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FINANCIAL IDEAS FOR TODAY AND TOMORROW

Footnotes

Understand the Tax Details of Life Events

Most life events have tax consequences attached to them. Some of them are not obvious. Here are six situations to consider.

Selling your home isn't always tax free. Most homeowners who sell their principal residence qualify to exclude up to \$250,000 of gain, or \$500,000 for married couples filing jointly. Gains above these limits are generally taxable, but there can be complications. For instance, portions of a property such as a detached office, studio or other structure not used as part of the residence, may not qualify for the exclusion. If two single couples are combining homes and selling one of them, you need to keep track of the rules to ensure you can use the full gain exclusion on both homes. Keeping records of home improvements is also important because those costs increase your home's value which further reduces the gain when you sell.

Changing jobs can create an unexpected tax bill. Each employer withholds taxes based on the wages it pays you and the information on your Form W-4. If you work for more than one

employer during the year, your total withholding may not fully account for your combined income. Reviewing your withholding after changing jobs or adding a new job can help you avoid an unexpected balance due at tax time. If moving is involved, the cost of moving expenses is generally no longer deductible, so you may want to negotiate this cost as part of your hiring package. In addition, moving to another state may require filing multiple state tax returns.

Getting married or divorced changes more than your filing status. These major life events can reshape your entire tax picture, affecting the credits, deductions and filing options available to you. A different filing status is often just the beginning. Even the timing is important as the tax code assumes you are married for the full year, even if you tie the knot on December 31!

Inheriting money or property comes with its own rules. Many inheritances aren't considered taxable income for federal purposes the year you receive them, but inherited assets often carry their own tax rules. For example, certain inherited retirement

accounts may require taxable withdrawals over a set period, while inherited property generally receives a stepped-up basis (moving the original cost basis to the current fair market value).

Caring for aging parents may open up additional deductions and credits. Supporting an aging parent can sometimes create valuable tax benefits. Depending on your situation, you may qualify to claim a parent as a dependent, deduct certain medical expenses you pay on their behalf or even claim the Child and Dependent Care Credit if you're paying for care so you can work.

Major medical events and related expenses can lower your taxable income. Large medical expenses can sometimes provide tax relief if you itemize deductions. Costs that exceed 7.5% of your adjusted gross income may qualify, and eligible expenses can include much more than doctor bills, such as certain

travel, long-term care, dental treatment and medically necessary home improvements.

The biggest tax savings aren't always found in major strategies but in understanding the rules that apply to everyday life events. When in doubt, a little planning before making a big decision can go a long way. Please call if you have questions about your tax situation.



Damian Hurmence, CPA, is a partner in our Waterloo office.

FROM THE PEN OF A PARTNER

Financial Crimes Awareness

Imposters want remote access to your device. Here's what you need to know to stay safe.

More than ever before, fraudsters are using text messages, emails and phone calls to get remote access to consumers' computers, phones and tablets. Understanding how these scams work, and knowing how to protect yourself, is essential to safeguarding your account and identity.

What are remote access scams?

A remote access scam is a type of fraud where criminals pretend to be someone from your financial institution, the government or another trusted organization. They tell you that your account or device has been compromised and pressure you into installing remote access software so they can fix the issue. Once installed, they then take over your account or steal your money, passwords and private information.

Here's what you can do to stay safe:

Be cautious of unsolicited contact. Even if a message or call sounds important, take a moment before downloading software or allowing access to your device. Be extra careful if someone pressures you to act right away, asks for an access code or pushes you to install a specific program.

Fraudsters can't get access to your devices if you don't install anything. When in doubt, hang up the call, trash the email, delete the text or close the website.

If you think you've been targeted, remove any remote access software and run an anti-virus scan to remove any viruses. If you don't feel comfortable doing it yourself, ask a professional to check and clean your device. Removing suspicious software is critical to stopping fraudsters from having continued access to your computer or phone.



