Online Advisor – August 2026

Upcoming dates:

September 7

- Labor Day

September 15

- Filing deadline for 2025 calendar-year S corporation and partnership tax returns on extension
- Due date for 3rd quarter installment of 2026 estimated income tax for individuals, calendar-year corporations, and calendar-year trusts & estates

Sometimes the biggest financial opportunities come from paying attention to the details. In this issue, we highlight the details of several tax rules that can impact many of your life's important milestones.

You'll also find an overview of the increased business mileage rates for the second half of 2026, a practical back-to-school financial checklist to help your family save money, and simple steps to protect your family from deepfakes and other AI-powered scams.

As always, feel free to call if you wish a review of your situation and pass this information along to someone who might find it useful.

Understand the Tax Details of Life Events

Things to consider

Most life events have tax consequences attached to them. Some of them, though are not obvious. Here are six situations to consider.

1. **Selling your home isn’t always tax-free.** Most homeowners who sell their principle residence qualify to exclude up to $250,000 of gain, or $500,000 for married couples filing jointly. Gains above these limits are generally taxable, but there can be complications. For instance, portions of a property such as a detached office, studio, or other structure not used as part of the residence, may not qualify for the exclusion. And if two single couples are combining homes and selling one of them, you need to keep track of the rules to ensure you can use the full gain exclusion on both homes. And keeping records of home improvements is also important because those costs increase your home's value which further reduces the gain when you sell.

2. **Changing jobs can create an unexpected tax bill.** Each employer withholds taxes based on the wages it pays you and the information on your Form W-4. If you work for more than one employer during the year, your total withholding may not fully account for your combined income. Reviewing your withholding after changing jobs or adding a new job can help you avoid an unexpected balance due at tax time. And if moving is involved, the cost of moving expenses are generally no longer deductible, so you may want to negotiate this cost as part of your hiring package. In addition, moving to another state may require filing multiple state tax returns. So plan accordingly.
3. **Getting married or divorced changes more than your filing status.** These major life events can reshape your entire tax picture, affecting the credits, deductions, and filing options available to you. A different filing status is often just the beginning. Even the timing is important as the tax code assumes you are married for the full year, even if you tie the knot on December 31st!
4. **Inheriting money or property comes with its own rules.** Many inheritances aren't considered taxable income for federal purposes the year you receive them, but inherited assets often carry their own tax rules. For example, certain inherited retirement accounts may require taxable withdrawals over a set period, while inherited property generally receives a stepped-up basis (moving from your parent's or grandparent's cost to the current fair market value). And remember some states do have an inheritance tax separate from federal rules, so plan accordingly. They are: KY, MD, NE, NJ & PA.
5. **Caring for aging parents may open up additional deductions and credits.** Supporting an aging parent can sometimes create valuable tax benefits. Depending on your situation, you may qualify to claim a parent as a dependent, deduct certain medical expenses you pay on their behalf, or even claim the Child and Dependent Care Credit if you're paying for care so you can work.
6. **Major medical events and related expenses can lower your taxable income.** Large medical expenses can sometimes provide tax relief if you itemize deductions. Costs that exceed 7.5% of your adjusted gross income may qualify, and eligible expenses can include much more than doctor bills, such as certain travel, long-term care, dental treatment, and medically necessary home improvements.

The biggest tax savings aren't always found in major strategies, but in understanding the rules that apply to everyday life events. When in doubt, a little planning before making a big decision can go a long way. Please call if you have questions about your tax situation.

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Mileage Deduction Gets Boost for Second Half of 2026

Just when many business owners thought they had the mileage rate memorized, the IRS changed it. Effective July 1, 2026, the standard business mileage rate increases, making this one of the rare years you'll need to use two different rates when calculating your deduction.

The new rate as of July 1, 2026 is 76 cents per mile, increased from 72.5 cents per miles that applies to miles driven from January 1, 2026 to June 30, 2026.

Here are several other tips to make the most out of your vehicle deduction:

- **Track your mileage throughout the year.** Keep a mileage log or use a mileage-tracking app that records the date, destination, business purpose, and miles driven. Good records are essential if the IRS ever questions your deduction.
- **Know which trips qualify.** Only business miles are deductible. Driving to meet clients, visit job sites, attend networking events, make bank deposits, purchase supplies, or travel between business locations generally qualifies. Your normal commute between home and your regular workplace does not.
- **Remember parking and tolls.** Parking fees and tolls related to business travel are generally deductible in addition to the standard mileage rate. These costs are often overlooked but can add up over the course of a year.
- **Separate business and personal driving.** Keep business and personal mileage clearly separated. Recording your beginning and ending odometer readings each year can help support the percentage of business use if questions ever arise.
- **Choose the right deduction method.** The standard mileage rate is not always the best option. If you drive an expensive vehicle or have unusually high operating costs, deducting your actual vehicle expenses may produce a larger tax deduction. Compare both methods before making a decision because your choice in the first year can affect your options in future years.

