SPRING CLEANING YOUR FINANCES: ELIMINATING SUBSCRIPTION AND ASSET DRIFT

Spring cleaning is usually associated with closets, garages, and storage rooms, but financial clutter can accumulate just as easily, and often with greater long-term cost.

Recurring charges, dormant accounts, and overlooked assets rarely attract attention because none of them feel urgent on their own. Even modest inefficiencies can gradually erode cash flow and make your financial picture harder to manage.

Taking a few hours each spring, or even a few times a year, to review your financial accounts can uncover immediate savings, recover forgotten funds, and ensure your financial systems are still working the way you expect.

Subscription Drift

One of the most common sources of financial clutter is recurring subscriptions. Individually, these charges can seem insignificant. For example, A $49 monthly subscription may not draw much attention when it first appears on a statement. Over the course of a year, however, that single charge becomes $588. Multiply that across several streaming services, software subscriptions, fitness memberships, or apps, and the total can easily reach several thousand dollars annually.

With these charges being automatic, they often continue long after their usefulness has passed. Reviewing bank and credit card statements is usually enough to identify services that are rarely used or easily replaced by platforms you already have. Even when a service is still useful, it’s worth checking whether the pricing still makes sense. Many providers quietly increase prices or introduce new plans over time.

In some cases, savings can come from bundling services together or switching to packages that combine several subscriptions at a lower overall cost. These options are not always advertised to existing customers, so a quick comparison of available plans can occasionally reveal savings without changing the services you already use.

Billing structure can also make a difference. Services used consistently throughout the year may offer meaningful discounts for annual billing, while others may be better kept monthly and canceled when they are not needed.

The goal is not to eliminate every subscription; it’s to ensure each one still delivers enough value to justify the cost and to optimize how those services are priced.

Dormant and Overlooked Assets

Financial clutter can also appear in the form of assets that have been forgotten. Old bank accounts, small brokerage balances, uncashed checks, and refunds, may remain scattered across financial institutions. If accounts remain inactive long enough, they may eventually be transferred to state custody as unclaimed property.

While most individual claims are relatively small, the process of checking is quick. Each year, billions of dollars sit in state unclaimed property divisions across the country. A search of the official database for states where you have lived or worked takes only a few minutes and can occasionally uncover funds that belong to you.

It can also be worthwhile to check for family members who may not be as comfortable navigating these systems. Many unclaimed property databases contain records that have gone unnoticed for years simply because no one thought to look.

This is less about budgeting and more about recovery – identifying assets that already exist but have slipped off the radar.

Reducing Administrative Drag

Disorganized financial systems can also create practical risks. Missed cancellation deadlines, outdated beneficiary designations, overlapping insurance policies, or incomplete documentation are all common examples. None of these issues may seem significant individually, but they can create unnecessary cost or complications

when left unaddressed.

A periodic review provides an opportunity to verify that key financial details are still accurate. Beneficiary designations on retirement accounts and insurance policies should reflect current intentions. Insurance coverage should match the assets you own (and their current values), and deductibles should still align with your ability to absorb risk.

Credit cards can also be another area worth reviewing. Cards with annual fees may no longer justify their cost if spending patterns have changed, and rewards programs may not align with how you currently use them. In some cases, issuers may be willing to reduce or waive annual fees if you call and ask.

It can also be helpful to review credit utilization. If balances regularly approach 30% of available credit, paying those balances down (or spreading usage across multiple accounts) can improve both liquidity and credit health.

Reviewing Automatic Financial Systems

Automation is one of the most useful financial tools available, but automated systems still need occasional review. Savings transfers, investment contributions, and automatic payments are often set up with good intentions and then left unchanged for years. As income, expenses, and priorities evolve, those settings may no longer reflect your current financial goals.

Periodic review helps ensure these systems still operate as intended. Automatic savings transfers may need to be increased as income grows, while certain recurring payments should be confirmed to ensure they are still required.

It is also worth verifying that automatic bill payments stop when obligations end. In rare cases, outdated payment instructions can continue sending funds long after a balance has been satisfied, leaving money sitting in the wrong place instead of being invested or used more productively.

There is a simple goal with automation, it should be working for you, not continuing indefinitely without oversight.

The Return

A short financial review can produce results that extend well beyond the time invested. Unused subscriptions can be eliminated or optimized. Forgotten assets can be recovered. Insurance coverage and credit accounts can be aligned with current needs. Automated systems can be adjusted so they continue supporting long-term financial goals.

More importantly, the process restores clarity. When accounts, subscriptions, and financial systems are reviewed periodically, it becomes much easier to identify opportunities for improvement and avoid preventable mistakes.

For many households, financial spring cleaning is not about reducing spending. It is about ensuring that the money already being spent, and the systems managing it, are working as efficiently as possible.

If you are reviewing your finances this season and discover questions about tax planning, charitable giving, account structure, or broader financial strategy, feel free to reach out to your trusted TBC advisor.

IRS FORM 1099-MISC & FORM 1099-NEC

If, as part of your trade or business, you **made** any of the following types of payments, you are required by law to report certain payments of income it made during the calendar year to the IRS and to the recipient by filing Form 1099-MISC or Form 1099-NEC.

The following types of payments made in the course of business when paid to individuals, partnerships, single member limited liability companies, and limited liability companies taxed as partnerships must be reported on Form 1099-MISC if they aggregate to $600 or more ($10 or more for royalties) during the calendar year:

Rents (Box 1)
Examples:

- Equipment and machines rentals
- Office rent unless paid to a real estate agent or property manager that is not the property owner
- Renting booths or tables
- Renting parking spaces
- Renting boats, cars, buses, etc.