Tips to Protect Your Social Security Number

Very few things in life can create a higher degree of stress than having your Social Security number (SSN) stolen. This is because, unlike other forms of identification, your SSN is virtually permanent. Here are some things that you can do to minimize the risk of having your number fall into the hands of the wrong people.

Never carry your card. Place your SSN card in a safe place. That place is never your wallet or

purse. Only take the card with you when you need it.

Know who needs it. As identity theft continues to evolve, there are fewer people and organizations who really need to know your SSN. Here is that list:

The government. Federal and state governments use this number to keep track of your earnings for retirement benefits and to ensure you pay proper taxes.

Your employer. Your SSN is used to keep track of your wages and withholdings. It is also used to prove citizenship and to contribute to your Social Security and Medicare accounts.

Certain financial institutions. Your SSN is used by various financial institutions to prove citizenship, open bank accounts, provide loans, establish other forms of credit, track digital payments, report your credit history or confirm your identity. In no case should you be required to confirm more than the last four digits of your number.

Challenge all other requests. Many other vendors may ask for your SSN, but having it may not be essential. The most common requests come from health care providers and insurance companies, but requests can also come from subscription services when setting up a new account. When asked on a form for your number, leave it blank. If your supplier really needs it, they will ask you for it. This allows you to challenge their request.

Destroy and distort documents. Shred any documents that have your number listed. When providing copies of your tax return to anyone, distort or cover your SSN. Remember, your number is printed on the top of each page of Form 1040.

Keep your scammer alert on high. Never give out any part of the number over the phone or via email. Do not even confirm your SSN to someone who happens to read it back to you on the phone.

Proactively check for use. Periodically check your credit reports for potential use of your SSN. If suspicious activity is found, have the credit agencies place a fraud alert on your account. Remember, everyone is entitled to a free credit report once a year. You can obtain yours on the website.

Replacing a stolen SSN is not only hard to do, it can create many problems. Your best defense is to stop the theft before it happens.

Take Charge of Your Credit Card

The average credit card balance in America continues to climb, reaching \$6,730 in 2025 according to Experian, a 3.5% increase from the previous year. At the same time, credit card interest rates remain near historic highs, with the average APR hovering around 22%.

Fortunately, with a little planning you have the ability to avoid paying exorbitant interest rates altogether. Consider these tips.

Plan purchases to carry no credit card balance. Instead of racking up balances and hoping you can afford the bill, use credit cards for planned purchases only and for spending that's backed up by money in the bank. Provided you pay your credit card balance in full each month, today's high interest rates can't hurt you.

Consolidate high-interest debts. You can get a break from today's high rates by consolidating credit card debt you already have with a 0% balance transfer credit card. Many cards in this niche give you 0% APR on balance transfers, purchases or both for up to 21 months. This gives you time to pay down your balance with zero interest, which can help eliminate debt faster and save money along the way. But do it! If you do go with this approach, pay down principal as quickly as you can.

Earn rewards for your spending. If you're still using an old credit card or haven't bothered to upgrade in the last few years, you

could be missing out. Today's credit cards let you earn as much as 2% cash back on spending with no annual fee, or you can opt to earn generous rewards for travel instead. Just make sure you carry no balance, as interest rates on these cards can be even higher than regular credit cards.

Calculate the true cost factor of each purchase. If you're carrying a credit card balance, that \$4 cup of coffee isn't really costing you \$4. Every purchase costs you \$4 PLUS the interest (at a rate in the mid-20%) EACH month it isn't paid off. Now take a look at your credit card statement and see your total cost to pay off your balance if you only make minimum monthly payments, then calculate the cost factor. For example, if you owe \$1,000 today but would ultimately pay \$2,100 by making only the minimum monthly payments, your cost factor is 2.1. In other words, every \$1 you charge ends up costing more than \$2. That \$4 coffee effectively becomes an \$8.40 purchase. Seeing the true cost of carrying a balance can be a powerful incentive to break the habit and pay off your credit cards faster.

