Freddi Eberhart & Associates Inc.
CERTIFIED PUBLIC ACCOUNTANTS

Newsletter

JUNE 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:

Upcoming dates:

June 14

- Flag Day

June 21

- Father's Day

June 15

- Second quarter 2026 estimated tax payments are due

As summer settles in and schedules fill up, a few smart decisions now can help you avoid costly surprises later. In this issue, there are strategies to strengthen your financial footing – from midyear tax planning opportunities to knowing when to call for help with an IRS notice.

There is also an interesting discussion on the details of your homeowner's policy with an effective way to look at the coverage to better understand what is covered and what is not.

All this and much more. 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.

Time for a Tax Planning Review

With all the complexity in the tax code today, it is easy to put off taking a look at your situation. On the other hand, time is on your side to implement some great tax savings ideas. Here are several strategies to consider during a midyear tax review:

- **Create a midyear sort of tax records.** Good recordkeeping is one of the best ways to protect valuable tax deductions. Maintain documentation for expenses such as charitable donations, childcare costs, medical expenses, business mileage, travel expenses and gambling losses. Establishing a reliable system now can save time and stress later. Also consider taking advantage of the new above the line charitable donation of up to $2,000 ($4,000 if married) while there is still plenty of time.

~ Continued on Page 2 ~

2237 DOUGLAS BLVD., STE 120 ROSEVILLE, CA 95661
PHONE: 916.580.2120 FAX: 916.580.2114 WEB: WWW.FREDDICPAS.COM

Time for a Tax Planning Review (Cont'd)

- **Boost retirement savings.** Retirement contribution limits remain generous, giving you an opportunity to increase tax-advantaged savings before year-end. For 2026, eligible taxpayers can contribute up to the annual IRS limit for employer-sponsored retirement plans and IRAs, with additional catch-up contributions available for individuals age 50 and older. Increasing contributions may lower taxable income while helping strengthen long-term financial security.

- **Review education savings options.** If you're saving for a child's education in a regular investment account, consider whether a 529 education savings plan could provide tax advantages. Earnings in these accounts grow tax-deferred, and withdrawals are generally tax-free when used for qualified education expenses. Starting earlier allows more time for potential tax-advantaged growth.

- **Update withholding and estimated taxes.** Major life changes such as marriage, divorce, a new job or changes in income can affect how much tax you should be paying throughout the year. Reviewing your withholding and estimated tax payments now may help you avoid underpayment penalties or an unexpectedly large balance due next spring. At the same time, avoiding overpayment can improve cash flow during the year.

A proactive tax review can help uncover opportunities and minimize costly mistakes. Please call if you would like assistance with year-end tax planning strategies tailored to your situation.

An IRS Notice. Get Help!

Sleuthing your way through a tax audit by yourself is not the same as fixing a leaky faucet or changing your oil. Here are reasons to seek professional help as soon as you receive a letter from the IRS:

- **IRS auditors do this for a living – you don't.** Seasoned IRS agents have seen your situation many times and know the rules better than you. Even worse, they are under no obligation to teach you the rules. Just like a defendant needs the help of a lawyer in court, you need someone in your corner that knows your rights and understands the correct tax code to apply in correspondence with the IRS.

- **Insufficient records will cost you.** When selected for an audit, the IRS will typically make a written request for specific documents they want to see. The list may include receipts, bills, legal documents, loan agreements and other records. If you are missing something from the list, things get dicey. It may be possible to reconstruct some of your records, but you might have to rely on a good explanation to avoid additional taxes plus a possible 20 percent negligence penalty.

~ Continued on Page 3 ~

An IRS Notice. Get Help! (Cont'd)

- **Too much information can add audit risk.** While most audits are limited in scope, the IRS agent has the authority to increase that scope based on what they find in their original review. That means that if they find a document or hear something you say that sounds suspicious, they can extend the audit to additional areas. Being prepared with the proper support and concise, smart answers to their questions is the best approach to limiting further audit risk.

- **Missing an audit deadline can lead to trouble.** When you receive the original audit request, it will include a response deadline (typically 30 days). If you miss the deadline, the IRS will change your tax return using their interpretation of findings, not yours. This typically means assessing new taxes, interest and penalties. If you wish your point of view to be heard — get help right away to prepare a plan and manage the IRS deadlines.

Tax audits are never fun, but they don't have to be pull-your-hair-out stressful. Mapping out a plan and taking it step-by-step ensures the best possible outcome. With help, you'll rest easy knowing your audit situation is being handled with the proper expertise by someone that also has your best interests in mind.

One Homeowners' Policy, Two Very Different Types of Coverage

Homeowners insurance policies have many distinct components of coverage. Two of the biggest are the structure of the home and the belongings inside of it.

Here's a closer look at how these two types of coverage work and how understanding the difference can help you make better-informed coverage decisions.