Royalties (Box 2)
Examples:

- Industrial, Literary, Patents

Other income (Box 3)
Examples:

- Prizes and awards that are not for services performed. (Include the fair market value of merchandise won if given in
  lieu of a cash award.)
- Research subject payments
- Certain litigation settlements (not paid to attorneys/law firms which are reportable in Box 10)

Fishing Boat Proceeds (Box 5)
Medical and health care payments (Box 6)
IMPORTANT NOTE! Payments of medical and healthcare payments must also be reported ***if paid to*** **C and S corporations**.

- Hospital (Private) fees and charges
- Doctor or Physician Assistant Fees
- Payments for Examinations
- Payments for Medical tests
- Payments to dentists/dental assistants

Crop Insurance Proceeds (Box 9)
Gross Proceeds Paid to an Attorney (Box 10) – Only report on Form 1099-MISC, the payments made to an attorney or law firm for a legal settlement but do not include payments for attorney services which are reportable in Box 1 of Form 1099-NEC.

Example, Company A agrees to pay punitive damages of $10,000 to a law firm representing the claimant. Company A hired an attorney from a local law form to present Company A during the mediation of this case. The lawyer's fee for her legal representation services was $1,000. The total punitive damages of $10,000 would be reported in Box 10 of Form 1099-MISC and the lawyer's fee for services of $1,000 would be reported in Box 1 of Form 1099-NEC.

IMPORTANT NOTE! Gross proceeds paid to an attorney or law firm must also be reported ***if paid to*** **C and S Corporations**.

Section 409A deferrals (Box 12)
Nonqualified deferred compensation (Box 15)

The following types of payments for SERVICES rendered by non-employees in the course of business must be reported on Form 1099-NEC if they aggregate to $600 or more during the calendar year and are paid to

individuals, partnerships, single member limited liability companies, and limited liability companies taxed as partnerships:

Non-employee compensation (Box 1):

o Includes payments for services performed in the course of business by individuals or entities that are not employed by your company.

o Non-employee expense reimbursements for service providers are only includible in the reportable payment if the expense is not reimbursed in accordance with your companies accountable plan. For example, if your company agrees to pay a fixed amount for expected travel expenses but does not require the service provider to substantiate the travel expenses incurred with actual receipts, then the travel allowance will be includible in the reportable payment.

Examples of reportable non-employee compensation payments:

- Professional service fees paid to attorneys (reporting includes C and S Corporations)
- Professional fees paid to accountants, architects, business consultants, etc.
- Payments made to customize merchandise or awards. This is deemed as a purchase of a *service*.
- Payment for services, including the cost of incidental parts or materials used to perform those services.
- Payments to non-employee entertainers or performers.
- Honorariums or payments to guest lecturers.
- Maintenance and repairs to office machines, buildings, and equipment.
- Maintenance to lawn or vehicle.
- Notary fees for a notary to notarize a document or payment for an employee to become a notary.
- Payments to instructors, teachers, trainers, training groups, choir directors, minister service, piano players, entertainers, speakers, legal adjudicators, and witness fees. This includes companies who administer tests.
- Privately owned colleges and privately owned universities.
- Note: Go to website to determine if a college or university is public or private.

Common payments that are NOT required to be reported on either Form 1099-MISC or Form 1099-NEC:

o Payments to C and S Corporations including LLCs that are taxed as C or S Corporations (with the exception of medical/health care payments, legal fees and proceeds paid to an attorney)

o Payments to tax-exempt organizations including: tax-exempt trusts, U.S. government, a U.S. state or U.S. possession

o Payments to foreign individuals, entities, and foreign governments (see Form 1042-S reporting requirements)

o Payments for freight, inventory, merchandise, storage, or utilities

o Wages, expense reimbursements or allowances paid to employees including back-pay (report on form W-2)

o Scholarships or fellowships made to U.S. tax residents are not reportable on Form 1099-MISC but they may still be taxable to recipients. Note: Scholarships or fellowships that are given in exchange for services to be rendered to the University should be reported as wages on Form W-2.

Do not report the following if any of the payments below apply.

- Credit or travel card payments. Effective tax year 2011 – local banks issue IRS forms 1099-K for credit card and travel card payments.
- Merchandise, products, or goods.
- Reimbursements to federal or military employees such as uniform allowance and firefighting gear.
- Permanent Change of Station (PCS) damage claims.
- Bank fees.
- Stamps, Postage.

- Federal tax-exempt organizations/agencies such as the Boy Scouts or Red Cross. To verify an organization's exempt status use the IRS Exempt Organization Select Check at or ask them to provide a copy of their IRS ruling or determination letter (tax-exempt status letter) they received from the IRS and what states they have been approved to be federal tax exempt. If they cannot provide the IRS ruling or determination letter, then report.
- Government agencies (federal, state, city, county, parish).
- State owned (funded) State colleges, community colleges, universities, high schools, and grade schools.
- Hospitals owned and operated by the United States, State, or the District of Columbia and any of their subdivisions.
- Utilities such as electric, gas, water, fuel oil, coal, bottled gas, and other fuels. Telephone and cell phone services and cable.
- Delivery services such as Federal Express, UPS, DHL, and all related small package transportation services.
- Safety deposit box – considered storage.
- Moving and Warehouse Storage – considered storage.
- Magazine or newspaper subscriptions.
- Attorney License.
- Internet/computer renewal license.
- Payment to a company to be bonded **or insurance premiums**
- Federal tax-exempt organization memberships to clubs, organizations and societies such as ASMC or AGA.
- Informer payments for information about criminal activity.

A best practice during the year is to have a new vendor complete Form W-9 at the time an invoice is received and before payment is made to be sure you have the proper information on file to prepare the 1099 forms at the end of that year!

If you have any questions, or need further information, please contact your trusted TBC advisor or someone in our Partnered Accounting Solutions department.
