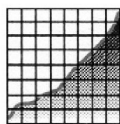


# THE ADVISER



WHITE & COMPANY, PC

CERTIFIED PUBLIC ACCOUNTANTS

LI, No. 1  
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## TWO OF THE WORST ASSETS TO INHERIT

The best asset to leave behind is cash, but here are two of the worst assets to inherit and what you can do to help manage them before you are gone.

**Time Shares** - Whether time shares are deeded or a contract with a large company, there are annual maintenance costs and are notoriously difficult to get out of. Before you leave the timeshare to your heirs, discuss the issue with them. If they decide they do not want to inherit the timeshare try to sell it while you are alive.

**Valuable Collectibles** - It could be gold coins, a rare stamp collection or a fine piece of artwork and there is something special about imagining your loved ones enjoying your collection. Collectibles have a couple of problems. First, there is a chance that your heirs could overlook or not find all of the collectibles. Second, collectibles can be hard to value, they may go to a dealer and could choose the wrong one. If you have any valuable collectibles, be sure your heirs know where they all are located, what they are worth (an appraisal is best but at least give an estimate) and suggest an honest dealer or where to go to find one.

## IMPORTANT DUE DATES

Within 3 days of payroll	-Due dates of employer's Social Security and withholding tax deposits by EFTPS if the IRS has determined you pay semi-weekly
Jan. 15, 2025	<b>-Due date of 2024 Estimated Tax Payment No. 4</b>
Jan. 15, 2025 Feb. 18, 2025 Mar. 17, 2025 Apr. 15, 2025	-Due dates of employer's Social Security and withholding tax deposits by EFTPS if the IRS has determined you pay monthly
Jan. 27, 2025 Feb. 26, 2025 Mar. 25, 2025	-Due dates of monthly state excise tax reports
Jan. 31, 2025	-Due date of Form 940 deposit for 4th quarter 2024 -Due date of employer's payroll tax reports, Forms 941, 940, 943, Unemployment, State L&I, State Paid Family Medical Leave and WA Cares -Due date for 4th quarter 2024 state excise tax report <b>-Due date for W-2s to be issued to Employees</b> and filing deadline for Employers to submit Forms W-3 and W-2, Copy A to the Social Security Administration <b>-Due date for all Forms 1099s</b> to be issued to recipients
Feb. 28, 2025	-Due date to submit all Forms 1099 to the IRS if paper filing or March 31, 2025 if e-filing. However, the due date for giving these forms to the recipients remains January 31, 2025
Mar. 3, 2025	-Due date of 2024 Form 1040 income tax returns for farmers and fishermen who <i>did not</i> pay an estimated tax payment on January 15, 2025
Mar. 17, 2025	-Due date for calendar-year Form 1065 Partnership income tax returns for 2024 -Due date for calendar-year Form 1120S Corporation income tax returns for 2024
Apr. 15, 2025	-Due date for annual 2024 state excise tax report <b>-Due date for 2025 Estimated Tax Payment No. 1</b> -Due date for calendar year Form 1120 Corporation income tax returns for 2024 -Due date of 2024 Form 1040 individual income tax returns for 2024. <u>If you expect to owe tax, the tax is due now even if you extend filing your tax return until a later date</u> -Due date for 1041 Trust and Estate tax returns for 2024 -Due date for IRA, SEP and Simple contributions for 2024

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## **TIDBITS**

- We have a cashless society, the Federal Reserve data shows that cash was used for only 18% of transactions in 2023, down from 31% in 2016.
- 15 million U.S. residents have outstanding medical bills on their credit reports.
- The size of the cybersecurity insurance market in 2019 was \$6 billion. The estimated size of the cybersecurity insurance market in 2027 is \$33 billion. An increase that has to be more than inflation.
- 72% of U.S. workers are aware that they can receive higher Social Security benefits by not applying but opt not to delay.
- Only 10% of U.S. workers plan to wait until age 70 to take their maximum Social Security benefits.
- 30% of Americans believe they would have to pay income tax on life insurance proceeds, they do not. However, income tax does apply on the sale of a life insurance policy.
- In 2023 the FBI received more than 100,000 scam complaints from victims over 60 year old, with close to 6,000 of them losing over \$100,000 each!

## **TWO MYTHS ABOUT LIVING TRUSTS AND YOUR ESTATE**

Myth 1: A living trust will help you avoid estate taxes. There are ways to reduce your federal and state estate taxes, but a living trust is not one of them. If your estate is large enough to potentially expose you to estate taxes, consult with an estate-planning attorney about strategies to reduce the size of your estate.

