



# Newsletter

MARCH 2026

*Freddi Eberhart & Associates Inc. would like to thank you for selecting our firm for your tax and accounting needs. We appreciate the confidence you have shown in us, and we remain ready to assist you at any time. Also, thank you for recommending us to your family, friends, and associates. We truly appreciate your referrals.*

## This Month:

### March 16

- Due date for partnership and S corporation tax returns (Forms 1065, 1120S)

### Reminders

- Daylight savings time begins Sunday, March 8

March is all about momentum, especially when it comes to planning ahead for 2026. In this month's newsletter, we explore why your tax planning cycle begins now and share practical steps to help you get started in the right direction.

A key part of this strategy is understanding the difference between tax credits and tax deductions. While both can reduce what you owe, one often delivers significantly greater impact. We break down how each works and why the distinction matters.

We also zoom out to take a broader financial view, offering practical retirement planning insights tailored to every stage of life.

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

## Your Tax Planning Cycle Starts Now

Filing your 2025 tax return may feel like crossing a finish line. In reality, this moment is the starting point for smart tax planning during 2026. Here are several ideas to kick start your own tax planning cycle.

- **If you get a big refund, adjust your withholdings.** A large refund may feel rewarding, but it often means you gave the government an interest-free loan all year. This money could have supported debt reduction, savings, or investments, instead. After filing, revisit your Form W-4 and run a projection for 2026. Fine-tuning your withholding improves monthly cash flow and reduces the likelihood of over-correcting later in the year.
- **If you have a big tax bill, review estimated tax payments.** A significant balance due is more than an inconvenience. It may signal under-withholding or insufficient quarterly estimates. Early in the

~ Continued on Page 2 ~



# Newsletter

MARCH 2026 - PAGE 2

## Your Tax Planning Cycle Starts Now (Cont'd)

year is the ideal time to correct course. Review income sources, especially self-employment, investment, or bonus income, and adjust estimated payments accordingly.

- **Plan now to take advantage of the \$1,000 above-the-line charitable donation deduction.** With an above-the-line charitable deduction available (\$2,000 for married couples), thoughtful giving becomes even more strategic. Consider your cash flow to optimize the timing of donations. Spreading contributions across the year may make budgeting easier, while ensuring you fully utilize the deduction.
- **Review retirement contribution limits for 2026.** Confirm contribution limits for IRAs, 401(k)s, and other qualified plans for 2026, and evaluate whether you can increase deferrals. Even modest monthly adjustments can significantly reduce taxable income over the course of a year. Starting early also makes it easier to reach maximum contribution thresholds without straining year-end cash flow.
- **Plan HSA contributions and medical expenses.** Health Savings Accounts offer a rare triple tax benefit – deductible contributions, tax-free growth, and tax-free qualified withdrawals. Review eligibility, contribution limits, and anticipated medical expenses for 2026. Coordinating planned procedures, prescriptions, or ongoing care with your funding strategy can enhance the tax benefit while keeping healthcare spending organized and predictable.
- **Take into account life events.** Major life changes often reshape your tax profile. Marriage can alter filing status and bracket exposure. Divorce may affect dependency claims and support payments. A new child can unlock credits and deductions. Anticipating these shifts allows you to update withholding, adjust estimated payments, and plan eligibility for credits before the year unfolds.
- **Pay attention to no tax on tips and overtime.** Accurate tracking becomes essential if you receive tip and/or overtime income. Confirm how your employer reports this income and ensure payroll systems reflect proper treatment. Employers and business owners must also review compliance procedures. Understanding how these earnings are classified early in the year helps prevent reporting errors and maximizes any available benefit.

The most effective tax strategies are built early. Use your filed 2025 tax return as a starting point, make adjustments now, and give your 2026 plan room to work in your favor.

## Understanding Tax Credits vs. Deductions

Tax credits are some of the most valuable tools around to help cut your tax bill. But figuring out how to use these credits on your tax return can get complicated very quickly. Here's what you need to know.

~ Continued on Page 3 ~



# Newsletter

MARCH 2026 - PAGE 3

## Understanding Tax Credits vs. Deductions (Cont'd)

### Understanding the difference

To help illustrate the difference between a credit and a deduction, here is an example of a single taxpayer making \$50,000 in 2025.

- **Tax Deduction Example:** Gee I. Johe earns \$50,000 and owes \$5,000 in taxes. If you add a \$1,000 tax deduction, he'll decrease his \$50,000 income to \$49,000, and owe about \$4,800 in taxes.

*Result: A \$1,000 tax deduction decreases Gee's tax bill by \$200, from \$5,000 to \$4,800.*

- **Tax Credit Example:** Now let's assume Gee has a \$1,000 tax credit versus a deduction. Gee's tax bill decreases from \$5,000 to \$4,000, while his \$50,000 income stays the same.