#1 – Coverage for your house

The physical structure of the home falls under dwelling coverage (often called Coverage A). This includes:

- The walls and roof
- Flooring and cabinets
- Built-in appliances
- Plumbing and electrical systems

~ Continued on Page 4 ~

One Homeowners' Policy, Two Very Different Types of Coverage (Cont'd)

- Attached garages

This part of your policy helps pay to repair or rebuild your home after covered damage. The coverage amount is usually based on what it would cost to rebuild the home today, not what you originally paid for it or what it could sell for on the market.

For example, a $500,000 home may actually need $700,000 to rebuild after a widespread disaster because of labor shortages, material inflation, and updated building codes.

#2 – Coverage for your belongings

Furniture, clothing, electronics, appliances, and other personal items fall under personal property coverage, also known as Coverage C. Most policies set this limit as a percentage of the home's insured value, commonly 50% to 70%.

For example, a home insured for $500,000 may only include $250,000 to $350,000 in coverage for everything inside it. While that may look like plenty of coverage, you may be surprised how quickly replacement costs can add up after a major loss.

Belongings coverage also works differently than coverage for the structure itself. While the home is often insured at full replacement cost, personal belongings may be reimbursed at actual cash value unless the policy is upgraded. So a TV you purchased for $1,200 several years ago may only be valued at a fraction of that amount today.

Some belongings also come with strict coverage caps. Jewelry, firearms, collectibles, and similar high-value items may only be covered up to limited amounts unless additional coverage is specifically added to the policy.

What you can do

A few simple steps can help you better understand your coverage and avoid costly surprises after a claim.

- **Review your personal property limit.** Ask your insurance agent how much coverage you actually have for belongings and whether it realistically reflects what it would cost to replace everything you own today.

- **Check whether your belongings are covered at replacement cost or actual cash value.**

~ Continued on Page 5 ~

One Homeowners' Policy, Two Very Different Types of Coverage (Cont'd)

Upgrading to replacement cost coverage can make a significant difference in what you receive after a loss.

- **Create a home inventory.** Photos, videos, receipts, and a room-by-room inventory can make the claims process smoother and help ensure you are properly insured.
- **Ask about special limits for valuable items.** Jewelry, firearms, collectibles, and expensive electronics may require additional endorsements or scheduled coverage to be fully protected.

Understanding the difference between coverage for your home and coverage for your belongings can help you avoid unexpected gaps and make more confident insurance decisions before a claim ever happens.

Your Summer Financial Checklist

Before summer spending melts your budget, use this financial checklist to keep more cash in your pocket and make every dollar work harder this season.

- **Beat the heat without burning cash.** Summer utility bills can rise fast when temperatures climb, making this the ideal time to reassess your energy habits. Small changes like adjusting your thermostat, replacing filters, or sealing drafts can help lower monthly expenses without sacrificing comfort.
- **Make vacation memories while keeping spending in check.** Travel spending adds up quickly when meals, activities, and unexpected costs are not planned ahead of time. Creating a vacation budget before booking helps you enjoy your trip while keeping your finances on track once you return home.
- **Don't leave summer tax perks on the table.** Summer can open the door to valuable tax opportunities, especially for families with children enrolled in camps or for investors reviewing gains and losses midyear. Taking time to organize receipts and revisit tax strategies now can make filing season much smoother later.
- **Turn your clutter into a summer side hustle.** Summer cleaning is not just good for your home – it can also boost your bank account. Selling unused clothing, furniture, electronics, or sporting goods can generate extra income while helping you create a more organized space.
- **Give your emergency fund a warm-weather boost.** A midyear contribution to your emergency fund

~ Continued on Page 6 ~

Your Summer Financial Checklist (Cont'd)

can strengthen your financial safety net before the busy fall and holiday seasons arrive. Even small additions from side gigs, bonuses, or garage sale profits can make a meaningful difference over time.

- **Stop sneaky summer spending in its tracks.** Streaming services, outdoor events, dining out, and seasonal activities can quietly inflate your monthly budget during the summer months. Reviewing recurring charges and prioritizing lower-cost entertainment options can help keep spending under control.

- **Get ahead of fall before it gets expensive.** Preparing early for upcoming seasonal expenses can help you avoid relying on credit cards later in the year. Setting aside money now for school supplies, clothing, or extracurricular activities makes those costs feel much more manageable.

- **Give your summer paychecks a fresh purpose.** Extra income from overtime, seasonal work, or reduced school-year expenses can create an opportunity to strengthen your finances. Consider directing a portion toward savings, debt payoff, or long-term financial goals before everyday spending absorbs it.

- **Refresh your financial goals before the year speeds up.** Summer is a natural midpoint to revisit the goals you set at the beginning of the year. Reviewing your progress now gives you time to adjust your budget, savings habits, or investment strategy before the busy fall season arrives.

A few thoughtful money moves this summer can create more flexibility and a stronger financial foundation for the rest of the year.

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.