



## November 2025

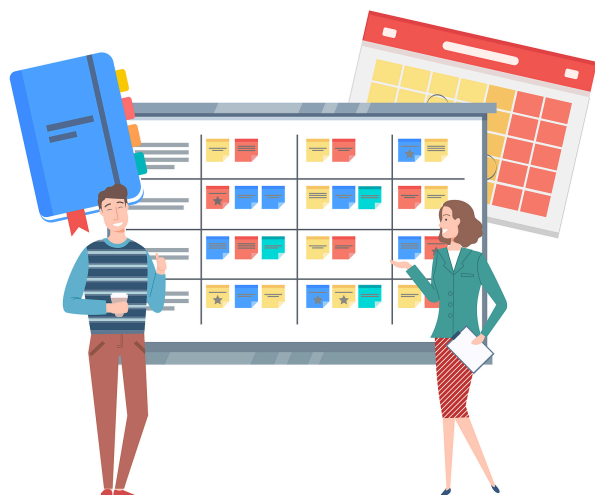


As 2025 starts to wind down, now's your chance to make some strategic moves that could pay off well into next year. In this month's newsletter, we're focusing on key actions that can sharpen your finances as we head into the final few months of the year.

First up: a final tax planning review checklist to help you spot any last-minute opportunities to reduce your 2025 tax bill. We also break down the latest Social Security cost-of-living adjustments and how they might impact your income. Also learn about five essential financial terms that can give you an edge with managing your money.

Finally, we take a look at the rise of the DIY economy and why more people are choosing to fix, make, and create instead of just buy, and how you can be part of this movement.

As always, should you have any questions, please call. And feel free to forward this information to someone who could use it!



## Still Time to Reduce Any Tax Surprises!

Consider conducting a final tax planning review now to see if you can still take actions to minimize your taxes this year.

Here are some ideas to get you started.

**Review your income.** Begin by determining how your income this year will compare to last year. Since tax rates are the same, this is a good initial indicator of your potential tax obligation. However, if your income is rising, more of your income could be subject to a higher tax rate. This higher income could also trigger phaseouts that will prevent you from taking advantage of certain deductions or tax credits formerly available to you.

**Examine life changes.** Review any key events over the past year that may have potential tax implications. Here are some common examples:

- Purchasing or selling a home
- Refinancing or adding a new mortgage
- Getting married or divorced
- Incurring large medical expenses
- Changing jobs
- Welcoming a baby

**Identify what tax changes may impact you.** There were lots of changes this year



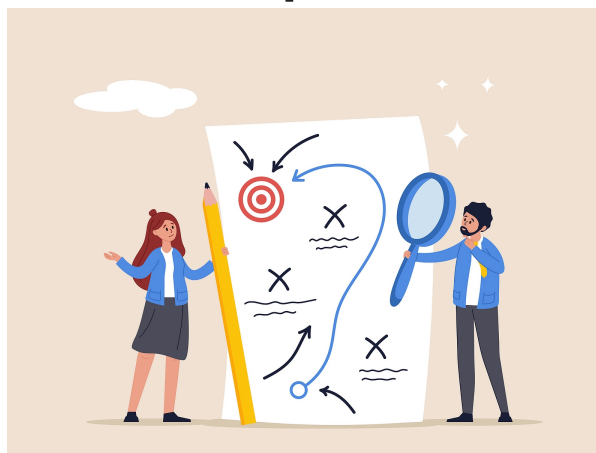
**Upcoming dates:**

### Reminder

- Conduct year-end tax and financial planning

- 2026 Social Security changes announced.

## Frugality vs. Free-Spending: Finding Your Financial Sweet Spot



Money has a way of testing balance. Lean too far toward penny-pinching and life feels tight and restricted. Tip the other way into carefree spending and it's easy to lose financial footing.

thanks to a new tax bill passed this summer. Here are some of the more important changes to be aware of:

- Up to \$25,000 of tip income can be excluded from income
- Up to \$12,500 of overtime income (\$25,000 for married couples) can be excluded from income
- Increase in the standard deduction
- New \$6,000 senior citizen deduction
- Child tax credit is increased to \$2,200
- State and local tax deduction is increased to \$40,000

**Manage your retirement.** One of the best ways to reduce your taxable income is to use tax beneficial retirement programs. So now is a good time to review your retirement account funding options. If you are not taking full advantage of the accounts available to you, there is still time to make adjustments.