*Result: A \$1,000 tax credit decreases your tax bill from \$5,000 to \$4,000.*

In this example, your tax credit is five times as valuable as a tax deduction.

### Credits are usually worth more

Credits are generally worth much more than deductions. However there are several hurdles you have to clear before being able to take advantage of a credit.

To illustrate, consider the popular child tax credit.

#### Hurdle #1: Meet basic qualifications

You can claim a \$2,200 tax credit for each qualifying child you have on your 2025 tax return. The good news is that the IRS's definition of a qualifying child is fairly broad, but there are enough nuances to the definition that Hurdle #1 could get complicated. And then to make matters more complicated...

#### Hurdle #2: Meet income qualifications

If you make too much money, you can't claim the credit. If you're single, head of household or married filing separately, the child tax credit completely goes away if you exceed \$240,000 of taxable income. If you're married filing jointly, the credit disappears above \$440,000 of income.

#### Hurdle #3: Meet income tax qualifications

To claim the entire \$2,200 child tax credit, you must owe at least \$2,200 of income tax. For example, if you owe \$3,000 in taxes and have one child that qualifies for the credit, you can claim the entire \$2,200

~ Continued on Page 4 ~



# Newsletter

MARCH 2026 - PAGE 4

## Understanding Tax Credits vs. Deductions (Cont'd)

credit. But if you only owe \$1,000 in taxes, the maximum amount of the child tax credit you can claim is \$1,700.

### Take the tax credit...but get help!

The bottom line is that tax credits are usually more valuable than tax deductions. But tax credits also come with lots of rules that can be confusing. Please call to schedule a tax planning session to make sure you make the most of the available tax credits for your situation.

## Retirement Tips for Every Age

Saving for retirement is not a one size fits all journey, as each stage of life comes with different priorities, pressures, and opportunities. No matter where you are in your journey, here are savings tips from established financial publications and organizations to consider for every age.

### In Your Twenties – Building Early Habits

For many people, this decade is less about large balances and more about establishing patterns. Financial education outlets frequently emphasize the long runway available to younger savers. Investopedia.com discusses the long term impact of starting early and allowing time to work in your favor.

Common themes during this stage include:

- Developing a regular saving habit, even in small amounts
- Exploring employer sponsored retirement plans, when available
- Learning basic investment concepts over time
- Treating retirement contributions as part of monthly expenses
- Expanding skills and experience that may increase earning potential

### In Your Thirties – Adding Structure

As careers and family responsibilities grow, retirement planning often becomes more deliberate. For example, Charles Schwab provides a decade-by-decade overview of how retirement priorities may shift during this phase of life.

~ Continued on Page 5 ~



# Newsletter

MARCH 2026 - PAGE 5

## **Retirement Tips for Every Age (Cont'd)**

Conversations during this decade often revolve around:

- Reviewing contribution levels as income changes
- Understanding how employer matching programs work
- Paying attention to debt and interest costs
- Considering how lifestyle decisions shape long term finances
- Evaluating career growth or additional income opportunities

### **In Your Forties – Taking Inventory**

Mid-career can be a natural time to assess progress and revisit long term projections. Many financial institutions have programs that address these topics.

Topics frequently discussed include:

- Reviewing current balances alongside projected needs
- Understanding how high interest debt may affect cash flow
- Identifying gaps between current savings and future income goals
- Revisiting contribution levels and investment allocations
- Checking Social Security earnings records for accuracy
- Considering whether new income streams may strengthen retirement readiness

### **In Your Fifties and Sixties – Focus on the Finish Line**

As retirement moves closer, planning conversations often shift toward income timing and lifestyle expectations. AARP maintains a retirement resource center that covers considerations commonly discussed in the years leading up to retirement.

Areas that frequently come into focus include:

~ Continued on Page 6 ~



# Newsletter

MARCH 2026 - PAGE 6

## Retirement Tips for Every Age (Cont'd)

- Continuing to save where possible
- Eliminating or reducing outstanding debt
- Thinking through retirement timelines and income sources
- Factoring healthcare and lifestyle preferences into cost expectations
- Clarifying what retirement may look like day to day

### Timeless Principles That Apply at Any Age

No matter where you fall on the timeline, a few core ideas always support progress.

- Automate savings to remove decision fatigue
- Avoid comparing your progress to others with different circumstances
- Revisit your plan occasionally rather than ignoring it entirely
- Focus on what you can control today

### The Bottom Line – Start Where You Are

Retirement planning is not about catching up to someone else's path. It is about making the best decisions you can with the resources you have right now. Wherever you are starting from, taking action today creates options for tomorrow.

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

*This newsletter provides business, financial, and tax information to clients and friends of our firm. This general information should not be acted upon without first determining its application to your specific situation. For further details on any article, please contact us.*