

# THE ROUND TABLE

## Don't Take the Bait: Top Tax Scams

As tax filing season approaches, the IRS warns taxpayers to watch for scams that can cause identity theft, financial loss, or criminal penalties. The agency's "Dirty Dozen" list, published annually since 2002, highlights 12 common tax schemes.

- **Phishing and smishing:** Fake emails and texts that appear to be from the IRS or other tax agencies lure you into disclosing your personal and financial data.
- **Bad social media advice:** Social media platforms circulate inaccurate tax tips that can lead to improper filings or disclosure of sensitive personal data.
- **IRS Individual Online Account help from scammers:** Third parties pose as "helpful" guides who offer to set up IRS online accounts for you but instead steal your identity or file fraudulent returns.
- **Fake charities:** Fraudulent charities prey on your goodwill to steal your donations and personal information.
- **False Fuel Tax Credit claims: Scammers** who encourage you to improperly file a Fuel Tax Credit claim, which is not available to most taxpayers.
- **Credits for Sick Leave and Family Leave:** Employees following bad advice have been improperly claiming a pandemic-era tax credit available only to self-employed individuals. This credit is no longer available.
- **Bogus self-employment tax credit:** Social media posts that promote a nonexistent self-employment tax credit to entice you into filing a fraudulent claim.
- **Improper household employment taxes:** Fraudsters convince you to file for fictional household employees to claim a refund based on false sick and family medical leave wages that you never paid.
- **The overstated withholding scam:** Social media messaging that encourages you to fabricate large income and withholding amounts through W-2s, 1099s, and other forms to inflate refunds.
- **Misleading Offers in Compromise:** Promoters, or "mills," that misrepresent the federal tax debt relief program to trick you into paying fees for resolutions for which you do not qualify.
- **Ghost tax return preparers:** Unscrupulous tax professionals who prepare returns without signing them or providing their IRS Preparer Tax Identification Number as required by law, subjecting you, the taxpayer, to potential tax fraud claims.
- **New client scams and spear phishing:** Cybercriminals who impersonate clients in an email to trick tax professionals into responding to access sensitive client information.

To help avoid scams, the IRS recommends never clicking on unsolicited links purporting to be from the IRS, verifying charities before donating, and only working with trusted tax professionals to potentially protect your personal information.

## Balancing Life in the Sandwich Generation



Are you a middle-aged adult juggling raising children and providing care for an aging parent? If so, you're not alone. Welcome to the "sandwich generation," a growing group of people supporting both their children and elderly parents at the same time.

While caring for others can be rewarding, the day-to-day demands of supporting multiple generations can take a financial, emotional, and physical toll on sandwiched caregivers. But with some planning and support, you might be able to achieve a workable balance.

### Communicate and set boundaries

Start by opening the lines of communication with both your kids and your parents in order to set expectations and limitations. If you have younger children, you may need to explain to them why you need to divide your time and attention between them and your parents. To help them feel included, look for ways to involve them in less difficult caregiving activities, such as visiting with their grandparents or helping out with household chores. You'll also want to try to build time into your schedule to do some of the activities that they enjoy.

When talking to your parents, having an upfront and honest discussion about their day-to-day support needs and your ability to meet them can prevent misunderstandings down the road. When the time comes, you may need to discuss more sensitive topics such as the possibility of them having to move to an assisted-living facility, a nursing home, or dedicated space in your home. If you have siblings or other family members willing to help, set up regular family meetings to discuss how you can all share in the financial, emotional, and time commitments of caregiving.

### Leverage community resources

It's important to realize that you don't have to carry the burden of caregiving alone. Contact your local senior center, which can provide information on meal delivery services, transportation assistance, adult day programs, and even respite care.

If your parents' needs are great enough, you might consider hiring a geriatric care manager who can develop a personalized care plan for them. They can also make recommendations for and help coordinate services, housing, and support.

If you need child care, explore your local child care resources and referral agencies to help you find licensed child care providers. Contact your children's school and/or local parks and recreation departments to see if they offer sports leagues, before and after school programs, and/or summer camps.

### Prioritize self-care

Putting your own needs first will allow you to be in a better frame of mind to care for those around you. Try to set aside time to rest and recharge your batteries. Even small daily rituals — a walk, exercise class, or meditation — can provide much-needed relief.

Your physical and mental health should also be a priority. Stay on top of your own medical appointments and don't hesitate to seek out counseling if the demands of caregiving become too great.

### Explore flexible or remote work arrangements

Nearly 48 million Americans provide care to an adult family member or friend and 61% also have jobs.<sup>1</sup> Talk to your employer about the possibility of flexible or remote work arrangements. Being transparent with your employer about your caregiving responsibilities can help build understanding and possibly lead to creative work solutions that can help alleviate some of the pressures of working while caregiving. In addition, research the family medical leave options available to you. While the Family and Medical Leave Act (FMLA) provides some protections, your state or company may offer additional benefits.

### Stay on track with your finances

When you are busy taking care of others, it is easy to fall behind financially. In addition to being responsible for your children's financial needs, you may also find yourself shouldering some of your parents' financial responsibilities. You may even have to take a step back from work or turn down a job or promotion due to caregiving demands. Nevertheless, it's important to stay on track with your own finances. This includes sticking to your budget, paying off debt, maintaining an emergency fund, and continuing to invest towards your retirement.

