thoughts

FROM HANSON+DORESMUS

HANSON+DOREMUS
INVESTMENTS AND PLANNING

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WHAT'S INSIDE THE ISSUE

Hanson+Doremus Investment Management is a registered investment advisor offering integrated investment management and financial planning to individuals, businesses, and nonprofits. It was founded in 1995 and is regulated by the U.S. Securities Exchange Commission.

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TAXES

By Liz Ford

Where have all the CPAs gone?

"My tax person is retiring and no one I've called is taking new clients, is there anybody you can recommend?"

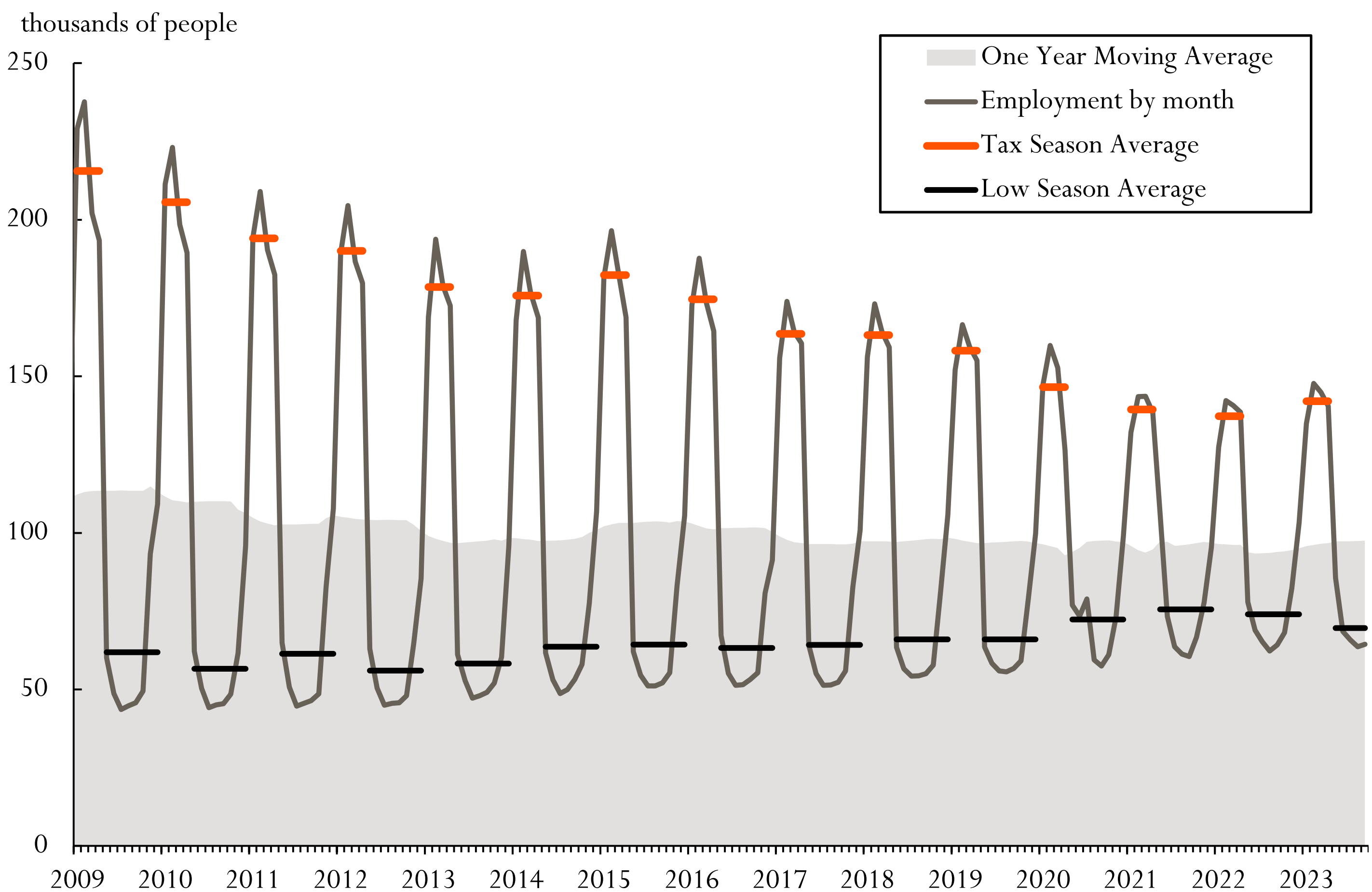
This is a common question for us at H+D, and a frustrating one, as the answer is all too often "no." When we can, we try to connect clients who need estate, insurance, tax, or other advice outside our expertise, with professionals we know and trust. However, it's become increasingly hard to find tax advisors willing to take on new clients. It isn't all in our heads: according to the Vermont Society of Certified Public Accountants, the number of CPAs in the state has fallen by 14% since 2019.

