

# The Planning Quarterly

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## PEAPACK PRIVATE

As we head into the summer months, many individuals and families use the midpoint of the year to revisit goals, review progress, and consider planning decisions for the months ahead.

In this issue, we look at several timely planning topics. For parents with children turning eighteen, we outline the legal documents young adults should consider as they take on greater independence. We also discuss ways parents may thoughtfully support children preparing to purchase their first home. Finally, we examine credit as part of the broader planning conversation, including how responsible credit card use can support everyday decisions, financial flexibility, and long-term goals.

We hope you enjoy this issue and find the insights useful as you continue planning for the year ahead.

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# Before Summer Gets Busy: A Mid-Year Check-In to Keep You on Track

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By now, tax season is likely behind you, and summer is on the horizon, bringing with it more travel, activities with friends and family, and possibly a “we’ll deal with it later” sentiment. Before that happens, this is a great time to assess your situation: You have enough information to identify patterns and still enough time to make some adjustments before year-end. If you’re looking for a quick reset, here are a few simple ideas that may help you prioritize a financial review.

## 1. Cash Flow Reality Check

Look at the last couple of months and ask: Did spending match what we anticipated? Did any “temporary” expense become permanent? Are we saving automatically, or only when we remember to do so?

**Quick win:** Consider automating one transfer right after payday. Small, consistent moves can help more than occasional big ones.

## 2. Tax Pacing: Are You Roughly On Track?

Mid-year can be a good time to reduce the odds of a “how did this happen?” moment, especially if you’ve had a bonus, commission, or meaningful investment income. A quick review of year-to-date income, withholding/estimated payments, and one-time items, such as stock sales, distributions, or side income may help you spot gaps early. If needed, adjustments can be made through W-4 revisions, supplemental withholding, or estimated payments.

**Company equity compensation:** When receiving Restricted Stock Units (RSUs), the income tax withheld often defaults to a standard rate, such as 20%, that may be too low for higher earners. If you have RSUs vesting, stock options exercised, or a large stock sale, a simple projection may help prevent an unpleasant surprise.

## 3. The “Big Three”: Saving, Investing, Protection

A quick check here can bring clarity:

- **Saving:** Are retirement contributions on track, such as 401(k), IRA, HSA, etc.?
- **Investing:** Does your portfolio still match your risk tolerance and timeline?
- **Protection:** Would your plan likely hold up if something unexpected happened?

**Quick win:** If you only do two things, check your life insurance and investment account beneficiaries, and confirm that your automatic contributions are still set the way you intended.

#### 4. Concentration Check: What Percentage of Your Investment Holdings Is Tied to One Company?

This applies if you hold a lot of company stock, such as RSUs, ESPP shares, or options, you're a business owner with most of your net worth in the business, or you have a concentrated investment position. It may help to quantify your exposure as a percentage of net worth and income, then consider a rules-based approach that gradually reduces exposure over time.

#### 5. Rebalance With Purpose

Markets drift, and so do portfolios. If allocations have moved meaningfully away from your asset allocation target, rebalancing may help bring risk in line with your intended target without trying to predict what comes next.

#### 6. Benefits and "Use-It-Or-Lose-It" Items

**Mid-Year** is a good time to review HSA/FSA contributions, employee benefits that may need adjusting, and upcoming life events that could change coverage needs.

**Side note:** Your FSA may have a "use it or lose it" policy, so be sure to understand if you're on track to use what you projected. Some companies allow for a modest amount to roll over to the following year; however, it depends on the employer's plan.

#### 7. Business Owners: Owner Pay and Tax Reserve Check

Quarterly planning can help reduce stress: Is your tax set-aside system working? Is owner pay consistent and intentional? Are retirement plan contributions on track?

**Owner note:** If income is uneven, it may help to set up a simple system, such as a dedicated tax reserve account with an automatic transfer tied to revenue, plus a baseline owner pay amount.