**Look into credits.** There are a variety of tax credits available to most taxpayers. Spend some time reviewing the most common ones to ensure your tax plan takes advantage of them. Here are some worth reviewing:

- Child Tax Credit
- Earned Income Tax Credit
- Premium Tax Credit
- Adoption Credit
- Elderly and Disabled Credit
- Educational Credits (Lifetime Learning Credit and American Opportunity Tax Credit)

**Avoid surprises.** Your goal right now is to try and avoid any unwanted surprises when you file your tax return. It's also better to identify the need for a review now versus at the end of the year when time is running out. And remember, you are not required to be a tax expert. Use the tips here to determine if a review of your situation is warranted and please call if you have any questions about your tax circumstances.

Here are some practical tips to help find a healthy balance.

### **Two lenses for seeing money**

Most of us have a mix of both frugality and spendthrift habits, but knowing what each one looks like makes it easier to spot where they show up in spending habits.

- **Frugality** is about being intentional with your money. A frugal person budgets, prioritizes spending on what matters, and looks for ways to stretch a dollar without sacrificing value.
- **A spendthrift**, on the other hand, tends to spend freely, often without a plan. This can lead to splurging or buying on impulse, or prioritizing short-term enjoyment over long-term financial stability.

### **Counterpoint to frugality: Why it's ok to spend money**

Being frugal doesn't mean you never spend. In fact, spending wisely within a budget is part of living well. It keeps life balanced, enjoyable, and sustainable. Here's why:

- **Budgeting allows for enjoyment.** A budget isn't just about bills and savings. It should also include money to freely spend, whether it's for dining out, hobbies, or travel. Planning for enjoyment makes it guilt-free.
- **Quality can save money in the long run.** Sometimes spending more upfront, such as on a durable appliance, a reliable car, or quality shoes, is actually more frugal than constantly replacing cheaper alternatives.
- **Experiences enrich your life.** Memories with family and friends, or investments in self-growth like education, often outweigh the



## 5 Financial Terms Everyone Should Know

Money impacts nearly every part of life. Whether you're just starting your career, running a household, or trying to grow your savings, understanding a few key terms can give you a real advantage.

Here are 5 financial terms that you should understand to help better manage your money

### 1) Net Worth = Assets - Liabilities

**What it is:** Net worth is the bottom line of your financial life. It's what you own (assets) minus what you owe others (liabilities). The result of this math is your net worth.

**Why it matters:** Forget income for a second. Net worth is the real measure of how well you're doing financially speaking. You can make six figures and still be broke if you're drowning in debt. Tracking net worth shows whether you're moving forward, stuck in place, or sliding backwards.

**Planning tip:** Watch your net worth like a financial GPS. Check in regularly. If it's not growing, it's time to rethink how you're spending, saving, or investing. Consider creating this calculation at the beginning of each year, then compare it over time.

### 2) Compound Interest

**What it is:** Compound interest is like a money snowball. You earn interest not just on your original cash, but also on the interest on the interest that was made in previous time periods. It's growth feeding on growth.

temporary satisfaction of holding onto every dollar.

### Signs you're leaning too spendthrift

Overspending can creep up without you realizing it. Here are a few signs that you might be too spendthrift:

- You catch yourself making spur-of-the-moment purchases instead of following a spending plan.
- You carry a credit card balance from month to month.
- Your checking account feels like a mystery ride, swinging from full to empty and leaving you wondering where the money went.
- You tend to chase the fun stuff first, wants over needs, splurges over basics.
- You make a good income, yet your savings account never seems to grow.

### Finding the sweet spot

It is possible to find a balance. Here's some ideas to keep your financial footing.

- **Create a values-based budget.** Identify what matters most to you (travel, fitness, education, family time) and allocate money toward those things without letting extras derail your goals.
- **Use the 50/30/20 rule.** Spend 50% of your income on needs, 30% on wants, and 20% on savings & investing. This helps control overspending while leaving room for fun.
- **Think before spending.** Before making a major purchase wait at least 48 hours. Ask yourself *Does this align with my priorities, or Is it just impulse?*
- **Think in seasons, not seconds.** Frugality is planting seeds for tomorrow, while spendthrift habits can leave the soil barren.

**Why it matters:** This is how small savings turn into serious wealth. Compound interest doesn't just add, it multiplies. It's the silent force behind retirement accounts, savings plans, and long-term investments. The sooner you start, the harder it works.

**Planning tip:** Start understanding and applying compounding NOW! It works in a bank's favor with mortgages and credit card debt. It works in your favor with savings and retirement accounts. Actively manage it. Search bank accounts that pay reasonable interest (most don't!). Maximize your retirement contributions. Make extra payments on credit card debt and loans like your mortgage. Even a few dollars invested early can outpace thousands invested later. Time isn't just money, it's compounding!