1) AARP and S&P Global, May 2024

## Q and A on RMDs

Tax-deferred retirement savings accounts, including IRAs and employer-based plans, are an appropriate way to build assets. Your accounts can potentially grow without losing ground to income taxes each year, and depending on the account type and your income level, you may also benefit from a tax deduction for your contributions.

However, with traditional, non-Roth accounts, you can't defer taxes indefinitely. The IRS will eventually get its share through what's known as required minimum distributions (RMDs).<sup>1</sup>

### What are RMDs?

RMDs are annual distributions that must be taken from traditional, non-Roth IRAs and employer plans once you reach a certain age. If you were born from 1951 to 1959, you must begin RMDs after you reach age 73. If you were born in 1960 or later, your RMD age is 75. There is one exception to this rule: If you work beyond RMD age and you're not a 5% owner of your company, you can defer RMDs from your *current* employer's plan until you retire. You'll still be required to take RMDs from any previous employer plans.

### Which accounts are subject to RMDs?

Traditional IRAs, SEP IRAs, SIMPLE IRAs, SARSEPS, and all work-based retirement plans — including 401(k), 403(b), 457(b), and profit-sharing plans — are all subject to RMDs.

### How much must I withdraw?

RMDs are calculated based on the value of your account as of the previous December 31, divided by a life expectancy factor published in tables included in IRS Publication 590-B. There are three different tables, each of which applies to certain situations.

For example, say you reach age 73 in 2026 and your work-based retirement plan account was worth \$750,000 on December 31, 2025. Assuming you use Table III, the Uniform Lifetime table, your plan account RMD for 2026 would be \$28,302 ( $\$750,000 \div 26.5$ ).

You must calculate RMDs for each account you own. With IRAs, the IRS allows you to total all RMD amounts and take your distribution from one IRA. Similar rules apply to 403(b) plans. With other work-based plans, you must calculate your RMD and take a distribution separately from each account.

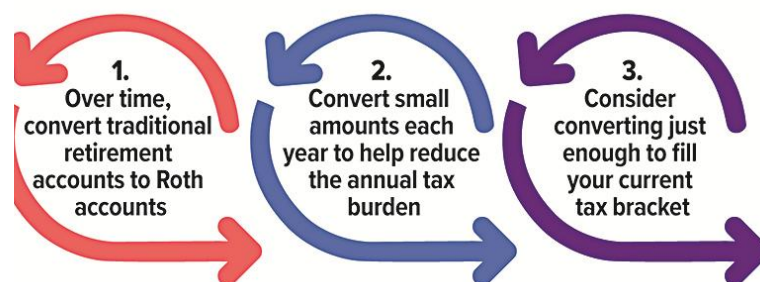
You can always withdraw more than the required amount in any given year.

### How do RMDs affect my income taxes?

RMDs (except amounts that were previously taxed, i.e., non-deductible contributions) are reported as taxable income. Consequently, a large RMD could result in a sizeable tax obligation. Generally, you must take RMDs by December 31 each year; however, you may delay your first RMD until April 1 of the year following the year you reach RMD age. Keep in mind that your second RMD will still be required by December 31 of that same year, which could significantly increase your income taxes.

### Another Tax Strategy: Consider Roth Conversions

Roth conversions are taxable events, but they may help reduce RMDs later. How they work:



Taxes owed are payable in the year of conversion.

In addition, neglecting to withdraw the required amount can result in a penalty tax of 25% of the difference between what you should have withdrawn and the actual distribution. This amount may be reduced to 10% or even waived entirely if corrected as soon as possible within two years (see IRS Form 5329 and associated instructions).

One way to satisfy your annual IRA RMD without increasing your tax burden is to make a qualified charitable distribution (QCD). A QCD is a charitable contribution made directly from your IRA trustee to a qualified charity of your choice. Although QCDs are not tax deductible, you can exclude up to \$111,000 in 2026 (\$222,000 if you're married filing jointly) in QCDs from your gross income.<sup>2</sup>

<sup>1</sup>Unlike traditional accounts, Roth accounts don't offer tax-deductible contributions. Withdrawals from traditional accounts prior to age 59½ and non-qualified withdrawals from Roth accounts are subject to ordinary income taxes and a 10% early distribution penalty, unless an exception applies. Qualified withdrawals from Roth accounts are those made after a five-year holding period and the participant reaches age 59½, dies, or becomes disabled. Roth accounts are not subject to RMDs during the account owner's lifetime, but most Roth account beneficiaries, like traditional account beneficiaries, are subject to highly complex RMD rules beyond the scope of this article. For more information, speak with a tax professional.

<sup>2</sup>QCDs are not permitted from employer plans.

## How Will AI Transform the Workplace? Employers Weigh In

Rapid developments in artificial intelligence (AI) have left workers wondering when their jobs might be significantly affected or even eliminated. One international survey found that it won't be long — 86% of employers across the globe expect AI and other information technologies to transform their businesses by 2030. Here are the top strategies employers surveyed expect to adopt within the next five years to leverage AI in the workplace.



Source: World Economic Forum, 2025