Coleman & Associates
Fully Integrated Tax, Accounting & Financial Services

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Important Dates:

October 15 – Filing deadline for extended 2025 individual and C corporation tax returns

Tax Questions Worth Asking Before Year-End

Take a few minutes to ask yourself the following tax questions as we approach the last several months of 2026. The answers could uncover a problem – or an opportunity – while there's still time to do something about it.

Am I going to owe or get a refund?
A large tax refund isn't necessarily good or bad. The better question is whether that money would be more useful throughout the year or as a lump sum at tax time. For example, a $3,000 refund represents about $115 from every biweekly paycheck. Would having that extra money throughout the year help with monthly expenses, saving, or paying down debt? Or does receiving $3,000 at once make it easier to accomplish a larger financial goal? Review your withholding before year-end to decide which approach works best for your family.

Did I have extra income that didn't have withholdings?
Think about any money you made outside your regular paycheck. Maybe you did some freelance work, picked up a side gig, earned rental income or made money from investments. Unlike a paycheck, taxes may not have been taken out before that money landed in your pocket. Add it all up before year-end so you have a better idea of what it could mean for your tax bill and whether you should make an extra tax payment now.

Did I experience any major life events?
Think about what changed in your household during the year. Marriage, divorce, a new baby, a child leaving home, retirement, or the death of a loved one can all affect your tax return. So can less obvious changes such as beginning to support an aging parent or having a child start college. Bringing these changes up before year-end can uncover tax credits, deductions or planning opportunities that might otherwise get missed until it's too late to act.

Did I have any transactions that would cause a taxable event?
Selling stocks is an obvious example, but taxable events can come from many places. Did you sell real estate, cryptocurrency, a business interest or another valuable asset? Did you exercise

stock options or receive proceeds from an investment? Review any significant financial transactions you made during the year. Knowing about gains and losses before December 31st may also provide opportunities for additional tax planning before the year closes.

Did I change jobs?
A job change can create several possible tax issues. Your new employer may withhold taxes differently, especially if your income changed significantly during the year. You may also have received a bonus, severance payment, unused vacation payout, or other compensation from your former employer. And don't forget about your old retirement plan. Before year-end, review your withholdings, retirement contributions and anything else that changed when you switched jobs.

A little tax planning now can make filing your 2026 return a lot less surprising

Rethinking Your Emergency Fund

We're told to build an emergency fund for life's unexpected expenses. But the word unexpected can cover a lot of financial territory.

A major car repair? Emergency. Unplanned medical bill? Emergency. Job loss? Definitely an emergency. Before long, you may find yourself relying on that one pot of money for all sorts of expenses that don't fit neatly into the monthly budget.

Here are a few ways to rethink your emergency savings and prepare for the financial surprises you may not be able to predict but can still plan for.

Plan for categories, not catastrophes
You can't predict exactly what will happen, when it will happen or what it will cost, but you can anticipate many categories of financial surprises. Identify the risks most relevant to your circumstances, such as vehicle repairs, home maintenance, medical expenses, pet care or an unexpected loss of income. Thinking in categories can make an otherwise vague savings goal more concrete and help you decide which financial risks deserve the most attention.

Give predictable surprises their own space
Some expenses are unpredictable in timing but predictable in existence, making them good candidates for regular monthly savings. Setting aside money for categories such as vehicle replacement or home repairs means the expense can still be unexpected, but the money doesn't have to be. Even relatively small monthly contributions can build a reserve that keeps the next broken appliance, veterinary bill, or trip to the mechanic from competing with every other financial priority.

Give your emergency fund a narrower job
Once some of those irregular-but-foreseeable categories have their own funding, decide what you want your emergency fund to cover. Maybe its primary responsibility is to replace income. Maybe it's simply the financial backstop for something you genuinely didn't anticipate. Giving that money a clearer purpose can also make it easier to determine how much you actually need instead of relying on a single rule of thumb.

When the balance goes down, your plan may be working

There's something psychologically difficult about spending savings. You work hard to make the number go up, so watching it fall feels like moving backwards. But if money was deliberately saved for car repairs, home repairs, income interruptions or life's other financial disruptions, using it isn't necessarily a setback. In fact, being able to pay an unexpected bill without taking on debt or disrupting the rest of your budget is exactly what those savings are meant to accomplish. The next step is to continue saving to replenish your emergency account.

Sometimes the best emergency plan isn't predicting the emergency. It's making sure the money is ready before you know what it will need to replace. By giving different kinds of financial surprises their own place in your savings plan, the next unexpected expense may feel a little less like an emergency

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

The Apps You Forgot You Had – and What They May Know About You

Take a look at the apps on your phone. Some you use every day. Others were downloaded to pay for parking, order dinner or attend an event and haven't been opened since.These forgotten apps can add up to more than digital clutter. They may still be connected to accounts containing personal information, which is exactly the kind of data that's valuable to identity thieves.

Here's a look at what information your apps may be sharing and why an occasional app clean-up can help clear up some digital clutter while also reducing your exposure to identity theft.

Your apps may know more than you realize

Companies want you to download their app because of its ability to collect information about you. Some of this information can help the company serve you as a customer. But depending on the app and the permissions you've granted, it may also collect or have access to personally identifiable information (PII), such as:

- Your location
- Your name, address, phone, and email
- Contacts
- Photos and videos
- Camera or microphone
- Bluetooth or nearby devices
- Credit card and billing information
- Health or fitness information

- Advertising identifiers or activity used for tracking
- Usage information about how you interact with the app

This doesn't mean an app is unsafe or that you shouldn't use it. Rather it's a reminder to understand what information an app collects and why it needs it before deciding how much access to give it.