This decline follows a longer-term trend across the country. According to the National Association of State Boards of Accountancy (NASBA), the number of licensed CPAs in the U.S. dropped by roughly 13% between 2012 and 2025. As the CPA workforce has aged and retired, not enough young people have entered the industry, with the number of accounting graduates declining by 17% and the number of CPA candidates dropping by 30% from 2012 to 2022.

The chart below shows that employment attrition and captures just how seasonal the tax business is. In the era of TurboTax and H&R Block software, many tax advisors are turning away from this seasonal, high-volume, low-margin return preparation and toward business and ultra-high-net-worth clientele who require year-round services. We've seen this trend before. When a low-cost tech solution comes in and scoops up all the DIYers, the work moves upmarket—think travel agents. For taxes, this leaves a hole in the market for those whose situations fall somewhere between Form 1040EZ and a concierge level of service.

There are some bright spots in the CPA pipeline. More than 40 states, including Vermont, have passed recent legislation to decrease the hours of education needed to become licensed. Undergraduate enrollment in accounting programs has increased by an average of 7% per year for the last three years, according to the National Student Clearinghouse. Because accounting's combination of low starting salaries and lack of work-life balance remains a deterrent, some CPA employers are attempting to sweeten the pot with higher wages and

NATIONAL EMPLOYMENT IN THE TAX PREPATION INDUSTRY



Source: Bureau of Labor Statistics

remote work options.

Will this help smaller states like Vermont come tax time? Perhaps not. We spoke with Professor Jonathan King from the University of Vermont's Master of Accountancy Program (MAcc) who sees a familiar pattern with graduates. Most leave the state to take a job with a Big Four or other large accounting firm, working long hours in auditing, assurance, or corporate tax. From there, they either move up the partnership track or move out to the private sector to be an in-house accountant. Few get experience with individual tax preparation—problematic, as it takes years to learn the intricacies of the tax code—and few return to Vermont. King says that increasing the number and appeal of internships at local tax shops would be a step in the right direction.

So, if local relief from the CPA shortage isn't coming anytime soon, what can folks do to ensure access to the tax advice they need?

1. **Start the search early.**
   There's a reason we're putting this article in our Summer issue. By January, many CPAs will have all the clients they can handle for the April 2027 tax season.
2. **Consider both CPAs and Enrolled Agents (EA).**
   Along with Tax Attorneys, these are the tax planning and filing practitioners with unlimited rights to represent you before the IRS for audits, appeals, and collections. Enrolled Agents don't have the same educational requirements as CPAs, but are licensed by the IRS, must pass a rigorous test on the U.S. tax code, and have significant continuing education requirements.
3. **Be prepared to pay more.**
   The seller's market for CPAs is naturally driving prices higher for buyers. According to the National Association of Tax Professionals, prices for tax prep were up by over 20% from 2021 to 2023 alone. Your existing provider may charge more, but the increase may be even more pronounced if you move to someone new.
4. **Present yourself as a "good client."**
   With so many people knocking on their doors, tax advisors may turn you away if you don't respond promptly to their communications, or if they must chase down necessary documents. This may mean more work for you up front to arrive organized.
5. **Ask your investment advisor, estate attorney or other financial professional for recommendations.**
   At H+D, we don't have a magic trick for increasing the supply of tax pros, but we're active in the local web of financial professionals. We routinely pick the brains of the accountants we work with to learn about new providers on the scene. We actively network with other financial professionals to increase our pool of potential referrals. We hear about good and bad tax experiences from clients and sometimes clients send good recommendations our way.

Which begs the question: Do you have anyone you can recommend?

COMMONTIES

By Yuliya Paylor

The oil conun-drum...

The Strait of Hormuz closure at the end of February led to the largest disruption of global oil supply in history, with some observers predicting that crude oil prices would skyrocket from $60 per barrel to above $200 if the conflict persisted. Well, the conflict persists and yet the direst predictions of an oil crisis worse than the 1970s have yet to be realized.

To understand why, bear with us as we go back to Econ 101. Recall, price depends on supply and demand. If demand for a certain quantity of oil is inelastic (i.e. fixed, inflexible) due to the global economy's reliance on it, any change in supply is going cause prices to steeply increase. This understanding underpinned many analysts' models for global oil demand. So, when it was estimated that 20% of the world's oil supply would stop flowing, prices were projected to skyrocket. But there were factors on both the supply and demand side of the equation that prevented the worst from happening.