Myth 2: If you have a living trust, you do not need a will. It is unlikely that you will include everything you own in your trust, and you may add assets between the time you

draw up your living trust and your death. Your attorney will likely recommend a document known as a “pour over” will, which basically transfers to the trust anything you have excluded.

In addition to a will, you will need other estate-planning basics including a financial power of attorney and a health care proxy. If you have minor children, you will also want to name a guardian.

## **REASONS NOT TO RENT A SAFE-DEPOSIT BOX**

Contents are not covered by insurance, that covers only checking and savings deposits, not goods stored in safe-deposit boxes. No damage or theft insurance, even if the bank burns to the ground, you are on your own unless you insured your items independently. You have access only when the bank is open. If you need your items at other times, you will have to wait. They are a hassle for your estate, your heirs and even your executor might have to jump through legal hoops to open the box. You will continually pay rent—depending on the size of the box, you might pay \$15 to \$150 year after year. Better: Purchase a high quality home safe, and insure the items that you keep in it.

## **SOCIAL SECURITY**

What you have paid in is not what you get back. Social Security applies some complicated arithmetic to determine benefits. Basically, low-wage earners receive more money over their retired lives than they paid in during their working lives while high-wage earners receive less.

High earners, who presumably saved more over their careers, are then hit with income taxes that further reduce their benefits.

Based on her life expectancy at retirement, a woman who never earned more than \$30,000 a year can expect to receive about \$1.51 for every dollar she paid in Social

Security tax over her highest-earning 35 years at work, according to a study by the Tax Policy Center.

Low-earning men can expect to receive \$1.35 for every dollar paid in. Men collect less because they typically live fewer years than women.

In contrast, a female corporate vice president who paid the top Social Security tax for her entire career can expect to receive \$.74 for every dollar paid in. A high-earning man would collect \$.69.

A low-income married couple who together never made more than \$66,000 a year would collect \$1.43 on each dollar paid. A couple whose combined pre-retirement pay was \$172,000 a year would get back \$.98.

Today, three-quarters of Social Security retirees pay income tax on their benefits under a 1983 law passed by President Ronald Regan. Taxes were raised again during the Bill Clinton administration.

## **GAMBLING WINNINGS**

Failing to report gambling winnings can draw IRS attention. Casinos must file Form W-2G with the IRS for each person who wins \$1,200 or more in bingo or slots, \$1,500 or more in Keno or over \$5,000 from poker tournaments. The IRS has an automated program that matches data on third-party information returns, such as the W-2G, with income and deduction amounts shown on individual returns. If there is a mismatch with a significant discrepancy, the IRS will notify you of the deficiency plus penalties and interest or begin an IRS audit!

## **IDENTITY THEFT AND YOUR INCOME TAX RETURN**

If you are a victim of identity theft, the first thing to do as soon as possible is file IRS Form 14039, Identify Theft Affidavit, which can be completed online. Do this even if a refund has not yet been stolen! This

can prevent the refund's theft or reduce delays if it has. Guard your Social Security number. Also, e-file and opt for direct-deposit over paper checks for refunds.

## **THE IMPLICATIONS OF GOLD INVESTING**

Gold is taxed as a collectible and subject to a higher capital-gains rate than other assets. If you own gold for more than a year before selling, your rate can be as high as 28%, depending on your tax bracket. Selling within 12 months? You will pay your normal income tax rate which is normally higher than the long-term capital-gains rate. These rules also apply to ETFs invested in gold. For ETFs invested in gold futures, the IRS assumes 60% long-term and 40% short-term gains and losses.

## **RETIREMENT PLAN CONTRIBUTIONS FOR 2025**

Some key dollar limits on retirement plans are set to increase in 2025. The 401(k) contribution limit rises to \$23,500. People born before 1976 can contribute an extra \$7,500. For people who are 60, 61, 62 or 63 in 2025, this catch-up amount is even higher at \$11,250, thanks to the SECURE 2.0 law.

The cap on most SIMPLEs rises to \$16,500, plus \$3,500 more for people 50 and older. If age 60, 61, 62 or 63 in 2025, the \$3,500 figure is replaced with \$5,250.

The 2025 contribution cap for traditional and Roth IRAs remains \$7,000, plus \$1,000 as an additional catch-up contribution for individuals age 50 and older.

The income ceilings on Roth IRA contributions go up. Contributions phase out for 2025 at adjusted gross incomes of \$236,000 to \$246,000 for couples filing jointly, and \$150,000 to \$165,000 for single filers as well as for head-of-household filers.