Your app clean-up checklist
Consider going through this checklist every so often to make sure you're not giving your apps more information than they need.

- ✓ **First, delete as much of your personal information as possible.** Removing an app from your phone doesn't necessarily delete the account and personal information. This includes credit cards and addresses. Even consider leaving a hidden code within your name to see if it ever pops up somewhere else. If you're unlikely to use it again, consider closing the account as well.

- ✓ **Then delete apps you haven't used in several months.** Pay particular attention to apps you downloaded for a one-time purchase, trip, event or other specific purpose. Remember to remove any PII before deleting the app.

- ✓ **Try the website instead.** Go to the app's website and double check changes and close the account here as well if it makes sense. And before downloading another app, see whether you can accomplish the same thing on the company's website without adding their app, or potentially another account, to your phone.

- ✓ **Take a tour through your permissions.** Check your phone's privacy settings to see which apps can access your location, photos, contacts, camera and microphone, then turn off access that an app doesn't need to do its job.

- ✓ **Reduce the personal information you hand over.** For apps you do keep, limit the information you share. Consider skipping optional profile fields, using guest checkout when possible, and thinking twice before providing details such as your birth date, address or contacts. And remember, unless your app requires monthly billing, delete your credit card information. The smaller your credit card footprint the better.

- ✓ **Reduce your email footprint.** Create a separate email that is ONLY used for your phone apps. Then if you are ever breached or your email account start building with clutter, you know the culprit is one of your apps and can change the email to a new one.

Healthcare Open Enrollment Checklist for the Year Ahead

Before you re-enroll, take a fresh look

Open enrollment is about more than choosing next year's health insurance. It's an opportunity to take a fresh look at your entire benefits package and make sure your choices still fit your needs. It is almost time to give your workplace benefits an annual checkup. Here are some things to consider reviewing.

- **Forecast your family's largest medical expense**. Look at where your healthcare dollars actually went this year and what you reasonably expect next year. Examples worthy of review include expensive prescriptions, occupational or physical therapy and other specialists routinely visited. Knowing these recurring expenses can be especially useful when comparing plans.

  Now you can estimate what your family might spend over the year under each option including premiums, deductibles, co-pays, coinsurance, and prescription costs. A plan with a higher premium, for example, could still cost less overall if it significantly reduces what you pay for medications or frequent appointments.

- **Forecast your medical savings account contributions**. Consider how much you can contribute to your Health Savings Account or Flexible Spending Account and what you expect to spend on health care next year. If you can contribute close to the maximum, lower premiums and a higher deductible may make sense. If money may be tight or you expect significant medical expenses, higher premiums and lower out-of-pocket costs may be a better fit.

- **Know how much income you'll need if you can't work**. Project what would actually happen if you couldn't work. This includes a review of any long or short-term disability benefits and when they start after a claim is made. Then compare the benefit with the monthly expenses your household would still need to cover.

- **Make the extras earn their place on your paycheck**. Add up the annual cost of voluntary benefits such as accident coverage, critical illness insurance, legal plans, identity protection, and other add-ons. Then ask one question of each benefit: What financial problem am I paying this benefit to solve? If you can't readily answer it, that's a reason to look more closely before automatically re-enrolling.

- **Review your first paycheck of 2027**. Once your new or updated benefits kick in, your after-tax take home pay will likely have changed. Once the updated 2027 tax brackets have been layered onto your paycheck, you may have more disposable income. If you have a tax benefit like the child tax credit, decide whether you want to use it as a forced savings or decide to take the credit throughout the year.

A little time spent reviewing your open enrollment options now can help you uncover coverage gaps and make sure you're getting the most from the benefits your employer offers.

Hiring Family Members - What You Need to Know!

Many business owners hire their children, their spouse, or other family members to work in their business. Sometimes this works out well. Other times it causes problems. Here are some of the key pros and cons of putting family members on your payroll.

Hiring your children

Hiring your kids for a part-time job often has more tax advantages and fewer drawbacks than hiring others. The financial advantage is that if you're paying your child to do useful work, the

business gets a tax deduction for the wages paid. Your child will probably pay little or no income tax, and the after-tax wages stays in the family.

To ensure the wages are fully deductible the child must be doing a real job that helps the business, and the wages must be reasonable for the work performed. Keep detailed records of hours worked and pay salary regularly, preferably on the same schedule as other employees. In other words, treat your child just like any regular employee.

In addition, depending on how your business is organized and the age of your child, you may be able to avoid paying Social Security, Medicare, and unemployment on their wages. To qualify, you must be a sole proprietor or a husband-wife eligible partnership and your child must be under the age of 18.

Hiring your spouse or other relatives
An advantage to hiring your spouse or other relatives is that you have an employee whom you know well, and who may be more motivated or more flexible than a non-family member. And in many family-owned businesses, it's a powerful way to train the next generation who will take over leadership of the company.

That same familiarity can bring disadvantages, however.

Few families are without some internal or intergenerational conflict, and that can be disastrous if it spills over into the workplace. You must also consider the effect on other employees. Any sign of favoritism or unequal treatment can cause resentment and ruin the motivation of other employees.

Be cautious moving forward
There are plenty of businesses where hiring family members has worked out just fine, but other businesses where it didn't work out.

So, think long and hard before you bring family members into the business. Talk to them and to your key employees beforehand so everyone understands and is comfortable with their roles in the company.

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

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