MUHLENKAMP & ASSOCIATES, LLC
MUHLENKAMP & GAGEL WEALTH ADVISORS, LLC

As the year comes to a close, now is a great time to review the latest updates and plan ahead. This newsletter highlights updates on important tax changes, potential tax planning opportunities, and information about our services. Thank you for trusting us with your tax and financial needs.

TAX SEASON HOURS
(January-March)

Celina Hours:
Mon-Fri: 8:00am-5:30pm
Sat: 8:00am – Noon

Ft Recovery Hours:
Mon-Fri: 8:00am – 5:00pm
Sat: 8:00am – Noon

OFFICE HOURS
(April-December)

Celina Hours:
Mon-Thurs: 8:00am-4:30pm
Fri: 8:00am-Noon

Ft Recovery Hours:
Mon-Thurs: 8:30am – 4:30pm
Fri: Closed

TAX PLANNING
Should you take a look at your 2025 tax situation before year end? There is still time to set up an appointment for year-end tax planning. Please call our office to set up an appointment.

DEPRECIATION
The Section 179 expensing of new or used equipment for 2025 is set to $2,500,000 for the first $4,000,000 of acquisitions, at which point the deduction begins to phase out. The bonus depreciation deduction for both new and used property is back to 100% for purchases after 1/19/2025. Purchases made before 1/20/25 will use 40%. Ohio & Indiana still limit first year expensing.

ELECTRONIC IRS PAYMENTS
The federal government has begun phasing out paper checks for tax refunds. Be prepared for payments to the federal government to move toward electronic methods as well. If you typically have received paper refund checks in the past, we highly recommend that you include your bank information with your tax documents for 2025.

QUICKBOOKS ASSISTANCE
Our office can assist you with your bookkeeping needs for your farm or small business. We can help set up or train on QuickBooks software.

SECURE, CONVENIENT, PAPERLESS OPTIONS FOR EXCHANGING TAX DOCUMENTS
We will once again be using a secure electronic system (SafeSend Suite) this year to make exchanging tax information more secure and convenient for our clients. For those who prefer a more paperless experience, electronic options include:

- Receiving our year-end organizers electronically
- Securely sending us your tax documents online
- Receiving and signing your tax returns electronically
- Uploading QuickBooks backups
- Sending payroll documents, general ledgers or other files securely
- Providing tax returns to banks securely
- Please Note: This portal is for accounting/tax/legal use only and **is not available for investment services.**

If you have questions on how to use SafeSend, contact our office. If your prefer to continue to drop off your tax documents and receive paper copies of returns, it is completely acceptable.

GIFT TAX
The annual gift tax exclusion amount for 2025 & 2026 is $19,000 per individual. If you gave an individual more than $19,000 in cash or property during 2025, a gift tax return may be necessary. The lifetime gift exclusion for estate tax is currently $13.99 million for 2025 and is increased to $15 million in 2026.

MILEAGE RATE
The mileage rates for 2025 are as follows: Business - 0.70, Medical - 0.21, Charitable - 0.14. The 2026 rates have not been released at this time.

ENERGY CREDITS
The energy efficient home credits on personal residences will end 12/31/25. Qualified improvements must be placed in service by the end of the year to get the credit. If you made energy efficient improvements to your home in 2025, please include receipts for these improvements with your tax documents.

Securities offered through Cetera Wealth Services LLC, member FINRA, SIPC. Advisory Services offered through Cetera Investment Advisers LLC, a registered investment advisor. Cetera is under separate ownership from any other named entity.

W-2 & 1099 FILING

If you file your own year-end W-2s and 1099s:
IRS – If you file more than 10 W-2s or 1099s, you must file these electronically. They will no longer accept paper copies.
OHIO – All employers who file IT501 state reconciliation for Ohio withholding tax for employees, are required to upload the W-2s electronically via OH|TAX eServices. Please visit www.tax.ohio.gov/W2Upload for more information.

EDUCATION CREDITS

There are two popular education credits available to college students.

- American Opportunity Credit – available first four years of college with maximum credit of $2,500 each year (100% credit on first $2,000 of expenses and 25% credit on the next $2,000 of expenses)
- Lifetime Learning Credit – 20% credit on the first $10,000 of education expenses and no limit on number of years it can be claimed.

Both education credits require the 1098-T form from the college and receipts for books and supplies. This credit is subject to income limitations.

DIRECT IRA TO CHARITY - QCD

Taxpayers may make donations directly to a charity of choice from IRA accounts. The taxpayer must be 70 ½ or older, money must go directly to the charity, and it counts as your RMD (required minimum distribution) but does not count as taxable income. In 2025, this is limited to $108,000 per taxpayer.

