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Online Advisor – April 2025

Upcoming dates:

April 15

- Individual income tax returns for 2024 are due
- First quarter 2025 estimated tax payments are due

Reading through tax law isn't something most people do for fun. But what if the laws are interesting or strange? In this month's newsletter, test your knowledge about quirky tax laws with our annual tax quiz.

There's also a list of questions to review to make sure you're prepared as we approach the April 15th filing deadline.

Also in this edition, read through several ideas for making your spring cleaning a little more fun, and learn about answers to some of life's pressing questions such as *Why do socks always vanish?*

Please pass this information on to anyone that may find it useful and call if you have any questions or concerns.

Annual Tax Quiz - Quirky Tax Facts!

From quirky tax laws to surprising deductions, this fun 10-question multiple choice quiz will test your knowledge about interesting tax facts from here and around the world. Let's see how you do—answers are at the end!

- **1. Given our British origins, let's start with a fun English tax fact. What was taxed in England during the 17th century, resulting in an abundance of bald heads?**

A. Hats B. Hair powder C. Wigs D. Shampoo

- **Answer: C - Wigs**

In 1795, England taxed wig powder, causing many to stop wearing wigs altogether.

- **2. Which U.S. president introduced the first federal income tax?**

A. Abraham Lincoln B. George Washington C. Franklin D. Roosevelt D. Theodore Roosevelt



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- **Answer: A - Abraham Lincoln**

The first federal income tax was introduced in 1861 to fund the Civil War. As promised, after the war ended, so too did the income tax, only to be re-introduced in the early 1900s.

- **3. What strange item did the IRS allow a bodybuilder to deduct as a business expense?**

A. Body oil B. Protein shakes C. Tanning lotion D. Ostrich eggs

- **Answer: A - Body oil**

The IRS allowed a bodybuilder to deduct body oil as it was deemed ordinary and necessary for his competitions.

- **4. In which country was a window tax imposed, leading to bricked-up windows in older buildings?**

A. France B. England C. Germany D. Italy

- **Answer: B - England**

The window tax was introduced in 1696, with many homeowners bricking up their windows to avoid the tax.

- **5. What is the nickname for the U.S. tax system due to its progressive nature?**

A. Robin Hood Tax System B. Pay-As-You-Go C. Tax the Rich System D. The Graduated Tax

- **Answer: D - The Graduated Tax**

The U.S. tax system is called graduated because rates increase with income levels. It is also known as a progressive tax system.

- **6. What popular children's activity was taxed in Arkansas in 1990, sparking outrage?**

A. Playgrounds B. Hula hoops C. Swing sets D. Clown shows

- **Answer: B - Hula hoops**

Arkansas briefly taxed hula hoops in 1990, considering them a recreational activity.

- **7. Which of the following pets were successfully deducted as a business expense?**

A. A cat used for pest control in a junkyard B. A dog trained to sniff out counterfeit money C. A parrot that served as an office greeter D. A goldfish for calming customers

- **Answer: A - A cat used for pest control**

A junkyard owner successfully deducted a cat's care as a business expense.

- **8. What is the origin of the word tax?**



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A. It comes from the Latin word *taxo*, meaning *I evaluate*. B. It derives from Old French *taxer*, meaning *to split*. C. It originates from Greek, meaning *to take*. D. It stems from the ancient Sanskrit word for *tribute*.

- **Answer: A**

*It comes from the Latin word *taxo*, meaning *I evaluate*.*

- **9. In 2013, which country imposed a tax on people with tattoos in a drive to regulate body art?**

A. South Korea B. Hungary C. Japan D. Australia

- **Answer: B - Hungary**

Hungary introduced a tax on tattoos and piercings as part of a health-related initiative.

- **10. What unusual tax was levied by Roman Emperor Vespasian in 70 AD to raise funds for public works?**

A. A beard tax B. A urine tax C. A laughter tax D. A sandal tax

- **Answer: B - A urine tax**

Emperor Vespasian taxed urine, which was used in ancient Rome for tanning leather and laundering clothes.