### **3) Liquidity**

**What it is:** Liquidity is all about access. It's how quickly you can turn an asset into spendable cash. A \$100 bill? Instantly liquid. A house? Not so much. It takes time and effort to sell and turn a home into cash.

**Why it matters:** When life throws a curveball, you want money as soon as possible, not stuck in a slow-moving investment. Liquid assets give you financial agility, which is essential during emergencies or unexpected expenses.

**Planning tip:** Keep an emergency fund in something ultra-liquid like a savings account. That way, when things get rough, you're not forced to sell stocks or real estate at the worst possible time.

### **4) Debt-to-Equity Ratio (DTE) = Total Personal Debt / Personal Net Worth**

**What it is:** DTE compares how much debt you have to how much you own outright. Your equity is your net worth (see above), which is what's left after subtracting your debts from your assets.

**Why it matters:** This number tells you if you're living on solid ground or skating on financial thin ice. A high DTE means debt is doing the heavy lifting in your life, which is typically risky. A low DTE means you actually own most of what you have.

Remember, at the end of the day, money is just a tool. Use it wisely, and it can help you build a life that feels secure and rewarding.



## **Year-End Tax Planning Tips for Your Business**

As 2025 winds down, here are some ideas to help you prepare for filing your upcoming tax return:

**Informational returns.** Identify all vendors who require a 1099-MISC and a 1099-NEC. Obtain tax identification numbers (TINs) for each of these vendors if you have not already done so.

**Form 1099-K planning.** Consider labeling business and personal accounts separately on platforms like Venmo and PayPal. Mixing funds could cause reporting errors, especially as platforms enhance their 1099-K tracking capabilities.

**Be prepared for overtime and tip headaches.** While 2025 is a transition year before the tax-free tip and overtime income must be reported on reformatted W-2s and 1099s, your employees still need to prove their deduction! So be prepared to track both tips and overtime pay from your payroll system.

**Shifting income and expenses.** Consider accelerating income, or deferring earnings, based on profit projections.

**Planning tip:** Track your DTE like a financial vital sign. Aim to lower it over time by paying down debt and building assets.

### **5) Loan-to-Value Ratio (LTV) = Loan Balance / Current Value of the Asset**

**What it is:** LTV is how much you owe on a loan compared to what the asset (usually a home or a vehicle) is currently worth.

**Why it matters:** Lenders look at LTV to size up their risk. A low LTV means more equity and less risk for the lender – you're likely to get better interest rates. A high LTV means you've borrowed most of the asset's value, which can mean higher rates, extra fees, or even being denied a loan

But LTV isn't just a bank's problem. It's yours, too. A high LTV means you've got little skin in the game. If prices drop or something goes wrong (like a vehicle getting totaled), you could owe more than the asset is worth. That's called being underwater, and no one wants to drown in debt.

**Planning tip:** ALWAYS keep your LTV under 80%. 50% is a safer target. The more equity you build, the more control and options you have, whether you're refinancing, selling, or just sleeping better at night.

**Financial literacy isn't about knowing everything. It's about understanding the basics well enough to make smart decisions.**

**These five terms are your starting blocks. Get familiar with them and you'll be able to build a stronger financial future.**

**Separation of expenses.** Review business accounts to ensure personal expenses are not present. Reimburse the business for any expenses discovered during this review.

**Create expense reports.** Having expense reports with supporting invoices and business credit card statements with corresponding invoices will help substantiate your deductions in the event of an audit.

**Fixed asset planning.** Section 179 or bonus depreciation expensing versus traditional depreciation is a great planning tool. If using Section 179, the qualified assets must be placed in service prior to year-end.

**Leveraging business meals.** Business meals with clients or customers are 50% deductible. Retain the necessary receipts and documentation that note when the meal took place, who attended and the business purpose on each receipt.

**Charitable opportunities.** Consider any last-minute deductible charitable giving including long-term capital gain stocks.

**Cell phone record review.** Review your telephone records for qualified business use. While expensing a single landline out of a home office can be difficult to deduct, cell phone use can be documented and deducted for business purposes.

**Inventory review.** Review your inventory for proper counts and remove obsolete or worthless products. Keep track of the obsolete and worthless amounts for a potential deduction.

**Review your receivables.** Focus on collection activities and review your uncollectible accounts for possible write-offs.

**Review your estimated tax payments. Recap your year-to-date estimated tax**

**payments and compare them to your forecast of full year earnings. Then make your 2025 4th quarter estimated tax payment by January 15, 2026.**

**As always, should you have any questions or concerns regarding your tax situation please feel free to call.**



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