

FINANCIAL IDEAS FOR TODAY AND TOMORROW

Footnotes

Your Tax Planning Cycle Starts Now

Filing your 2025 tax return may feel like crossing a finish line. In reality, this moment is the starting point for smart tax planning during 2026. Here are several ideas to kick start your own tax planning cycle.

If you get a big refund, adjust your withholdings. A large refund may feel rewarding, but it often means you gave the government an interest-free loan all year. This money could have supported debt reduction, savings or investments, instead. After filing, revisit your Form W-4 and run a projection for 2026. Fine-tuning your withholding improves monthly cash flow and reduces the likelihood of over-correcting later in the year.

If you have a big tax bill, review estimated tax payments. A significant balance due is more than an inconvenience. It may signal under-withholding or insufficient quarterly estimates. Early in the year is the ideal time to correct course. Review income sources, especially self-employment, investment or bonus income and adjust estimated payments accordingly.

Plan now to take advantage of the \$1,000 above-the-line charitable donation deduction. With an above-the-line charitable deduction available (\$2,000 for married couples), thoughtful giving becomes even more strategic. Consider your cash flow to optimize the timing of donations. Spreading contributions across the year may make budgeting easier, while ensuring you fully utilize the deduction.

Review retirement contribution limits for 2026. Confirm contribution limits for IRAs, 401(k)s and other qualified plans for 2026, and evaluate whether you can increase deferrals. Even modest monthly adjustments can significantly reduce taxable income over the course of a year. Starting early also makes it easier to reach maximum contribution thresholds without straining year-end cash flow.

Take into account life events. Major life changes often reshape your tax profile. Marriage can alter filing status and bracket exposure. Divorce may affect dependency claims and support

payments. A new child can unlock credits and deductions. Anticipating these shifts allows you to update withholding, adjust estimated payments and plan eligibility for credits before the year unfolds.

Pay attention to no tax on tips and overtime. Accurate tracking becomes essential if you receive tip and/or overtime income. Confirm how your employer reports this income and ensure payroll systems reflect proper treatment. Employers and business owners must also review compliance procedures. Understanding how these earnings are classified early in the year helps prevent reporting errors and maximizes any available benefit.

The most effective tax strategies are built early. Use your 2025 tax return as a starting point, make adjustments now, and give your 2026 plan room to work in your favor. Please call if you have any questions about your tax situation.



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Safeguarding Your Business's Cash with Segregation of Duties

Fraud and embezzlement don't just happen at large companies. In fact, theft is more common in small businesses because many lack internal controls that are typically in place at larger organizations. But the good news is that effective internal controls don't have to be complicated or expensive.

The best way for your business to battle fraud is to create a segregation of duties framework. With segregation of duties, you split the responsibilities for each of three different areas: authorization of cash expenditures, physical custody of cash and reconciliation of cash expenditures to different individuals.

Here's what you need to know:

Segregate cash disbursements. Payment responsibilities should never rest with a single individual. One employee should review and approve vendor bills, while another processes the payment. The person preparing checks should not have authority to sign them. Electronic payments and fund transfers require similar separation – one person initiates the transaction, another reviews the details and a separate, authorized manager gives final approval. The same layered approach applies to purchase

orders: one team member issues or requests the order, another approves it and payment is released only after proper review. Dividing these duties ensures management has visibility into how funds are spent and significantly reduces the risk of error or misappropriation.

Segregate control of cash. Have an owner or manager occasionally spot check incoming electronic transactions and tie them to the company bank account. If you receive physical checks, have an owner or manager open the mail before passing it on to accounting. That's one way to detect unusual transactions before they're recorded in the company books. Alternatively, you might ask someone separate from accounting to open the mail and prepare a deposit slip, or prepare a daily reconciliation of all transactions.

Pay special attention to ACH payments. Unlike physical checks which leave a paper trail and involve multiple handling steps, ACH payments post directly to a bank account without anyone physically touching the money. This convenience reduces natural oversight points. If the same person has access to online banking and records disbursements in the accounting system, errors or intentional misstatements may go undetected.

Segregate reconciliations. For companies with limited resources, a periodic review of bank reconciliations by someone outside of accounting can provide a mitigating control. Non-accounting personnel performing these reviews will need to be trained. They'll need to understand the risks involved and the types of unusual or unsupported transactions needing further investigation. Cross training staff also helps to ensure continuity of operations when accounting employees take vacations or leave the company. Better yet, bring in an outside accounting expert to conduct periodic audits of key functions.

Management by wondering around. As an owner, periodically review your bank accounts and credit card statements and the activity in them. Ask questions about transactions that are large. Even if you already know the answer, your team will know you are looking. The same goes with your general ledger. Get access to the ledger and periodically look at the details behind an account or two. You may be surprised what you find. Again, your questions will show your engagement and the randomness of this activity will serve as a simple audit technique.

Segregation of duties can help your company keep track of cash and help prevent theft by an employee before it happens.