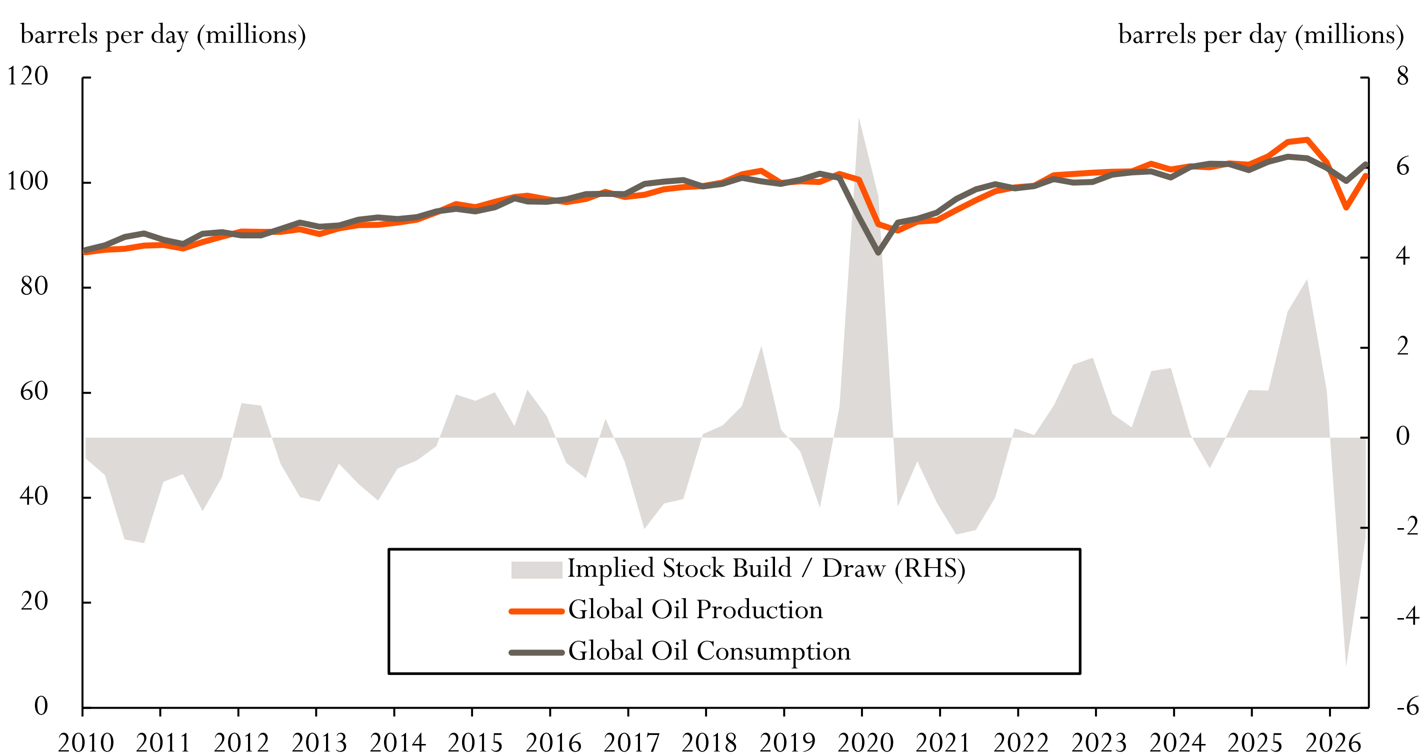
Let's start with the supply side. Simply put, oil supply was less scarce than originally estimated. After the oil price spike caused by the 2022 Ukraine-Russia conflict, many countries made strategic moves to bolster their reserves. As a result, the world was, in fact, oversupplied heading into the war with Iran this year. Thus, when the Hormuz tap stopped flowing, governments were ready and able to deploy reserves (see chart for the tight link between production and consumption as well as the estimated stock builds and draws).

But there was also another source of supply: the black market for oil. While we can't know exact volumes, sanctioned countries such as Russia, Venezuela, Syria, and others, utilize shadow fleets of tankers to obscure a thriving supply chain that isn't on the books. To alleviate the worst impact of the supply shock, countries eased restrictions on this illegal supply. Additionally, U.S. production surged and alternate shipping routes further eased the pressure on prices.