Credit cards offer convenience and a range of features you can benefit from, but they can either be a blessing or a curse for your finances. Ultimately, your best bet is taking control of your credit card use before it controls you.

Mileage Deduction Gets Boost for Second Half of 2026

Just when many business owners thought they had the mileage rate memorized, the IRS changed it. Effective July 1, 2026, the standard business mileage rate increases, making this one of the rare years you'll need to use two different rates when calculating your deduction.

The new rate as of July 1, 2026 is 76 cents per mile, increased from 72.5 cents per miles that applied to miles driven from January 1, 2026 to June 30, 2026.

Here are several other tips to make the most out of your vehicle deduction:

Track your mileage throughout the year. Keep a mileage log or use a mileage-tracking app that records the date, destination, business purpose and miles driven. Good records are essential if the IRS ever questions your deduction.

Know which trips qualify. Only business miles are deductible. Driving to meet

clients, visit job sites, attend networking events, make bank deposits, purchase supplies or travel between business locations generally qualifies. Your normal commute between home and your regular workplace does not.

Remember parking and tolls. Parking fees and tolls related to business travel are generally deductible in addition to the standard mileage rate. These costs are often overlooked but can add up over the course of a year.

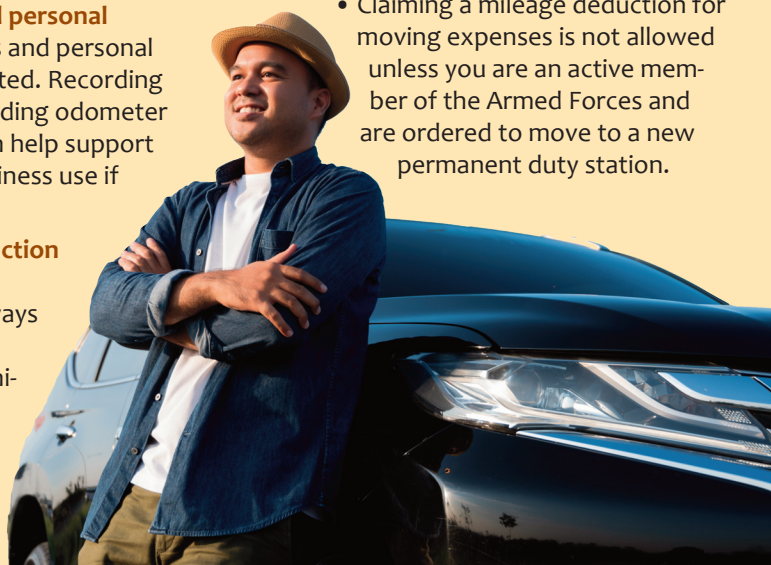
Separate business and personal driving. Keep business and personal mileage clearly separated. Recording your beginning and ending odometer readings each year can help support the percentage of business use if questions ever arise.

Choose the right deduction method. The standard mileage rate is not always the best option. If you drive an expensive vehicle or have unusually high operating costs, deducting your actual vehicle expenses

may produce a larger tax deduction. Compare both methods before making a decision because your choice in the first year can affect your options in future years.

Several other things to remember:

- These rates apply to gas, electric, hybrid-electric and diesel-powered vehicles.
- You cannot claim mileage as an itemized deduction as an employee if you aren't reimbursed for travel expenses.
- Claiming a mileage deduction for moving expenses is not allowed unless you are an active member of the Armed Forces and are ordered to move to a new permanent duty station.



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1601 Golden Aspen Drive, Suite 107

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**Autumn shows us
how beautiful it is
to let things go.**

- UNKNOWN

**Turn your face to the
sun and the shadows
fall behind you.**

- MAORI PROVERB

**Be selective in your
battles. Sometimes
peace is better than
being right.**

- ALEX WOODARD

**God is still writing your story.
Stop trying to steal the pen.**

- UNKNOWN

NOTABLE QUOTES

**It's not whether you get
knocked down, it's whether
you get back up.**

- VINCE LOMBARDI

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