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*"If you start a list with one item and put a date on it, you may be surprised how quickly things feel lighter."*

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#### A Simple Takeaway

Most financial stress comes from a handful of unresolved decisions, for example, beneficiaries, withholding, diversification, funding 529s, refining a system, and similar "I'll get to it later" items.

If you start a list with **one** item and put a date on it, you may be surprised by how quickly things feel lighter.

A mid-year check-in may help you avoid surprises and make more confident decisions. If it would be helpful, reach out to your Relationship Manager. We can identify one or two priorities and turn them into a simple action plan.



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# How Can Parents Help Their Children Purchase Their First Home?

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With rising house prices, higher mortgage rates, and intense competition for single family homes, concerned parents often want to help their adult children buy their first home. There is a range of approaches from simple support to more complex financial strategies and the best approach for a family will depend upon the parents' and child's financial situations, tax implications, and overall family considerations. Here are the most common approaches taken by parents.

## 1. Gift Funds for a Down Payment

Parents transfer cash to a child to cover all or part of the down payment for the house. Typically, the mortgage lender providing a loan for the balance of the purchase price requires a gift letter stating that no repayment is expected. The annual gift tax exclusion cap is \$19,000 per recipient, and married couples can combine their exclusions to gift up to \$38,000 per recipient annually. Parents gifting more than the annual gift tax exclusion must report the gift against their lifetime exemption amount.

## 2. Co-Sign the Mortgage With the Child

By co-signing the mortgage, the parents' credit standing strengthens the child's ability to qualify for the loan. This can be helpful if the child has limited credit history or income and may lead to lower interest rates or better terms. Please note that the parents are fully liable if payments are not made, and the loan appears on the parents' credit report.

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*"Before initiating financial support for a child's home purchase, parents need to review their own financial plan."*

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## 3. Provide an Intra-Family Loan

The parents act as the lender by providing funds for the home purchase. A formal loan agreement should be signed by all parties, with an interest rate that meets the IRS minimum required rates and a documented repayment schedule. The interest portion of the loan payments is taxable interest income and must be reported on the parents' tax return.

## 4. Buy the Home and Rent or Transfer It to the Child

Parents can purchase property and allow the child to live there and pay rent. This approach may give the child an opportunity to build equity and may be optimal if the child cannot qualify for a mortgage independently.

## 5. Buy a Home Together

Parents purchase a home with the child. The ownership could be structured as joint tenancy. The joint ownership needs to be properly structured. Many parents consider tenants in common, which allows for distinct ownership shares. An eventual exit strategy is suggested, as well as a formal legal agreement.

## 6. Use a Trust or Estate Planning Strategy

Parents can use a trust as the source of funds for the purchase or include gifts/loans within their estate plan. The estate planning approach can be helpful for some families, but it requires the involvement of legal and tax professionals.

## 7. Help Children Indirectly Prepare for a Home Purchase

Rather than direct involvement in the purchase or financing of the home, parents can support the child's financial situation by paying off student loans, covering some expenses, or providing housing while the child accumulates savings.

In considering these different approaches, parents need to factor in the tax implications, such as gift tax rules, capital gains, and any state-tax related issues. If the child has siblings, will the parents need a supportive approach that is fair to all children? Furthermore, is parental assistance a gift or an advance on a future inheritance? All financial arrangements should be formally documented.

Before initiating financial support for a child's home purchase, parents need to review their own financial plan. Do they have sufficient resources for their own retirement? Do they have reserves for any unexpected large expenses? How will they handle support for multiple children?

Every family has its own unique situation and relationships and may craft parental support by blending several of the approaches mentioned above. Feel free to contact your Relationship Manager, Financial Planner, or one of our mortgage professionals to discuss any of these strategies. We are here to support your family.

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# Credit as a Tool for Financial Flexibility

## Aidan Dolan

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Smart financial planning is not limited to investments, retirement strategies, or estate planning. It also includes the everyday financial decisions that affect cash flow, creditworthiness, liquidity, and long-term flexibility.

Credit cards are one of those tools. For individuals and families building, managing, or preserving wealth, the way credit is used can influence spending habits, borrowing capacity, fraud protection, and overall financial flexibility.