On the demand side, countries dependent on Gulf oil imports adapted, demonstrating that demand was much more elastic (i.e. flexible) than previously projected. To curb consumption, Bangladesh cut working hours; Thailand urged people to work from home to reduce non-essential demand; and the Philippine government issued tax incentives for installation of residential solar panels and battery storage.

China also played a large role. The country imported 15% of its oil from the Gulf, and managed to reduce these imports by 25%, basically overnight, according to Bloomberg, all seemingly without any visible disruption. To be sure, we don't have great visibility into China's economy, but *The Wall Street Journal* reports that China cut back on petrochemical inputs, substituted with other fossil fuels like coal, and encouraged increased usage of less oil-dependent activities, such as electric rail travel over

GLOBAL OIL PRODUCTION AND CONSUMPTION



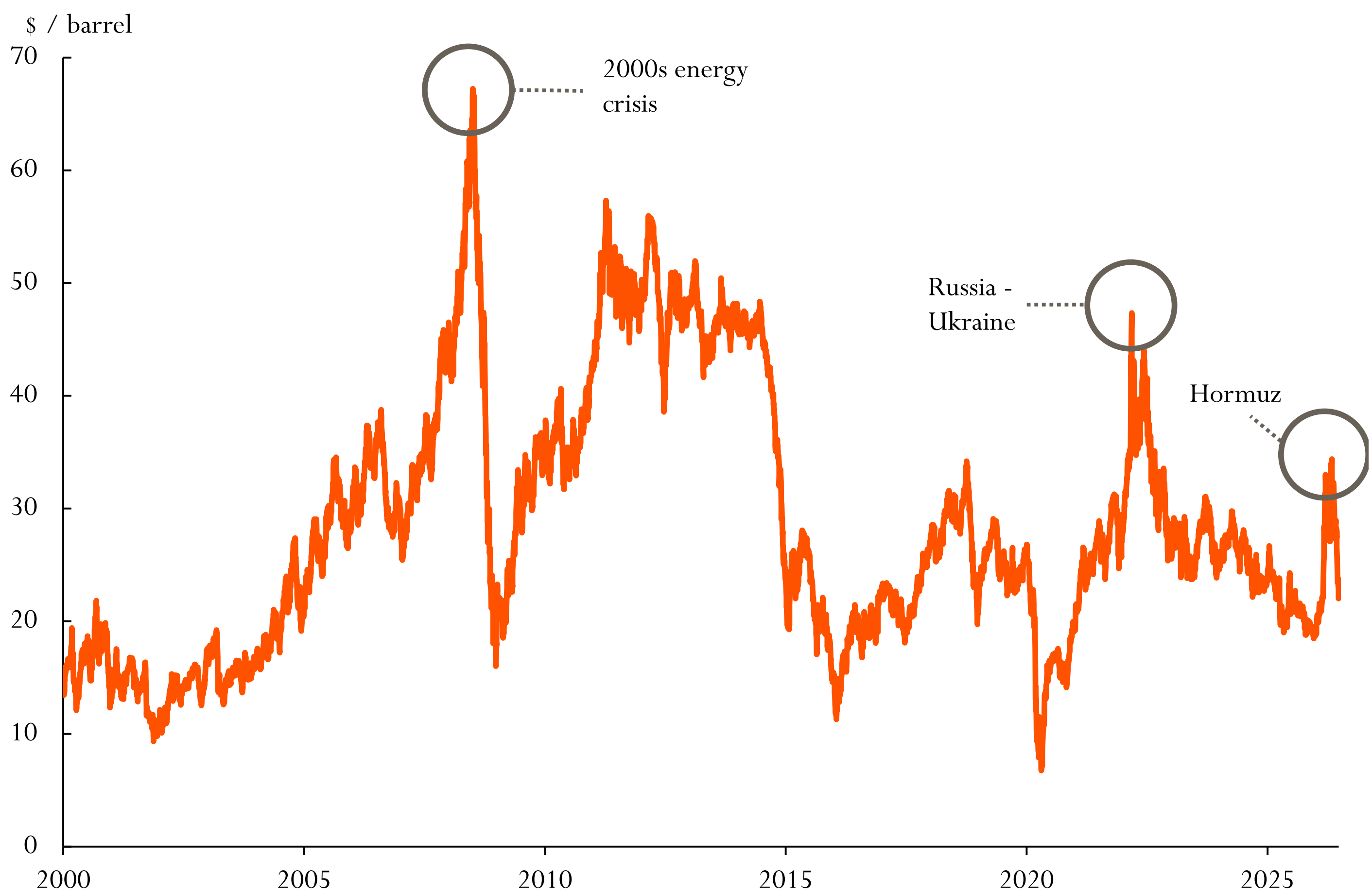
Source: U.S. Energy Information Agency

flying. China, reportedly, utilized its own reserves and leaned heavily into the black markets to find additional oil supply.