How Did You Score?

9–10 Correct: Tax Trivia Master! Are you secretly a tax historian?

6–8 Correct: Impressive! You've got a solid grasp on quirky tax facts.

3–5 Correct: Not bad! Your brain knows a bit of interesting tax trivia.

0–2 Correct: You live a wonderful life, unencumbered with unusual tax laws in your memories.

It's Tax Day!

Here are some last-minute details and tips

With the individual tax-filing deadline on Tuesday, April 15th, if you have not already done so, now is the time to complete all filing arrangements and payments.

While this information is provided in our filing instructions, it makes sense to provide this information to everyone, whether you have filed or not. If you have not already done so, ask yourself these questions:



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1. **Did you sign your e-file authorization form?** IRS Form 8879 needs to be signed before your taxes can be e-filed. If filing jointly, your spouse needs to sign as well. If you haven't already, please return the signed form ASAP to ensure that your taxes can be e-filed on time. But don't sign it before reviewing the tax return. Remember, this signature means you agree with the accuracy of the tax return.
2. **Do you need more time to file?** If you are not ready to file your taxes before the April 15th deadline, you can file for a six-month extension. Be aware that it is only an extension of time to file — not an extension of time to pay taxes you owe. You still need to pay all taxes by April 15th!
3. **Do you owe money?** If yes, make your tax payment now! The IRS has several payment options. If mailing a payment, include Form 1040-V and ensure the mail is postmarked on or before April 15th. Sending the payment by certified mail will ensure you have proof of a timely payment. Late payments, even by one day, are subject to IRS penalties and interest.
4. **Do you need to deposit funds into your IRA or HSA?** If you claim an IRA or HSA contribution on your tax return for the 2024 tax year, all deposits to those accounts need to be made by April 15th. Once completed, save proof of the contribution with your 2024 tax files.
5. **Do you need to make an estimated tax payment?** The first quarter estimated tax payment for 2025 is also due by April 15th. If you owe taxes for 2024, making 2025 estimated payments might make sense for you. A quick way to calculate a first quarter payment is to divide the taxes you paid in 2024 by four, then adjust this number for any paycheck withholdings. Send your payment along with Form 1040-ES to the IRS by April 15th. Then schedule a tax-planning meeting to determine the best approach for the remainder of the year.

If you do miss a deadline, file your return and pay the taxes as soon as you can to stop the accruing of interest and penalties.

Fun-Themed Ideas for Your Spring Cleaning

Give your spring cleaning a creative twist this year with the following fun-themed ideas.

- **The Hanger Trick.** Turn all your hangers backwards. After wearing an item, return the hanger forwards. After a few months, donate clothes still on backwards hangers.
- **The One In, Two Out Method.** For every new item you bring into your home, get rid of two items to prevent clutter from building up.



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- **The 10-Minute Dash.** Set a timer for 10 minutes and pick one area (a drawer, a shelf, a corner). Clean and declutter it as fast as you can.
- **The Touch It Once Test.** When organizing, deal with each item fully the first time you touch it—put it away, toss it, donate it, or file it. No piles of *maybe later*.
- **The Forgotten Corners Challenge.** Pick one spot you always ignore (behind the fridge, under the bed, top of cabinets) and deep clean it.
- **The Clutter-Free Counter Pact.** Make a vow that nothing lives on your counters except daily essentials. Everything else must find a home or go!
- **The One Surface a Day Rule.** Each day, choose one surface (desk, shelf, table) to declutter and deep clean. Small steps, big results.
- **The 3-Bin Blitz.** Label three bins: *Keep, Toss, Donate*. Go through one room at a time and sort everything quickly and decisively. (Again, no bin for *maybe!*)
- **The Light Switch Wipe-Down.** While you clean, make it a habit to wipe light switches, doorknobs, and remote controls—often forgotten, but major germ zones.
- **The 5-5-5 Rule.** Find 5 things to throw away, 5 to donate, and 5 to put back in their place every day during your spring cleaning period.
- **The No Junk Drawer Mission.** Pick one drawer that's become a catch-all and transform it into a useful space. Bonus points for using small organizers or dividers.
- **The Rubber Tote Rotation.** Color-code seasonal storage bins (green for spring/summer, red for winter, etc). Rotate based on the season so you only keep what you need accessible.
- **The Lawn & Order Sweep.** Clear out old lawn care products, sweep the garage floor, and organize outdoor equipment so you're ready to mow and grow when the season hits.