Several other things to remember:

- These rates apply to gas, electric, hybrid-electric, and diesel-powered vehicles.
- You cannot claim mileage as an itemized deduction as an employee if you aren't reimbursed for travel expenses.
- Claiming a mileage deduction for moving expenses is not allowed unless you are an active member of the Armed Forces and are ordered to move to a new permanent duty station.

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Your Family's Back-to-School Financial Checklist

Back-to-school season is the perfect time to tackle financial tasks that can save money and keep your family better prepared throughout the school year. Here’s a checklist to help you get started.

- **Photograph everything you buy.** Before receipts disappear, photograph expensive purchases such as laptops, calculators, and musical instruments. Include serial numbers whenever possible and save digital copies of receipts. If something is stolen or damaged, you'll have much of the documentation needed for insurance claims.
- **Label expensive items.** Schools are full of identical water bottles, lunch boxes, headphones, calculators, and electronic devices. Adding your child's name or another identifying label makes it much easier for lost items to find their way back home.
- **Create a school expense account.** School costs don't stop after August. Field trips, sports fees, school pictures, fundraisers, and classroom activities quickly add up. Setting aside a small amount each month helps spread these costs over the year instead of scrambling when another expense appears.
- **Pair school supplies with charitable tax deductions.** Instead of purchasing classroom supplies yourself, consider making a cash donation to your child's school if it qualifies as a charitable organization. Taxpayers can claim an above-the-line deduction of up to $1,000 for charitable contributions, or up to $2,000 for married couples filing jointly. But the deduction must be in cash, not property. Depending on your tax bracket, this may effectively reduce the cost of your donation by roughly 10% to 30%
- **Understand your school's device protection policy.** Speaking of expensive items, many schools require students to use school-issued laptops or tablets. Learn whether an optional protection plan is available, what it covers, and what your financial responsibility would be if a device is lost or damaged. And check to see if your homeowners' or renters' policy can cover any possible losses.
- **Update emergency contacts and medical bracelets.** Review emergency contact information for your child's school, after-school activities, and medical providers. Keep phone numbers, authorized pickup individuals, and insurance information current before the school year begins. This is also a good time to review and update your child’s medical bracelet if they have one.
- **Review financial scams.** Teens are increasingly targeted through social media, text messages, fake job offers, and online marketplaces to steal identification and money. Explain common warning signs, including requests for money, banking information, gift cards, or depositing suspicious checks.

- **Review automatic subscriptions your kids no longer use.** Streaming services, learning apps, gaming subscriptions, and online memberships often renew automatically. Review your monthly statements and cancel services your family no longer uses.
- **Check your 529 investment allocation.** As college or technical school gets closer, your investment strategy may need to change. Younger children often benefit from more growth-oriented investments, while those nearing college may want a more conservative allocation. Consider reviewing your plan annually.

Taking care of these financial tasks now can help your family avoid unnecessary expenses and feel better prepared throughout the upcoming school year.

Mastering Deep Fakes to Protect Your Family

For years, criminals have targeted the unsuspected by pretending to be a loved one in trouble. Artificial intelligence has now made these scams dramatically more convincing. Here's what every family should know about deepfakes and the simple steps you can take to reduce your risk.

The evolution of deepfakes

Deepfakes have shifted from internet curiosities into powerful tools for fraud, identity theft, and harassment. Social media supplies the raw material, including family photos, vacation videos, school performances, podcasts, and short clips that AI can use to recreate a person’s face and voice. Today, criminals need only a small amount of public content to build convincing fakes.

The biggest change is that familiar voices and faces are no longer enough to establish trust. A phone call from a grandchild, a video message from a coworker, or a text with an AI-generated image can all be deceptively convincing.

Why families are vulnerable

Every member of a family represents a different opportunity for scammers. Grandparents are often targeted because they have savings and are more likely to respond to emotional emergency scams. Parents may also be targeted through fake messages involving schools, childcare, banking, or urgent requests from supposed family members.

Children and teens face a different type of threat. AI-generated images, videos, and voice recordings are increasingly used for cyberbullying, fake social media posts, and reputational attacks. Even harmless photos shared online can be manipulated into embarrassing or misleading content. Because these attacks involve people you know, families should consider talking openly about deepfakes as they do stranger danger, online privacy, and password safety.

How to protect your family

You don't need to quit social media, but it's wise to be mindful of what you share publicly. Here are a few tips.

- **Create a family verification system.** Establish a shared family password or security question for emergencies. If you receive urgent requests for money or sensitive information, hang up and call the person directly using a trusted number. Treat any unexpected demand involving secrecy or urgency with strong skepticism.
- **Teach children and grandparents differently.** Teach children that AI can generate convincing fake photos, videos, and voices, and that sharing images online can have lasting consequences. Encourage teens to report AI-generated bullying or impersonation immediately. Remind grandparents that a familiar voice is no longer proof of identity and once again push to using a secret word or catch phrase.
- **Don't believe everything you see or hear.** Pause before reacting emotionally. Verify important information through a second source. Be especially cautious of requests involving money, passwords, gift cards, cryptocurrency, or wire transfers, as these are common fraud tactics. Always verify with a trusted source before taking action.
- **Respond quickly if your identity is used.** Report fake content to the platform. Notify friends, family, employers, or schools if someone is impersonating you. Contact financial institutions immediately if fraud occurs. Report identity theft to the appropriate authorities and monitor your credit and financial accounts regularly for suspicious activity.