HSA (HEALTH SAVINGS ACCOUNT) CONTRIBUTIONS

The 2025 HSA contribution limits are $8,550 for family and $4,300 for single health plans. If you are age 55 or older, you are eligible to contribute an extra $1,000. Current year 2025 contributions can be made until April 15, 2026. The 2026 HSA contribution limits are $8,750 for family and $4,400 for single health plans. If you are age 55 or older, you are eligible to contribute an extra $1,000.

RETIREMENT RULES

- You must take your first RMD by April 1st of the year after you reach age 73.
- Contributions to IRAs can still be made after age 73 if you have earned income.
- Withdrawals from IRAs after 59 ½, are not subject to the 10% penalty.

PAID LABOR & BWC

If your business or farm pays labor to individuals, please refer to our website under Links/Forms - "Contractor or Employee" to determine if the individual is a contractor (1099) or employee(W-2). **Our website also includes new hiring forms, withholding tables, minimum wage information, etc.**
*Report subcontract/casual labor on the annual BWC True-Up Report. Omitted reporting to BWC is a **"high-target"** for **BWC audits**.
**If your business does not have BWC coverage and needs it for employees and/or subcontractors, contact our office for additional information.

COLLEGE ADVANTAGE 529 PLAN

We can help you establish 529 accounts.
The Big Beautiful Bill expanded what falls under qualified educational expenses for 529 purposes. The list now includes postsecondary credentialing expenses and costs of continuing education along with other new inclusions.
To be deductible in the current year, these contributions must be made by December 31. There is a rule that allows a $35,000 lifetime transfer from 529 to ROTH after an account exists for 15 years. Ask your accountant about the benefit of opening a 529 plan early on.
Ohio - In 2025, $4,000 per beneficiary per year can be deducted on the Ohio return for contributions to Ohio/Blackrock 529 college savings plans.
Indiana - The state of Indiana allows a 20% credit up to $1,500 on contributions to the 529 plan.

LIKE KIND EXCHANGE

Like kind exchanges (1031 exchanges) are only allowed for real property. All trades of equipment and vehicles will be treated as a sale and corresponding purchase. *We will need trade-in values for any equipment or vehicles traded in 2025.*

RETIREMENT PLAN CREDITS

There are credits available for businesses establishing a retirement plan if one was not offered during the previous 3 years and it covers at least one NHCE (non-highly compensated employee – an employee who does not own more than 5% of the company and had less than $155,000 in compensation in 2025). If you have set up a retirement account for 2025 or wish to set up an account for a future year, contact our office for eligibility requirements.

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RETIREMENT PLAN LIMITS

Contact our office to set up your retirement plans (401k, Simple IRA, etc.) for employees and owners (partners, shareholders, and self-employed), as well as your personal retirement and investment accounts. The deadline for current year Traditional, ROTH and SEP IRA contributions is up to the due date of the return.

The 2025 contribution limits (subject to income limits)

Traditional/ROTH IRAs	$7,000 PLUS A $1,000 "CATCH UP" IF AGE 50 OR OVER
SIMPLE IRAs	$16,500 PLUS A $3,500 "CATCH UP" IF AGE 50 OR OVER ($5,250 CATCH UP IF AGES 60-63)
401k	$23,500 PLUS A $7,500 "CATCH UP" IF AGE 50 OR OVER ($11,250 CATCH UP IF AGES 60-63)
SEP IRA	$70,000 OR 25% OF PAY/PROFIT

The projected 2026 contribution limits (subject to income limits)

Traditional/ROTH IRAs	$7,500 PLUS A $1,100 "CATCH UP" IF AGE 50 OR OVER
SIMPLE IRAs	$17,000 PLUS A $4,000 "CATCH UP" IF AGE 50 OR OVER ($6,000 CATCH UP IF AGES 60-63)
401k	$24,500 PLUS A $8,000 "CATCH UP" IF AGE 50 OR OVER ($11,250-$12,000 CATCH UP IF AGES 60-63)
SEP IRA	$72,000 OR 25% OF PAY/PROFIT

THE ONE, BIG, BEAUTIFUL BILL ACT

SENIOR DEDUCTION

OBBBA adds a new $6,000 deduction for seniors (65+) for tax years 2025-2028. Deduction begins phasing out at AGI of $75,000 single/$150,000 joint.

OVERTIME DEDUCTION

OBBBA creates a new deduction of qualified overtime pay in the years 2025-2028. This allows a deduction of up to $12,500 single/ $25,000 joint in qualified overtime **premium pay only** (the "half" in time-and-a-half). Phaseout starts at $150,000 single/ $300,000 joint. The overtime amount must be calculated by employer. ***Note, only overtime required under federal law qualifies. Meaning nearly all agricultural labor and salaried employees are exempt from the deduction.