Bigger picture, conditioned by disruptive supply shocks from 1973 through 2022, the world's demand curve has become more elastic. Individuals and governments have built more redundancy into both the energy mix and supply chains and substitutes for fossil fuels are also more prevalent today in electric-powered transportation and renewables. So while the world consumes more fossil fuels than ever before, it is also less *dependent* on them. The chart below illustrates this: inflation-adjusted oil prices since the start of the century have become less sensitive to shocks over time. The Hormuz "crisis to end all crises" is one of the smaller blips on the chart. Russia's invasion of Ukraine did more to the price of oil than closing Hormuz.

While thus far the globe has been able to cope with the biggest oil supply shock in history, it will also likely have knock-on effects. First, oil and gas supply chains are bound for a shakeup as the crisis diverts transportation routes and new networks are formed. Second, players in the oil industry will need to bake supply shock risk into their cost of doing business, because if 20% of the world's oil can be disrupted once, why couldn't it happen again? That probably means, all else equal, slightly higher gas prices moving forward. Finally, this crisis is likely to further reinforce the shift toward reducing oil dependence. For example, innovations could make green technologies more accessible and accelerate demand for alternative energy sources—and continue to make that global demand curve more elastic.

INFLATION-ADJUSTED OIL PRICE



Source: Bloomberg, price is for Brent Crude; via Doomberg

GREAT POWER COMPETITION

By Eric Hanson

On the ground in China...

Five decades ago, the average Chinese hoped for the 'Three Bigs': a bicycle, a wristwatch, and a manual sewing machine. After the 'Reform and Opening Up' policies were instituted by Deng Xiaopingin 1980, change occurred quickly. Over the past forty-five years, more people have been lifted out of poverty than has ever happened in any country in history.

The recent meeting between Xi Jinping and President Trump reflects these changes. The summit was a meeting of equals, something that would not have been the case back in 1980. The meeting was more a symbolic photo shoot than one producing meaningful results, but there will be other summits in the near future. Both countries need important things from the other.

The U.S. would like a full economic reset with China. It needs a commitment from China to buy more U.S. products, it wants assured access to China's rare earths, critical for high-tech manufacturing, and it wants greater access to China's domestic market. China, for its part, wants reduced tariffs in order to export more to the U.S. It also wants a signal from Trump that the U.S. supports China's effort at reunification with Taiwan.

My wife and I live part of the year in Zhoushan, one of the largest fishing villages in China, about three hours south of Shanghai (see map). The population is about one million, large by U.S. standards but small by Chinese. China has over 140 cities with a population of over one million. The economy is based on fishing, tourism, and shipping.

Our apartment is in a twelve-tower complex housing probably fifteen-hundred people. Outside the north and south gates are shops, restaurants, and most everything you would need on a daily basis—even a badminton racket-stringing shop! Whatever is not available nearby can be ordered online with delivery handled by an army of moped delivery drivers.

A FISHING "VILLAGE"

Source: Google Maps

Our apartment is a two bedroom, two bath unit of about 1,400 square feet, with all the amenities of an apartment in the U.S. It is small by U.S. standards but about standard for middle class in Zhoushan. We do not own a car or a moped. Public buses (all electric) run frequently, the Chinese equivalent of Uber is everywhere, and when traveling around China, the Gao Tie high speed rail is super convenient. China has thirty-thousand miles of high-speed rail, with trains running up to two hundred miles per hour.

Okay, that's the positive side of the story. There are downsides to Zhoushan (and China) today. The first is that the domestic economy is weak. This is why Chairman Xi is angling for more exports to the U.S. The weak economy is primarily due to the housing boom/bust. China experienced a massive housing boom starting around 2000. Part of this was the need to house the growing middle class. But part of the boom was pure speculation. As apartment prices rose, investors bought apartments both to live in and for speculation. It is estimated that the average urban Chinese has 70-80% of their net worth tied up in apartments. The bubble burst in 2020 and, on average, apartment prices across the country are down 50%. Our apartment soared in value initially only to fall subsequently. Today, it is probably worth only what we paid for it or slightly less. Zhoushan has its share of half completed apartment complexes referred to as 'rotten tails.'