Why Do Socks Always Vanish? And Other Pressing Life Questions

It's a universal truth: socks have a way of disappearing. The mystery of the vanishing sock is an unsolved puzzle that everyone experiences. But what's really behind this bizarre phenomenon? And what about other everyday mysteries that leave us scratching our heads? It's time to unravel some of life's most pressing questions.

Why do my socks always disappear?

First on the docket is the mystery of the missing socks. There are several mundane explanations that may account for this phenomenon:

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- **Static cling.** Socks, especially smaller ones, can cling to larger items like towels or sheets. They might then be folded into the item or fall off unnoticed as you fold your laundry.
- **Laundry escapees.** Socks can fall out of the laundry basket or get left behind in your washing machine. If your home has multiple people doing laundry, someone else may accidentally grab one of your socks.
- **Pets and kids.** If your sock finds its way on to the floor of a teenager's bedroom, well, then it's gone forever. And believe it or not, pets also love socks.

***Mystery Solved:** So while there's no grand conspiracy, a sock's small size and elusive nature make it a prime candidate for disappearance. And once you throw the unmatched culprit out, its partner is single forever! If it really bugs you, consider getting a mesh laundry bag or sock clips to keep your pairs together.*

Where are my keys?

If you're constantly misplacing your keys or phone, you're not alone. This issue is linked to how our brains deal with memory:

- **Lack of attention.** If you're distracted or in the middle of doing something else, your brain doesn't process the act of putting down your keys. It's like trying to save a document without clicking Save.
- **Habit loops.** Keys and other small items tend to get dropped in random spots rather than a consistent location, making it harder to recall where they are.

***Mystery Solved:** Create a designated spot, like a key bowl near a door. Also consider getting an electronic device to attach to your keys. You can then download an app to your phone to track them...you can even use these devices in reverse to find your phone. Plus, these suggestions can be used for many other items like a wallet, purse, or pass keys.*

Why does time fly when you're having fun?

Ever notice how an hour spent folding laundry may seem like an eternity, but a weekend vacation seems to pass in the blink of an eye? This phenomenon boils down to how our brains process experiences:

- **Engagement and novelty.** When you're having fun, you're fully engaged and your brain is processing new, exciting information. This heightened activity makes time feel faster in hindsight.
- **Monotony slows your perception.** Conversely, routine tasks like sitting through a dull meeting lack novelty, making time seem to drag on and on.

***Mystery Solved:** Turn boring activities into a game. While doing your laundry, for example, set a timer and race to finish folding a designated pile before time runs out. Or try to organize your laundry*



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by color or type as fast as possible. To get kids involved, turn each piece of laundry into a story starter. "This sock went on an adventure..."

While these every day events can easily turn into an annoyance, spend a second, reset, and embrace the mystery.

Shopping for Quality: When the Cheapest Option Isn't Always the Best Option

Many products made today are designed to be affordable and when this happens the quality and durability of the item often suffers. While saving money in the short-term may be appealing, there are times when it makes sense to pay a bit more for a higher quality item. Here are some things to consider.

Background

Many companies prioritize speed and cost-efficiency over durability. Clothing brands, for example, create multiple collections every year. They leverage the latest trends to get it online or to a showroom, often by using cheaper materials and shortcuts in manufacturing to keep costs low. This is often called designed obsolescence. Here are some examples:

- **Clothing.** Choose \$10 shirt that looks tatty after 6 months of consistent wearing or buy a \$40 shirt that lasts for many years.
- **Electronics.** Choose a cheaper TV or computer, that will need updating our pay for higher-quality items could last between 3 and 5 years.
- **Furniture.** Particleboard furniture can break or warp very quickly, while solid wood furniture can last for decades with proper care.

