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Here's the Tax Beat for November 19

Subject Line: Rounding Up and Cashing Out

Every so often, Uncle Sam announces something that makes taxpayers stop, blink, and ask, "Wait... we're still doing that?" Now that conversation has landed squarely on the humble penny. Yes, the little copper-colored coin that costs more to make than it's worth, that falls between couch cushions like it's trying to escape the junk drawer, and that we all secretly wonder what to do with when we get it back as change. Last week, Treasury Secretary Scott Bessent personally minted the last five of their kind. And many Americans say this with love: it's about time. You know inflation is bad when even money is worth less than the metal it's made from.

For generations, the penny has clung to life like that one relative who refuses to leave Thanksgiving even after dessert, after cleanup, even after you've started turning off lights. Sure, it's one way we honor Abe Lincoln. But Abe deserves better than being the mascot for monetary clutter. The man freed the slaves and preserved the Union. He shouldn't spend his afterlife rolling around in the lint at the bottom of your gym bag. (Besides, he's still on the five dollar bill.)

The penny has been economically dubious for decades. It costs roughly three cents to make a one-cent coin, which is just bad math. If a business operated this way, its accountant would ask if everything was okay at home. But when Washington does it, we all shrug and say, "Tradition?" Meanwhile, Canada retired their penny years ago. Australia hasn't used one since the mullet was in style the first time. Even the IRS has directed taxpayers to round all amounts to the nearest dollar for decades now.

Eliminating the penny won't just lighten your pocket. It changes the way we think about prices, taxes, and psychological math. For years, businesses have played the classic "\$9.99" game. Even though your brain knows it's ten bucks, retailers cling to that one-cent illusion like Linus hugs his blanket. You round down emotionally. You feel better about it. With no pennies, the jig is up. \$9.99 becomes \$10.00, and suddenly your inner toddler screams, "That's more!"

Taxpayers will feel this shift, too. Sales tax, especially in states with odd percentage rates, can produce decimals that currently get cleaned up by pennies. Without them, you're looking at rounding to the nearest nickel. Overall, it's not a big deal, unless you enjoy complicated receipts. But it does nudge everyone a little closer to embracing digital payments, where rounding quietly happens behind the scenes, and nobody notices because the machine is smart enough not to bother your frontal lobe. (In a country with so many unbanked citizens, is that good or bad?)

And yes, ending the penny has one more upside: it forces everyone to look long and hard at how small change actually works. Taxes, prices, interest, costs—they all cascade upward in tiny increments that accumulate into real money. Eliminating the penny is a reminder that not all small things matter equally. A single cent means nothing. But tax habits, retirement contributions, charitable donations, and investment decisions all rise and fall on tiny percentages. Ignore them, and you lose dollars. Pay attention, and you gain them.

So, while the penny prepares to fade off into irrelevance, remember that financial life is built on details, not denominations. If a single copper coin can inspire national debate, imagine what a little intentional planning can do for an actual tax bill.

And if you need one last sentimental moment with the penny, go ahead and toss one into a fountain. Make a wish. Maybe something simple, like “Help me keep more of my money.” Because if there’s one thing we learned from the penny’s long, improbable life, it’s that even tiny amounts can someday add up when somebody’s paying attention.

Kevin