THE VIEW FROM ZHOUSHAN

Source: author photo

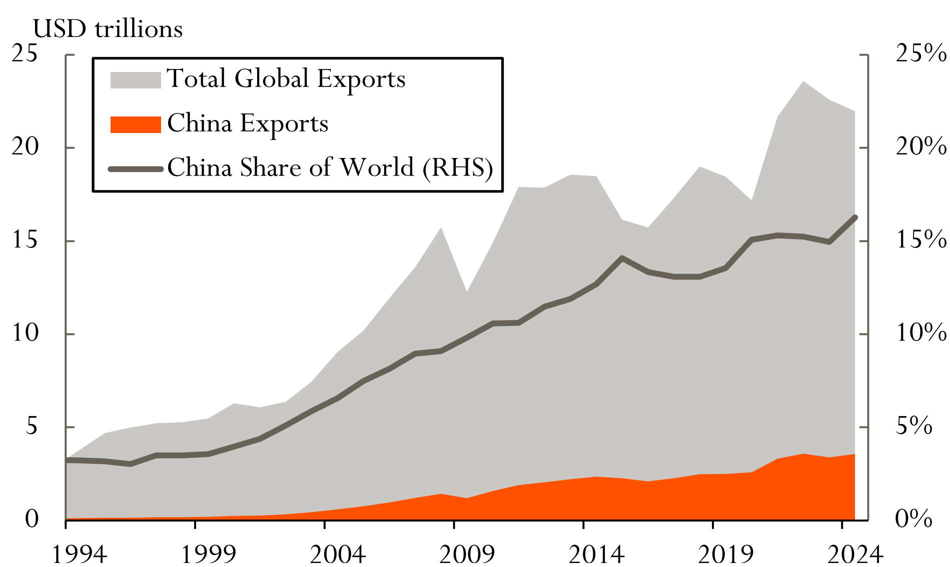
To offset weak consumer spending the federal government could increase social spending on healthcare and pensions, but Chairman Xi worries about the slippery slope of a welfare state. China must not grow soft, he says, but instead learn to 'eat bitterness' as past generations did.

The country ran an unheard of $1 trillion trade surplus last year. The rest of the world is getting tired and angry at seeing Chinese goods hollow out its local industries. How much longer China can grow through exports remains to be seen.

The weak consumer sector is affecting both Chinese and foreign firms. Nike, Starbucks, and U.S. car companies are all suffering in China and they, along with McDonalds, are reassessing their strategies. Chinese consumers are no longer as enamored with U.S. products. Luckin Coffee has far more stores and cheaper prices than Starbucks. Home grown apparel & shoe companies, Li Ning and Anta, are cutting into sales at Nike.

One bright spot in Zhoushan is the restaurant sector. It is estimated that eating out in China is only about 40% more expensive than buying food and cooking at home. In the U.S., the difference might be three to four times. KFC is thriving and is still a fast-food favorite among Chinese, although interestingly it is dark meat, not white, that is the chicken part of choice for Chinese consumers.

CHINA'S EXPORT DOMINANCE



Source: U.N. Comtrade

BOOK CLUB

By Neil Macker and Jordan Lafayette

Digital Minimalism: the blessings of solitude...

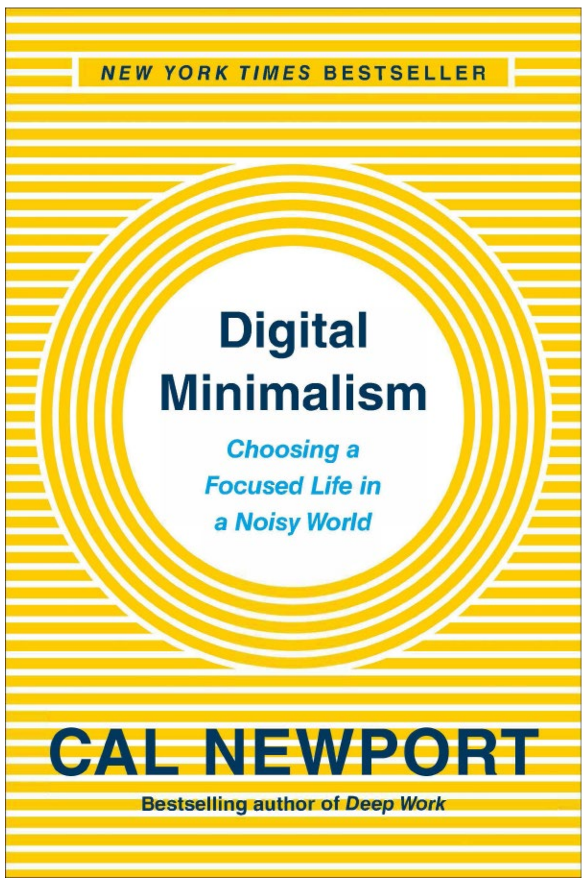
For the second installment of our quarterly book club at H+D, we searched for a balm for the previous entry, "Enshittification: Why Everything Suddenly Got Worse and What to Do About It," by Cory Doctorow. His 2025 bestseller offered a depressing deep dive into the almost inevitable decay of online platforms, driven primarily by corporate greed. To brighten up the discussion, we turned to "Digital Minimalism: Choosing a Focused Life in A Noisy World," by Cal Newport.