Deepfakes will continue becoming more realistic in the coming years. A blend of healthy skepticism, family reality-check conversations, and simple verification habits will act as your first line of defense. These tips can help you pause before reacting, verify what you see and hear, and avoid becoming the victim of an AI-powered deepfake scam.

Take Charge of Your Credit Card

The average credit card balance in America continues to climb, reaching $6,730 in 2025 according to Experian – a 3.5% increase from the previous year. At the same time, credit card interest rates remain near historic highs, with the average APR hovering around 22%.

Fortunately, with a little planning you have the ability to avoid paying exorbitant interest rates altogether. Consider these tips to master credit cards instead of letting them rule over you this year.

- **Plan purchases to carry no credit card balance.** Instead of racking up balances and hoping you can afford the bill, use credit cards for planned purchases only — and for spending that's backed up by money in the bank. Provided you pay your credit card balance in full each month, today's sky-high interest rates can't hurt you.
- **Consolidate high-interest debts.** You can get a break from today's high rates by consolidating credit card debt you already have with a 0% balance transfer credit card. Many cards in this niche give you 0% APR on balance transfers, purchases or both for up to 21 months. This gives you time to pay down your balance with zero interest, which can help eliminate debt faster and save money along the way. But do it! Banks understand the habit that got you here, and they hope you continue using it. If you do go with this approach, pay down principal as quickly as you can.
- **Earn rewards for your spending.** If you're still using your old credit card from college or haven't bothered to upgrade in the last few years, you could be missing out. Today's credit cards let you earn as much as 2% cash back on spending with no annual fee, or you can opt to earn generous rewards for travel instead. Just make sure you carry no balance, as interest rates on these cards can be even higher than regular credit cards.
- **Calculate the true cost factor of each purchase.** If you're carrying a credit card balance, that $4 cup of coffee isn't really costing you $4. Every purchase costs your $4 PLUS the interest (at a rate in the mid-20%) EACH month it isn't paid off. Now take a look at your credit card statement and see your total cost to pay off your balance if you only make minimum monthly payments, then calculate the cost factor. For example, if you owe $1,000 today but would ultimately pay $2,100 by making only the minimum monthly payments, your cost factor is 2.1. In other words, every $1 you charge ends up costing more than $2. That $4 coffee effectively becomes an $8.40 purchase. Seeing the true cost of carrying a balance can be a powerful incentive to break the habit and pay off your credit cards faster.

Credit cards offer convenience and a range of features you can benefit from, but they can either be a blessing or a curse for your finances. Ultimately, your best bet is taking control of your credit card use before it controls you.

Coping with Small Business Shortages and Delays

Supplier and delivery disruptions may not dominate the headlines the way they once did during the pandemic, but many small businesses still face delays, higher costs, and unexpected shortages. Taking time to review your suppliers, inventory practices, and backup plans can help your business stay prepared when the next disruption occurs. Here are several practical strategies to strengthen your supply chain.

- **Communicate with empathy.** The worst thing you can do is clam up when customers start questioning orders or complaining about backlogs. Be upfront about the problems you're facing.
- **Underpromise and overdeliver.** It's better to lower expectations than it is to set a high bar that can't be reached. Don't make promises you can't keep. Customers will be pleasantly surprised if you exceed your initial estimates.
- **Be creative about pricing.** If your production costs have significantly increased, it should be reflected in your pricing structure. But you can be creative. Consider alternative packaging sizes or combine products so the lower margin is hidden within the benefit of a larger sale. Consider stepping into the higher price or raise the price higher than needed and provide a periodic incentive to help provide better volumes for better purchasing terms.
- **Diversify your suppliers.** Even if you prefer one supplier, establish relationships with one or two alternatives so you have options if prices increase, inventory runs low, or shipping delays occur.
- **Prioritize your most profitable products.** If supplies become limited, focus your resources on the products or services that generate the greatest profit or are most important to your customers. This can help maintain cash flow while inventory remains constrained.
- **Get you banks lined up.** Have a good business banker can make all the difference. Have a line of credit ready to go, so if there is a great deal on a highly popular inventory item, you are ready to go with a purchase order.
- **Review inventory regularly.** Holding too little inventory can lead to missed sales, while holding too much ties up valuable cash. Regularly evaluate purchasing patterns, seasonal demand, and supplier reliability so you can maintain an inventory level that supports your business without over committing resources.
- **Think outside the box.** Try a different approach that may mitigate the shortages. For example, you might find a suitable and available replacement for a product component.

With the uncertainty of tariffs, as they were on, then they were off and now they're on again, it only makes sense to be prepared. Please call if you'd like assistance.

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