Deduction phaseouts for traditional IRAs are at higher income levels, from AGIs of \$126,000 to \$146,000 for couples covered by workplace retirement plans, and \$79,000 to \$89,000 for single filers and household heads covered by such plans. If only one spouse is covered by a plan, the phaseout for deducting contributions for the uncovered spouse starts at \$236,000 of AGI and ends at \$246,000 of AGI.

## **EARNED WAGE ACCESS (EWA)**

The Consumer Financial Protection Bureau (CFPB) has weighed in on EWA, in which workers are able to obtain a portion of their wages prior to payday. Such services have gained popularity recently and may be provided either by an employer or by a third party charging a fee.

The CFPB wants to subject more EWA payments to consumer protections under the Trust in Lending Act and other laws, citing concerns about the high cost paid by many employees. The agency found that employees using such services did so 27 times per year, on average, at an annual interest rate of more than 100%. The industry will fight the rule in court in the hope of overturning it.

Major EWA providers have heretofore largely focused on state policy, convincing legislatures in KS, MO, NV and WI. To pass industry-friendly laws that exempted them from many requirements imposed on traditional lenders. They have also experienced setbacks, with CA and CT among those tightening rules.

## **WORRIED ABOUT DATA BREACHES?**

If after years of data breaches, you think your Social Security number, date of birth, driver's license number, address and passwords are floating around on the dark web, try these steps to scam-proof yourself as reasonably possible.

- Freeze your credit with all three major credit bureaus. The online process is quick and freezing does not affect your current credit cards.
- Turn on Stolen Device Protection on your iPhone. The security feature requires Face ID or Touch ID.
- Set Venmo to private, Venmo is a convenient way to split the bill or make small purchases but why allow all of your transactions to be viewed by the public?
- Sign up for Informed Delivery from the USPS. This will alert you to incoming mail and packages and allow you to quickly spot missing credit card offers or missing bank statements.
- Get a password manager - one that will generate and save new passwords and that is accessible by you with a single password.
- Enable two-factor authentication for your banks. You can then receive a text code every time you log into your bank.

## **SCAMS!**

A "pig butchering" scam bilks victims, because the perpetrators "fatten up" their victims before taking their money. The crook contacts the victim via text message or social media and establishes an online "friendship," gaining the victim's trust to persuade him/her to invest a tiny amount in crypto or over-the-counter stock. The "investment" pays off. The victim, now hooked, pours in more money, which "disappears." People have lost entire life savings through pig-butchering scams- tens of thousands of U.S. victims collectively lost \$4 billion last year alone. Be wary of "friendly" strangers on social media, e-mail or text, especially those who mention finances or investing. Never move money into an unfamiliar trading platform or application.



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**January 15, 2025**

***\*\*Our newsletters are available on our website at [www.whitecocpa.com](http://www.whitecocpa.com). Please feel free to take a look around and send us a message with any questions or sign a friend up for the free newsletter!***

## TAKE CARE OF ATM RECEIPTS

ATM machines have become an indispensable tool in managing our daily finances. From withdrawing cash to checking account balances, they have simplified our lives for decades. Yet, there is a detail that often goes unnoticed: the receipts issued at the end of each transaction while they may seem harmless, these small pieces of paper can become a gateway for financial fraud if not handled properly. ATM receipts contain more information than you might imagine. Details such as the last digits of your bank account, transaction specifics, and even your name could be printed on them. According to cybersecurity experts, these data points are sufficient for fraudsters to devise fraudulent strategies, including the dreaded phishing scams.

Phishing is a scam method that seeks to deceive victims into sharing personal or financial information. For instance, a criminal could retrieve a discarded receipt and contact the account holder, posing as their bank. With convincing arguments, they might request additional information and eventually gain access to funds or conduct unauthorized transactions.

To protect yourself from such risks, it is crucial to handle ATM receipts with care. Always ensure that you dispose of them securely, preferably by shredding them, to prevent them from falling into the wrong hands. Additionally, be vigilant about any unsolicited communications that request personal information, especially if they reference recent transactions.

Consider opting for digital receipts if your bank offers this service. Digital receipts reduce the risk of physical theft and can be stored securely on your devices. This not only enhances your security but also contributes to environmental sustainability by reducing paper waste.

## DO NOT ASK SIRI!

Smart devices risk connecting you to scams. If you ask Google Home, Siri or Alexa to find a support number, there is a chance you will end up calling a scammer, not the real company. Scammers create phony customer-service numbers that may appear at the top of search results. Self-defense: Use the company's website or any bill you received from the firm to find a real support number.