While Newport's book also covers the downsides of online platforms, he focuses primarily on how they negatively effect users and what those users can do to mitigate or even remove their resulting harm. Newport also highlights the rise of smartphones and the corresponding impact on the amount of time we all spend online.

Despite smartphones' current status as do-everything devices, the design team for the first iPhone primarily focused on combining a phone with an iPod – with internet browsing and apps considered less important functions. Even competitors like the Blackberry concentrated on call quality and fast, reliable email access instead of internet browsing. However, smartphones now offer much wider functionality with calling as one of the least-used functions for many users, particularly younger ones. As a result, we increasingly reach for our smartphones as a source of entertainment or distraction not only in public but while at home as well.

According to Newport, the average user checks their smartphone 85 times a day and spends over two hours a day on social media. However, these statistics are from a book published in 2019 and likely represent an even earlier measurement period. The more recent statistics that we found paint an even more deary picture. Indeed, according to surveys by Reviews.org, in 2026 the average American respondent checked their phone 186 times a day (roughly every 5 mins while awake) with the total time spent on the phone at just over five hours a day (see chart).

Despite these worrying stats, many Americans do seem to understand the need to break, or at least moderate, their smartphone habit. The Reviews.org survey found that over 45% of members of all four generations (Boomers, Gen X, Millennials, Gen Z) considered themselves addicted to their phone. A 2025 YouGov survey further found that 53% of U.S. adults wanted to reduce screen time, with the youngest cohort (ages 18-29) most interested at 69%. The question remains: how to do so and to what benefit?



Source: Penguin Random House

Newport's answer is to embrace digital minimalism, which he defines as:

> *"A philosophy of technology use in which you focus your online time on a small number of carefully selected and optimized activities that strongly support things you value, and then happily miss out on everything else."*

Newport argues that the effectiveness of digital minimalism lies in three core principles: clutter is costly; optimization is important; and intentionality is satisfying. Embracing Newport's version of digital minimalism requires accepting each of these principles, and he provides persuasive arguments for each.

Newport's next step, a 30-day "digital declutter", failed to connect with most of the H+D book club. Members felt committing to the time restrictions would be hard given how engrained the phone has become in both work and personal life. Additionally, some of the parents in the room felt like the decluttering timeline would work better with very young children or after the children left the nest. Unlike some other practices in the book, few of the H+D readers expect to attempt the 30-day process in the near term.

In contrast, *Digital Minimalism*'s focus on solitude and its benefits resonated heavily with many of us. Newport makes a compelling case for carving out time to spend alone with your thoughts, unencumbered by music, conversations, and especially digital distractions. Concentrating on your own thoughts and experiences, encourages "the insight and emotional balance that comes from unhurried self-reflection." While solitude and self-reflection sometime invoke visions of hermitage, Newport points out that a daily walk or run in nature without your earbuds or phone also constitutes solitude. The book points out that historical giants like President Abraham Lincoln and Reverend Martin Luther King Jr. found solitude in a small parlor or kitchen table at night, along with their thoughts and reflections.