When to Prioritize Quality

Here are several situations where you may want to prioritize quality over the least expensive option:

- **Products that affect your health and safety.** Medicine, baby products, helmets, tires...certain products such as these may pose a risk to your health and safety if defective.
- **Items you use every day.** For things you use frequently, such as shoes, mattresses, appliances, or electronics, quality products tend to provide better comfort and durability.
- **Tools and equipment.** Poor quality can hinder your performance if you use tools for your job or hobbies.
- **Experiences and services.** Whether it's going on vacation or choosing a contractor, going with the cheapest option may lead to more headaches.



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- **Items with long-term value.** You may want some purchases to last a lifetime, or to even be passed down to your kids or grandkids.

Tips for Finding High-Quality Items That Last

- **Research materials and craftsmanship.** High-quality items are often made from superior materials and crafted with care. Before you buy, take the time to learn about what makes a product durable.
- **Focus on timeless designs.** A navy blue blazer or standard blue jeans will probably never go out of style. The same is true with a lawnmower that has a quality engine driving it. A great sofa or classically designed table with a well constructed frame will be more expensive, but will last much longer and not go out of style.
- **Shop for brands that have a reputation for quality.** Certain brands have built their reputations on producing durable, high-quality products.
- **Do research.** Non-profit sources like Consumer Reports often have objective ratings of quality items we use every day. In addition, there are crowd sourced ratings of many products and services. The key is to try to find the best quality for the best price. It can be done with a little homework on your part.

Customer Retention Metrics You Need to Know

Your business's ability to retain customers is one of the most important components to sustained growth and profitability. Here are the three retention metrics useful for every business owner.

- **Retention rate.** Most customer retention is measured over a set period of time, typically one year. To determine your rate, take a look at the number of customers who ordered from you last year. Then see what percent of them order at least once from you over the current year. If you measure this percent each month you can see how your retention builds throughout the year. The key is to compare your retention rate to the same period in prior months and years. A rising rate means you are on the right track; a shrinking rate means you need to make changes. According to the Harvard Business Review, a 5% increase in your retention rate increases profits by 25% to 95%!

Part 1 - Cut'em Nail Salon Example: *Cut'em Nail Salon starts the year with 700 active clients. They add 300 new customers during the year, and their active client base is 800 at the end of the year. On the surface things look good, right? This increase of 100 clients is over 14%! But when you calculate the retention rate, it is 71.4% (800 clients minus 300 new clients means 500 of last year's clients still use Cut'em. 500 divided by 700 equals 71.4%).*



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What happened to the 200 customers that did not return? Cut'em doesn't know if this is good or bad news, as it only makes sense when comparing it to the last few years' retention performance.

- **Existing customer revenue percentage.** Core customers almost always contribute the most to your sales. But how much? To figure out your returning customer revenue percentage, start with a list of revenue by customer for the last 12 months. Identify the returning customers and add up revenue attributed to them. Divide that number by your total revenue. Use this information to balance your spending between new customer acquisition and retaining your core customers. If you are like most businesses, you will realize there is tremendous value in spending more time and effort on retention, even when your business is full!

Part 2 - Cut'em Nail Salon Example: Assume the nail salon's total revenue is \$1 million and the revenue from the 500 returning clients is \$900,000. In this case, the core customers represent 90% of the revenue but only 62.5% (500 divided by 800) of the customers!

- **Most valuable customers.** Now identify which customers spend the most and buy the most often. Odds are, many of your top customers have similar characteristics. In the end, your goal is to keep these customers happy and get more just like them!

Part 3 - Cut'em Nail Salon Example: In the example above, the average revenue per client is \$1,250 per client or over \$100 per month (\$1 million divided by 800 clients). If the top 20 clients represent \$100,000 in revenue or \$5,000 per client, you can quickly see how important they are!

The key take away is that sustained growth and profitability comes from the core customers you retain each year. And the best place to start is to calculate and understand your retention numbers and their trend.

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

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