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ELLIOTT L. KREPPEL
President

KREPPEL TAX ADVISORY GROUP, INC.
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COVER STORIES

- From Expectation to Reality: Understanding Your Tax Bill
- Shielding Your Income from the IRS and Inflation

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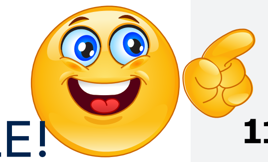
TAXES, INSURANCE AND ADVISORY SERVICES
1405 Route 18 South
Suite 103
Old Bridge, NJ 08857

A Message from **Elliott Kreppel**

WHICH WAY ARE RATES HEADED? This seems to be the million-dollar question. We feel, as many other people do, that interest rates are going to be heading down over the next few months. Although the Federal Reserve has not made any pivots regarding cutting rates, with the market rallying in the first half of the year and the election looming, rates will indeed decline. What we are saying is no surprise, but what exactly does this mean? **This is an opportune time to lock in higher rates for 3-5 years,** as we are already seeing rates go lower at the banks for CDs, savings accounts, etc. When accounting for the factor of tax deferral, this makes the offerings that our firm has even more attractive. Time is of the essence, and that window will undoubtedly close. I hope you enjoy this issue, and as always, **if you have any questions or concerns, I can be reached personally anytime.**

IS THE STOCK MARKET MAKING YOU CRY?

WELL, HERE'S SOMETHING THAT WILL MAKE YOU SMILE!



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5 Year Plan
****5% Fixed Rate** or**
11.25% TIED TO THE S&P 500

Rates were current at time of printing and are subject to change

✓ No Fees ✓ No Risk
✓ No Taxes ✓ No Brainer

Our Office:
1405 Route 18 South
Suite 103
Old Bridge, NJ 08857

Phone: 732.607.0017
elliottk@ktaxadv.com

Hours of Operation:
Mon - Fri: 9:00 – 5:00
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FROM EXPECTATION TO REALITY:
Understanding Your Tax Bill

This tax year has brought about significant changes for many taxpayers, with a **notable trend towards owing taxes rather than receiving refunds.**

- Overall, we've seen a **3.3% reduction in tax return refunds** compared with previous years.
- This underscores a broader shift in tax planning and withholding strategies, one that may have left some individuals under-withheld throughout the year.

To further complicate matters, the Social Security landscape has changed.

- **A substantial portion of Social Security recipients, approximately 56%, now find themselves liable to pay income tax on their benefits.**
- For many, this means potentially **owing taxes on up to 85% of Social Security benefits** at their marginal tax rate, depending on overall income.

Yet Social Security recipients aren't the only ones who might need to reconsider their positions in light of recent trends. For those who have retired, there are additional concerns to consider.

- **Higher interest rates have increased retirees' earnings from interest-bearing investments, resulting in higher taxable income.**
- More income might not sound like a risk, but it can actually **push retirees' total income above eligibility thresholds for property tax freeze programs and income-based assistance, potentially disqualifying them from these benefits.**
- As a result, retirees must carefully manage their investment income, considering tax planning strategies to mitigate these risks while maintaining financial stability.

Compounding all these difficulties are **higher overall taxes and rising costs due to inflation, while income levels remain relatively stagnant.** This combination has squeezed household budgets, leaving many individuals with steady incomes vulnerable to owing taxes rather than receiving refunds.

WHAT CAN TAXPAYERS DO ABOUT THESE EMERGING DIFFICULTIES?

The best way to get started is **a review of withholding allowances and a consultation with tax professionals.** Given the pace and impact of recent changes, there's no better way to prepare for tax obligations in the current economic climate.

For more information contact us 732.607.0017

INFLATION

SHIELDING YOUR INCOME FROM THE IRS AND INFLATION

Escalating tax bills, rising costs of living, and volatility have many people reassessing their investments. After all, protecting yourself from tax liability and inflationary pressure requires as much. Yet, how can one lower tax liability while also allowing investments to grow? **To start answering that question, consider interest rates.**

Interest rates have remained unchanged since the Federal Reserve's latest meeting. The Fed remains understandably cautious, **requiring more confidence that inflation will decline towards its target rate of 2% before any action is taken.**

This careful approach is crucial to avoiding potential damage to the job market, which can be caused by persistently high interest rates. The situation is serious, however. Borrowing costs have reached a 23-year high, posing significant challenges for economic and commercial real estate growth.

Despite such hurdles, there is a prevailing belief that the Fed may cut interest rates as early as this fall, potentially during their September or November meetings. And while they closely monitor for consistent month-over-month improvements in inflation before making any decisions, **you can still take action.**

In today's high-interest environment, it's important to **move swiftly and secure higher interest rates,** safeguarding against escalating tax bills and the rising costs of living.

- **Locking in favorable rates now can shield your finances from potential future uncertainties,** ensuring stability and growth in an increasingly volatile economic landscape.
- Leveraging the power of tax deferral in a high-interest rate setting can significantly enhance wealth accumulation. **By deferring taxes on investment gains or income**, you **retain more capital** to **reinvest and compound over time.**

This strategy not only **lowers your current tax liability** but also **allows your investments to grow more effectively,** maximizing overall wealth in the face of inflationary pressures and increasing tax burdens.

RECIPE OF THE MONTH

TERIYAKI
SHISH KABOBS
Summer Grilling Fun!

- 1 cup sugar
- 1 cup reduced-sodium soy sauce
- 1 cup ketchup
- 2 teaspoons garlic powder
- 2 teaspoons ground ginger
- 2 pounds beef top sirloin steak, *cut into 1-1/2-inch cubes*
- 2 to 3 small zucchini, *cut into 1-inch slices*
- 1/2 pound medium fresh mushrooms
- 1 large green or sweet red pepper, *cut into 1-inch pieces*
- 1 small onion, *cut into 1-inch pieces*
- 2 cups cubed fresh pineapple

1. For marinade, mix first 5 ingredients. In a large bowl or shallow dish, add half the marinade and the beef; turn to coat. Cover and reserve remaining marinade. Cover and refrigerate beef and marinade overnight.
2. On metal or soaked wooden skewers, thread vegetables and, on separate skewers, thread beef with pineapple. Discard remaining marinade from beef bowl. Grill kabobs, covered, over medium heat until vegetables are tender and beef reaches desired doneness, 12–15 minutes, turning occasionally.
3. In a small saucepan, bring reserved marinade to a boil, stirring occasionally; cook 1 minute. Remove vegetables, pineapple and beef from skewers before serving. Serve with sauce.

Recipe & image courtesy of tasteofhome.com