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*"The right credit card should do more than offer rewards—it should support your cash flow, protect your credit profile, and fit into your broader financial plan."*

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The question is not simply which card offers the best rewards. The more important question is how that card fits into your broader financial life.

- Does it support how you manage household or business expenses?
- Does it align with your travel, lifestyle, and cash flow needs?
- Does it help preserve a strong credit profile for future borrowing opportunities?
- Are the rewards meaningful enough to justify any fees?
- And is the card being used as a planning tool rather than a source of unnecessary debt?

Credit utilization is an important part of that conversation. Using a high percentage of available credit can negatively affect a credit score, even when payments are made on time. A strong credit profile may matter when applying for a mortgage, securing a line of credit, financing a business need, or evaluating other lending opportunities. Responsible credit use can help preserve flexibility when future needs or opportunities arise.

Credit cards can also support cash flow management when used with discipline. They may help organize expenses, track spending categories, separate personal and business purchases, and provide a timing benefit between purchase and payment. For families managing multiple households, frequent travel, business expenses, or recurring lifestyle costs, that organization can be valuable.

Rewards should be evaluated through the same planning lens. Cash back, bonus points, travel rewards, and premium card benefits can create value, but only when they reflect actual spending patterns and lifestyle needs. A card should not encourage unnecessary spending simply to earn rewards. The goal is to select a card that complements how you already spend and supports your broader financial priorities.

Using credit wisely also means understanding the costs. Interest charges, annual fees, merchant surcharges, cash advance fees, and late payment penalties can quickly reduce or eliminate the value of any rewards. Carrying a balance can be especially costly and may work against other planning goals.

Peapack Private offers a range of credit card options, including cards with cash back, bonus points, travel rewards, and zero fraud liability. The right choice should be part of a broader conversation about spending, liquidity, credit goals, lifestyle, and overall financial planning.



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# Legal Considerations When Your Child Turns 18

**Patricia Daquila**

Managing Director

It seems like only yesterday that your child was in elementary school, but now that same child is turning 18 and preparing for the next stage of life, whether that means heading to college, starting a job, serving in the military, or moving out. How did it happen? Where did the time go? Once your child turns 18, they are legally considered an adult. The parent no longer has the ability or the legal right to help with the child's financial, medical, or personal issues that may arise. There are several legal documents that you should consider having your child sign when turning 18 or before they leave the nest, so you are able to help in the event of a crisis.

Here are some of the legal documents that you should consider having prepared and signed by your child.

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*"Once your child turns 18, then the child is legally considered an adult."*

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## Medical

- 1. Healthcare Proxy or Medical Power of Attorney** – If a child was seriously injured, then without this document, a parent could not make a medical decision on behalf of their child. A doctor would not be able to legally discuss care with the parents.
- 2. HIPAA Authorization** – A HIPAA authorization gives permission for a healthcare provider to share medical information with another person. This form can be obtained from your doctor, hospital, or insurance company.
- 3. Living Will** – It is hard to think about a young adult falling into a "vegetative state." Unfortunately, it could happen. If a living will does not exist, then a doctor may need to use all possible measures to keep that person alive. This may not be in line with the child's wishes.

## Educational

- 4. FERPA Release for Students Only** – This document is mainly regarding education records, allowing a college or university to share not only grades, but also billing and possible disciplinary issues with the parents.

## Legal & Financial

- 5. Financial Power of Attorney** – A financial power of attorney allows a parent to handle financial matters such as banking, bill paying, and signing documents. This can be extremely important if the child is traveling or is away at college.
- 6. Last Will and Testament** – Without a will, all assets would typically go to the parents. This may not align with what the child wants. They may prefer to have their assets left to their siblings, other family members, or charity.

You have done a good job of raising your children and preparing them for adulthood. If you have a child turning 18, you should coach your young adult about the financial, medical, and academic issues that may arise. Consider contacting an attorney to help prepare these key documents.

 Home



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