Seven Interesting Financial Facts

Money touches nearly every part of our lives, yet many people are surprised by how common certain financial behaviors actually are. Here are seven interesting financial facts that highlight real trends in personal finance, along with practical tips to help you make smarter decisions.

FACT #1: 46% of Americans with credit cards carry a balance from month-to-month.

Nearly half of credit card users revolve a balance at some point during the year. Carrying a balance means paying interest, which can often exceed 20% annually.

Financial tip: Use credit cards like a debit card. Only charge what you can pay off in full each month. If you already carry a balance, consider the avalanche method – pay extra toward the card with the highest interest rate while making minimum payments on the others.

FACT #2: 73% of taxpayers receive a tax refund each year. While a refund can feel like a financial windfall to some, it actually represents an interest-free loan to the government.

Financial tip: Consider adjusting your tax withholding if your refund is very large. Take the extra money in your paychecks and redirect it into savings or investments.

FACT #3: Americans hold over \$1.67 trillion in auto loan debt. With rising car prices, more buyers rely on financing, often stretching loan terms to keep monthly payments manageable.

Financial tip: When buying a car, focus on the total cost rather than just the monthly payment. Shorter loan terms and larger down payments can significantly reduce the interest you pay over time.

FACT #4: 40% of U.S. homeowners own their homes without a mortgage. A growing share of homeowners have fully paid off their homes.

Financial tip: Even if paying off your mortgage early is appealing, balance this goal with other priorities such as retirement savings and emergency funds.

FACT #5: U.S. households owe about \$18.8 trillion in total debt. Mortgage debt accounts for the majority of this amount, followed by auto loans, student loans and credit cards. Debt can help people achieve major life goals like homeownership or education, but too much can limit financial flexibility.

Financial tip: Track your debt-to-income ratio. While having no debt is the ideal situation, keeping monthly debt payments below about one-third of your income can help maintain some financial stability.

FACT #6: 67% of Americans have little to no savings after each paycheck. Rising housing costs, inflation and everyday expenses have made it difficult for many households to build savings.

Financial tip: Start with small, automatic savings. Even setting aside a small amount from each paycheck can build meaningful financial security over time.

FACT #7: 54% of working-age Americans have some form of post-secondary education.

More than half of U.S. adults have continued their education beyond high school through a variety of paths – including four-year colleges, community colleges, trade schools, technical programs and professional certifications.

Financial tip: If you're considering additional education or training, evaluate the return on investment before committing. Sometimes shorter programs, certification, or trade schools can provide strong earning potential with significantly lower costs than a traditional four-year degree.



Five Great Money Tips

Creating a sound financial foundation for you and your family is a great goal. Here are five thoughts that may help.

Pay yourself first. Treat saving money with the same care you pay your bills. Take a percentage of everything you earn and save it. Using this technique can help build your savings balance and keep you from living paycheck to paycheck.

Know and use the Rule of 72. You can roughly calculate the number of years compound interest will take to double your money using the Rule of 72. Do this by dividing 72 by your rate of return to estimate how long it takes to double your money. For example, 10% interest will double an investment in 7.2 years; investments with an 8% return will double in nine years. Use this concept to understand the power of saving and investing.

Use savings versus debt for purchases. Unpaid debt is like compound interest but in reverse. For instance, using a credit card with a 12% interest rate to pay \$1,500 for home appliances costs over \$2,000 if paid back over five years. The result is that you have to work harder and earn more to pay for the items you purchase. A better idea may be to save and then buy your dream item.

Understand amortization. When a bank loans you money, it gives you a specific interest rate and a set number of years to pay it back. Each payment you make contains interest as well as a reduction of the amount owed, called principal. Most of the interest payments are front-loaded, while the last few payments are virtually all principal. Making additional principal payments at the beginning of the loan's term will decrease the amount of interest you pay to the bank and help you pay off the loan more quickly.

Taxes are complex and require help. Tax laws are complicated. They are made even more complex when the rules change, like this year! Even worse, the IRS is not in the job of telling you when you forget to take a deduction. The best way to stay out of the IRS spotlight AND minimize your taxes is to ask for help.



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you're braver than you believe, and stronger
than you seem, and smarter than you think.

- CHRISTOPHER ROBIN, WINNIE THE POOH

NOTABLE QUOTES

The world's favorite
season is the spring.
All things seem
possible in May.

- EDWIN WAY TEALE

If you want things to be
different, perhaps the answer is
to become different yourself.

- NORMAN VINCENT PEALE

If you work for a man, in heaven's name work
for him! If he pays you wages that supply you
your bread and butter, work for him – speak
well of him, think well of him, stand by him and
stand by the institution he represents.

- ELBERT HUBBARD

Well done is better
than well said.

- BENJAMIN FRANKLIN

Isn't it amazing
how much stuff
we get done
the day before
vacation?

- ZIG ZIGLAR

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