TRUMP SAVINGS ACCOUNT

This new federal program is meant for opening investment accounts for children under 18 years old. The accounts have similar features to non-deductible IRAs and 529 plans.

- Contributions do not start until July 2026 ($5,000 contribution limit for 2026).
- Children born 2025-2028 will automatically receive $1,000 from federal funding into their accounts.
- Employers may contribute up to $2,500 tax-free
- Money must stay in the account until the child is 18.
- Earnings will be taxed at the time of withdrawal.
- Potential for conversion to Roth IRA

CHILD TAX CREDIT

Starting in 2025, the child tax credit is increasing from $2,000 to $2,200 per child, subject to increase with inflation in future. This is available for children under 17.

TIP PAY DEDUCTION

There is a new temporary deduction (2025 - 2028) that will allow taxpayers to deduct up to $25,000 in qualified tip income per year, per return. The phaseout thresholds are $150,000 single/$300,000 joint. Tips must come from occupations that normally receive tip pay.

EDUCATOR EXPENSE CHANGES

K-12 educators and other qualified staff are eligible to take up to a $300 above the line deduction for classroom expenses in 2025. Starting in 2026, educator expenses above $300 will qualify as an itemized deduction.

CHARITABLE CONTRIBUTIONS

Available on 2026 and future tax returns:

- Standard Deduction Taxpayers will be allowed an an additional above-the-line deduction for cash contributions to qualifying charitable organizations of up to $1,000 single/$2,000 joint
- Itemized Deduction Taxpayers will be subject to a new charity deduction floor. This is similar to the floor for medical itemized deductions. The charitable amount to be included in itemized deductions is the amount exceeding 0.5% of taxpayers AGI.

SALT - STATE & LOCAL TAXES

For years 2025-2028, the state and local tax deduction limitation for itemized deductions has increased from $10,000 to $40,000. This is subject to income limitations.

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MUHLENKAMP & GAGEL WEALTH ADVISORS, LLC

YEAR-END FINANCIAL CHECKLIST

To help get where you want to be, it's critical to know where you are right now. Use this quick checklist to assess different parts of your financial life and note any major changes or opportunities. To discuss questions, or any part of this checklist, in more detail, contact the office any time to schedule an appointment with Marlene Gagel, Financial Advisor.

LIFE CHANGES

Need changes to your financial strategy?

- ☐ Recently moved
- ☐ Job Change
- ☐ Change in status -married?
- ☐ Any family changes (birth or adoption)
- ☐ Lost a loved one/Receive a gift or inheritance

RETIREMENT

It's always the right time to save for your retirement. Make sure you're informed about the status of your accounts and any upcoming milestones.

- ☐ Checked status of all retirement accounts/any rollovers?
- ☐ Maxed out contributions (including catchups for age 50 or over)
- ☐ Took required minimum distributions (starting age 73)
- ☐ If self-employed, consider retirement plan
- ☐ Claimed social security benefits (ages 62-70)
- ☐ Consider QCD (Qualified Charitable Deduction) from IRA (age 70 ½ or older)

INSURANCE

Protecting you and your loved ones is paramount. Ensure you're ready for the unexpected

- ☐ Reviewed current insurance policies
- ☐ Reviewed property and casualty policies
- ☐ Considered if any recent life events require changes to coverage
- ☐ Reviewed health insurance/ Medicare coverage (Age 65)
- ☐ Reviewed Health Savings Account contributions/Flexible Spending Account remaining balance to spend

INVESTMENTS

Your investment strategy is designed to grow with you. Periodic adjustments may be needed.

- ☐ Confirmed current investment strategy and goals
- ☐ Reviewed income and savings needs
- ☐ Reviewed portfolio positions and asset allocation to determine the need to rebalance

ESTATE AND LEGACY PLANNING

Consider reviewing your planned wishes for your assets.

- ☐ Created or reviewed and made changes to your will, trusts, other legal documents
- ☐ Planned any charitable contributions/gifts to family members
- ☐ Contributed to educational accounts

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This communication is designed to provide accurate and authoritative information on the subjects covered. It is not however, intended to provide specific legal, tax, or other professional advice. For specific professional assistance, the services of an appropriate professional should be sought.

Distributions from traditional IRAs and employer sponsored retirement plans are taxed as ordinary income and, if taken prior to reaching age 59½, may be subject to an additional 10% IRS tax penalty.

Rebalancing may be a taxable event.

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