduction hurdle.

Timing is everything (especially with capital gains). If you sell assets held longer than a year, you'll likely qualify for long-term capital gains rates (0%, 15%, or 20%). But miss that time by even a day and you could pay ordinary income rates, which can be nearly double. Strategic timing can also help you harvest losses to offset gains and reduce your overall tax bill.

What you can do: *If possible, hold investments that are profitable for at least one year and a day before selling to qualify for lower tax rates. Use end-of-year tax-loss harvesting to offset gains, and stagger sales across tax years if needed.*

Don't overlook the Qualified Business Income deduction. If you're a small business owner, self-employed, or even a gig worker, you may be eligible for a 20% deduction on your qualified business income. Planning how and when revenue hits your books could make or break your eligibility for this significant deduction.

What you can do: *Review how your business is structured and how much income you're reporting. You may be able to reduce taxable income through retirement contributions, shifting income between years, or reclassifying your business activities.*

Tax-deferred doesn't mean tax-free. Traditional 401(k)s and IRAs offer tax deferral, not tax elimination. When you withdraw funds in retirement, you'll pay ordinary income tax on the distributions. If you expect to be in a high tax bracket in retirement, it may be a better idea to contribute to a Roth account now and pay taxes up front.

What you can do: *Schedule a planning session to discuss whether diversifying your retirement accounts between traditional and Roth makes sense for your situation. Also consider planning for the timing of distributions from these accounts to be as tax efficient as possible. Run long-term tax projections to decide which type of contribution makes sense today. Consider partial Roth conversions during lower-income years.*

Tax planning isn't a once-a-year scramble, but rather a year-round strategy. And with these pieces of prevailing tax wisdom, you can be better prepared to cut your tax bill. Please call if you have any questions about your tax situation.

Property Taxes: What Every Homeowner Should Know

Property taxes are still on the upswing in many parts of the U.S. To help get a handle on your property taxes, 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 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 have the right to appeal your property's assessment by filing a formal appeal with your local assessor. If you can show your home was assessed for more than it's worth compared to similar homes, you might get your tax bill reduced. If you want to appeal, you need to act fast. There are typically just a few weeks each year to appeal your assessment. So mark the date and gather evidence early if you plan to dispute it. But do your homework! Collect actual sales of similar properties that show a lower sales price, and be ready to defend the condition of your property if it is an older home. Assessors are quick to dismiss complainers with no facts to back them up.
- ❖ **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 rate increase is 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 can 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.

Property taxes are one of the few taxes you can actually fight and get lowered. But you can't do that if you don't understand how the system works. So don't just pay the bill without looking at it. There's often money to be saved if you understand the details.

Annual Sexual Harassment Training Required by Illinois Law

Every employer in the State of Illinois is required to provide employees with sexual harassment prevention training that complies with section 2-109 of the Illinois Human Rights Act. All employees regardless of their status (i.e., short-term, part-time, or intern) must be trained. The training needs to be completed annually by December 31st.

Visit the Illinois Department of Human Rights website for resources and more information.

<https://dhr.illinois.gov/training/state-of-illinois-sexual-harassment-prevention-training-model.html>

Be Debt-Free: Graduate with Zero Student Loans

A growing number of students are saying no to paying for higher education with student loans. Here's how to join the growing number of students graduating debt-free, often by using unconventional approaches.

- **Serve before studying: Military service.** Military enlistment remains one of the most reliable routes to a fully-funded education. The Post-9/11 GI Bill not only covers in-state public tuition or contributes toward private schools, but also provides housing stipends, book allowances, and even the option to transfer unused benefits to a spouse or child. Active-duty personnel and reservists can also qualify for other tuition assistance programs that cover college courses taken during service.

Potential tradeoffs: Enlistment requires several years of service, during which you may face deployments, relocations, and the demands of military life. While these experiences can provide leadership skills and career discipline, they also delay immediate entry into civilian education or employment.

- **The gap year that pays off.** Delaying college to work full-time is another strategy for avoiding student loans. By taking a gap year, or even several years, students can earn a steady income, build savings, and gain valuable work experience before stepping onto a campus. Postponing college also gives students time to clarify their goals. A year or two in the workforce provides insights on career paths that can be used to make more intentional choices about their fields of study.

Potential tradeoffs: Taking time away from academics can make it harder for some to get back into a rhythm of rigorous coursework. Some students risk losing academic momentum altogether. A delayed start also means graduating later, which can postpone entry into certain careers.

- **Accelerated and AP credit.** Students may be able to enter college with a head start, sometimes as a sophomore instead of a freshman, by maximizing Advanced Placement (AP) courses or dual-enrollment credits while still in high school. In addition to AP credits, some universities now offer formal three-year or accelerated

degree tracks designed to condense a traditional four-year program into a shorter time frame.

Potential tradeoffs: The pace of accelerated education can be demanding. Students often carry heavier course loads, enroll in summer or winter sessions, and have less flexibility for internships, study abroad, or part-time work. In some cases, moving through requirements quickly can limit the exploration of different majors or electives.

- **Employer-sponsored degrees.** More companies are offering tuition assistance or direct sponsorship for employees pursuing degrees or certifications as the competition for talent increases. Some companies partner directly with universities or online programs, creating a simple pathway for workers to earn degrees in fields related to their jobs. Many employers now extend these opportunities beyond management, also offering assistance to front-line workers in retail, hospitality, healthcare, and manufacturing.

Potential tradeoffs: Balancing work and study can be challenging, often stretching degree timelines to five or more years. Some programs require employees to remain with the company for a set period after graduation, tying educational opportunities to job loyalty.

While student loans remain the norm for many, the rise of debt-free graduates shows that alternatives do exist. These paths may be unconventional, but they show that a college degree or technical certification doesn't have to mean decades of repayment.

As always, contact the office with questions by emailing us at info@colemancpas.com or calling 773-444-3100. We are here to help.

This publication provides summary information regarding the subject matter at time of publishing. Please call with any questions on how this information may impact your situation. This material may not be published, rewritten or redistributed without permission, except as noted here. This publication includes, or may include, links to third party internet web sites controlled and maintained by others. When accessing these links the user leaves this newsletter. These links are included solely for the convenience of users and their presence does not constitute any endorsement of the Websites linked or referred to nor does COLEMAN & ASSOCIATES CPAs LTD have any control over, or responsibility for, the content of any such Websites. All rights reserved.