



TPF TIPS – JANUARY, 2025

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### **HAPPY NEW YEAR!**

With this issue, we celebrate our One Year Anniversary of TPF TIPS!

Thank you, to those who continue to subscribe and to those of you who have passed our tips along to others who have since become subscribers. The TPF community continues to grow thanks to you!

We look forward to bringing you another year of information you can put to practical use. So here we go.....

Welcome to TPF TIPS our monthly newsletter where we apply our over 30 years of experience to cut through the noise, select what is relevant, unpack the jargon and offer clear, digestible insights to topics important to our clients.

We know your time is precious and your inbox sacred so, we strive to make these emails an easy read (5-7minutes) and plan to deliver TPF TIPS on or around the 15<sup>th</sup> of each month (subliminal plug for tax preparation).

If, for some reason; you do not wish to receive the monthly newsletter, please do not unsubscribe. Rather, please reply to the email with the word UNSUBSCRIBE in the subject line. We will make sure to remove you from the newsletter list but, keep you subscribed to our other emails regarding important financial deadlines, events and other critical updates you will want to know about.

After all, it's your money and we want you to keep as much of it as possible!  
It's that time.....buckle up and let's get **savvy!!!**

The theme for this month is:

***New Year's Resolutions. Love 'em, Hate 'em , Gotta have 'em.  
Our list of Fiscal Resolutions to consider.***

As we step into 2025, we at *The Pierson Firm* want to help you start the year on the right financial footing. With tax season just around the corner, now is the perfect time to consider some fiscal resolutions that could benefit you throughout the year and beyond.

Before we dive into resolutions, here is a quick rundown on tax updates for 2025:

- The **standard deduction** has increased to \$13,850 for single filers and \$27,700 for married couples filing jointly.
- The **annual gift tax exclusion** is now \$18,000 per recipient.
- **401(k) contribution limits** have risen to \$23,000 for those under 50, and \$30,500 for those 50 and older.

And now, our **2025 Fiscal Resolutions Checklist** or, a path to more successful money management:

**Organize Your Financial Documents:** Start the year right by setting up a system to track your income, expenses, and potential deductions.

**Maximize Retirement Contributions:** Take full advantage of increased contribution limits for your 401(k), IRA, or other retirement accounts. These contributions can significantly reduce your taxable income.

**Review Your Withholdings:** If you received a large refund or owed a substantial amount last year, it's time to adjust your W-4. We can help you find the right balance.

**Plan for Estimated Tax Payments:** If you're self-employed or have significant non-W2 income, mark your calendar for 2025's estimated tax payment due dates: April 15, June 15, September 15, and January 15, 2026.

**Take Advantage of Health Savings Accounts (HSAs):** If you have a high-deductible health plan, consider maximizing your HSA contributions. For 2025, the limits are:

- Individual coverage: \$4,150
- Family coverage: \$8,300
- Additional catch-up contribution (age 55 or older): \$1,000

HSA contributions are tax-deductible, grow tax-free, and can be withdrawn tax-free for qualified medical expenses.

**Plan Your Charitable Giving:** If you're charitably inclined, consider bunching your donations into a single year to exceed the standard deduction and itemize your deductions. You might also consider setting up a donor-advised fund, which allows you to take an immediate tax deduction while spreading out your charitable giving over time.

**Harvest Tax Losses:** Review your investment portfolio and consider selling underperforming investments to offset capital gains. This can help reduce your overall tax liability.

**Consider a Home Office Deduction:** If you're self-employed or run a small business from home, don't forget about the home office deduction. This can be calculated a couple different ways and helps reduce the taxes you pay.

**Schedule a Mid-Year Tax Check-Up (our favorite):** Don't wait until the end of the year to think about your taxes. Schedule a mid-year appointment with us to review your tax situation and see how we can save you money!

**Outline an Annual Budget:** develop manageable budget that includes all expenses and all sources of income. Don't forget to make allowances for fun!

**Set Attainable Savings Goals:** Paying yourself first or, putting aside a dedicated amount of money each paycheck is an important part of financial growth and good habits.

**Improve your Credit Score:** Pay those bills on time. Consistently reducing what you owe each month with consistent payments helps improve your credit score.

And while we may not always think about it, LIFE PLANNING is also important. Giving a little thought now, will pay big dividends and make things easier in the future.

Here is our “bonus” list of **Life Planning Resolutions:**

Prepare a Last Will & Testament

- Create a Power of Attorney document
- Update all financial accounts and information with the proper contact information and beneficiaries.
- Assemble Estate Planning documents for your assets.
- Prepare Directives to Physicians, Attorneys, Family Matters, etc.

**Final Thought. . .**

**NEW YEAR'S RESOLUTIONS = PLANNING = SUCCESS**

We always think we have all the time in the world, until we don't.

A little thought and planning now, creates great benefit for your future.

Make the time. You will be glad you did.

**Remember:**

We're here to help clients make informed decisions, alleviate concerns and prepare for various potential outcomes....but most important; help you keep as much of your money as possible.

### **About The Pierson Firm**

Conroe-based The Pierson Firm offers a comprehensive range of tax-related services to individuals and businesses alike; and have been doing so for over 30 years. From Tax Planning, Preparation & Representation to Business Operations, Advisory and Compliance, the firm provides personalized solutions to those around the block or around the globe. Additional company information can be found by visiting [www.thepiersonfirm.com](http://www.thepiersonfirm.com).



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