

Subject: Newsletter: Get Your Free Credit Reports + Understanding the Kiddie Tax.

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From: Greenleaf Financial Group

To: info@greenleaf-fg.com

**Hello Greenleaf,
Welcome to Our Client Newsletter**

In the April Issue:

- **Have You Checked Your Credit Reports Lately?**
- **When Will My Son Have to Pay the Kiddie Tax?**
- **Market News: Stocks Pull Back**

Have You Checked Your Credit Reports Lately?

Data breaches have been on the rise for years, costing businesses millions of dollars and exposing consumers to risks of identity theft and fraud.

For example, in February, more than 57,000 Bank of America customers had their data exposed in a ransomware attack. Stolen personal information included names, addresses, dates of birth, account numbers, and Social Security

Question:

When Will My Son Have to Pay the Kiddie Tax?

Answer: The kiddie tax is imposed on investment income -- *not employment income* -- received by individuals 18 years of age or under (at the end of the tax year). It also applies to dependent full-time students under age 24 (at the end of the tax year).

The kiddie tax is designed to stop parents from registering investments in

Market News: Stocks Pull Back

After reaching record highs last month, the U.S. stock market pulled back in April. This isn't too surprising after the year's fast start. How many times have you heard us say "two steps forward, one step backward?"

Why does this pattern occur so regularly? Some months investors will shake off their fears. Other months the collective opinion reacts with greater worry. In April, fears about a wider Middle East war (which has also pushed

numbers.

Protecting yourself against the consequences of these data thefts is increasingly important. We recommend two actions: credit freezes and credit monitoring.

Credit Freezes

A credit freeze (or security freeze) is a free way to limit who can see your credit report. This barrier makes it harder for someone to open new accounts in your name because the institution being asked to open the account will first verify your status with a credit agency. If the inquiry is blocked, no account will be opened.

A credit freeze does not affect your credit score, nor does it prevent you from obtaining your free credit reports.

To place a free credit freeze on your credit reports, contact each of the three credit bureaus:

Equifax: 1-800-685-1111
or
[Equifax.com/personal/credit-report-services](https://www.equifax.com/personal/credit-report-services)

Experian: 1-888-397-3742
or
[Experian.com/help](https://www.experian.com/help)

Transunion: 1-888-909-8872 or
[Transunion.com/credit-freeze](https://www.transunion.com/credit-freeze)

Although you will need to temporarily lift the freeze before you apply for a loan or a new credit card, this process is quick and easy.

Credit Monitoring
[AnnualCreditReport.com](https://www.annualcreditreport.com)

registering investments in their children's names in order to lower their taxes. Although salary and wages are not subject to the kiddie tax, interest, dividends, capital gains, rents, and royalties may be assessed if they are above a certain threshold.

In 2024, unearned income up to \$1,300 qualifies for the standard deduction and is therefore tax-free. The next \$1,300 of unearned income is subject to the child's tax rate, which is relatively low. Unearned income amounts above \$2,600 are taxed at the guardian's tax rate.

Remember that the income, not the account balance, is what is being taxed. To exceed the annual \$2,600 threshold, a child's account earning 5% interest would need to be larger than \$50,000.

If your child has a large investment account, they can limit the number of dividend-paying stocks in the account or buy bonds with deferred interest, such as zero-coupon bonds.

If you are saving for college, a 529 savings account is a better choice than a brokerage account in your child's name. The tax benefits of a 529 account are far greater and the treatment on financial-aid forms is more generous.

oil prices higher) and the impact of continued economic strength, higher interest rates, and stubborn inflation have knocked the market back.

Overall, smaller stocks and growth stocks have suffered the most recently with declines of more than -4%. Small companies have fewer borrowing options and often carry higher debt levels to produce growth. Higher rates, therefore, have a larger impact on their financials.

Only emerging-markets stocks have bucked the month's trend with a modest gain.

We strive to make these volatile markets less difficult for you by selecting investment strategies that incorporate some manner of risk management. Our approach is always informed by a desire to lessen the risks of investing, while positioning you for good returns.

We welcome your questions about your investment strategy -- and we appreciate your business!

is the place to go for free copies of your credit reports. You may also call 1-877-322-8228.

Be sure to use this website! Other sites may charge you or they may even be fraudulent sites set up to steal your personal information.

You are no longer limited to one free report from each agency per year. Now, you may check your credit report at each agency once a week for free. We recommend checking all of your reports 2 to 4 times per year.

Each report will show you credit cards and loans you have, whether you pay your bills on time, and whether any debts have been turned over to collectors.

Why Do Credit Reports Matter?

Businesses, including insurance companies, potential employers, and creditors, use these reports to decide if they will do business with you and what terms they'll offer you.

Mistakes -- or worse -- on these reports can cost you dearly. Accounts or bankruptcies that aren't yours can increase your interest rate on a home or auto loan, derail you from obtaining home or auto insurance, or prevent you from job offers.

Therefore, the sooner you spot a problem, the sooner you can dispute and resolve the issues.

If you see signs of identity theft, you should also report it at ***IdentityTheft.gov***.

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