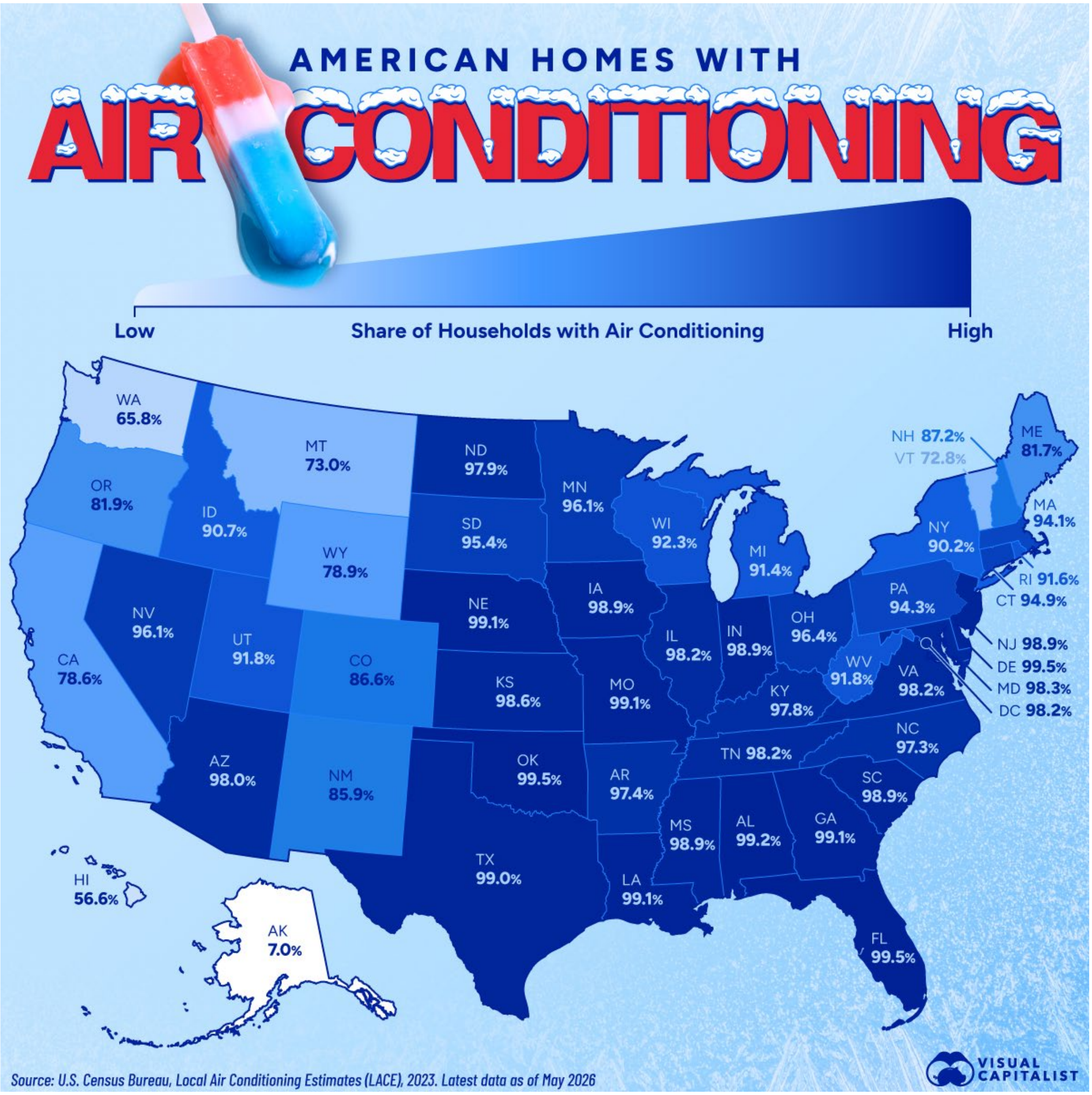
Reclaiming leisure, according to the book, is another positive outcome from digital minimalism. The benefits of high-quality leisure such as gardening, woodworking or playing sports, not only include improved work-life balance but also increased work performance when the activities are energizing. While the H+D book club positively reacted to the emphasis on work-life balance, some felt Newport was overly focused on physical activities over mental activities, like gaming or reading. Another take away from the chapter on leisure was the need to practice leisure activities while still part of the work force. Many participants noted that more than a few people in both their personal and professional spheres struggled upon retirement since they didn't develop leisure as a skill prior to leaving their job.

So how does one actually practice digital minimalism? While there is no "magic bullet" here, we each picked a few of Newport's more practical strategies, including implementing notification management for texts, emails, and social media to reduce distractions. Using message responses and 'Do Not Disturb' modes for after-hours work emails and chats can also be effective. To help use technology more intentionally, consider removing apps like TikTok and YouTube from mobile devices and monitor screen time to encourage enrichment over passive distraction. Turn off the radio or podcast when driving or taking showers to create more moments of solitude. Finally, create weekly or seasonal plans to help ensure that high-quality leisure remains a priority.

While *Digital Minimalism* may not be a completely cheerful cleanser for *Enshittification*, the book does provide a more optimistic approach to embracing technology and offers many practical approaches to dealing with the digital deluge in our daily lives. Some of the book's recommendations, like a 30-day digital declutter, may not be practical but there are a number of smaller changes that most readers can both implement and benefit from greatly.

AVERAGE DAILY PHONE USE

Source: Reviews.org



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