



Aspen of the Peak by Gayla Gaines

US Policy Pulse | It's a Red, Red, Red World

Morgan Stanley's Global Investment Office discusses the potential policy impacts of a unified Republican government and its implications for markets and the economy.

Key Insights:

- A Republican sweep implies that the Tax Cuts and Jobs Act of 2017 (TCJA) will likely be extended, though the introduction of the Department of Government Efficiency (DOGE) and growing concerns over debt and deficits add some budget uncertainty.
- Tariffs, immigration reform and deregulation fall under executive branch purview, while tax changes, budget reviews and ratification of trade agreements require congressional legislation.
- Policy sequencing and depth are key: Downside risk is possible if policies that impede growth lead pro-growth policies. Legal challenges could further delay implementation of policies.
- The GOP sweep has driven a risk-on rally in equity markets, with expectations for pro-growth policy, such as broad deregulation and deep tax cuts.
- Final policies could vary from current expectations, and bifurcation between potential winners and losers adds further idiosyncratic risk in areas such as energy, defense, information technology and communications.

Continued on inside

Team News



Scott M. Perry, MBA, QPFC, CRPS®

Senior Vice President, Financial Advisor
Portfolio Manager, Corporate Retirement Director

Scott Perry serves as Purple Mountain Group's specialist on corporate retirement planning. Our team currently serves employee retirement needs for over 25 businesses and organizations. In this role we work with owners and senior leadership to provide guidance on the plan's design as well as assistance with choosing and monitoring the investment options available to employees. Most importantly we provide financial planning assistance to employees and their families.

Learn the Lingo | *Alternative Investments*

Our team leverages Morgan Stanley's robust alternative investment platform, particularly focusing on private equity (investments in companies that are not traded publicly on the Stock Exchange). The U.S. Securities and Exchange Commission has defined tiers (listed below) for qualified investors.

An **Accredited Investor** is an individual or entity that meets specific financial thresholds to invest in private securities offerings without SEC registration. For individuals, this includes earning an annual income of at least \$200,000 (or \$300,000 jointly with a spouse) for the past two years, or having a net worth exceeding \$1 million, excluding primary residence. Entities qualify if they have assets over \$5 million or if all equity owners are accredited investors.

A **Qualified Client** is a designation for individuals or entities meeting stricter criteria than accredited investors, allowing them to invest in private funds with performance-based fees. To qualify, individuals or entities must have a net worth of at least \$2.2 million, excluding the value of their primary residence, or have at least \$1.1 million in assets under management with an investment advisor.

A **Qualified Purchaser** is an individual or entity meeting a higher standard than both accredited investors and qualified clients, enabling investment in unregistered funds under the Investment Company Act of 1940. Individuals or family offices qualify if they hold at least \$5 million in investments, while entities must own or manage at least \$25 million in investments.

Source: U.S. Securities and Exchange Commission

The Importance of Naming a Trusted Contact

A "trusted contact person" (TCP) is someone a client authorizes Morgan Stanley to contact in limited circumstances, such as when the firm is having trouble reaching the client or if Morgan Stanley believes the client may be exposed to possible financial exploitation. A trusted contact must be 18 years or older.

Trusted Contact authorization allows Morgan Stanley to speak with the TCP when:

- We are not able to reach a client
- We have concerns about the client's mental capacity or overall health
- We have concerns about possible financial exploitation of the client
- We want to confirm the identity of a legal guardian, executor, trustee, or holder of a power of attorney for a client

NOTE: A TCP is not a Power of Attorney (POA) and does not have trading authorization or other authority to make decisions for the client.

To view a TCP you have already named, add a TCP, or edit your TCP, go to Morgan Stanley Online (MSO), accessible via the **Client Login** tab of Morgan Stanley's homepage (www.morganstanley.com). Then, follow the prompts listed below.

- Click the **Services** tab
- Go to **Profile + Settings**
- Click on the **Account Settings** box
- Click on the **Trusted Contacts** hyperlink

Should you need additional guidance, our team members are always here to assist.



Our team resides in Colorado Springs; however, all mail is received in Morgan Stanley's Greenwood Village office.

Physical Address:
121 S. Tejon Street, Suite 700
Colorado Springs, CO 80903

Mailing Address:
5251 DTC Parkway, Suite 1500
Greenwood Village, CO 80111

US Policy Pulse | It's a Red, Red, Red World

(continued from front cover)



The 2024 general election is behind us, with President-elect Donald Trump securing a majority in both the electoral college and the popular vote. While we expected election results to break toward a divided Congress scenario, we also acknowledged that a unified Republican government was possible. This year, voters were willing to turn away from straight-ticket voting, choosing to discern between individual candidates and ballot propositions.

The GOP's resounding victory has introduced some policy-related certainties, like a propensity for greater deregulation and lower taxes. However, it has also spurred new questions for investors who are seeking to sort through the details around remaining policy and legal uncertainties pertaining to tariffs, immigration, the Federal Reserve, and the depth and breadth of tax cuts. The election result also has notable implications for markets and sector performance. In this report, we discuss what the future Trump administration can accomplish unilaterally, what changes require congressional approval, the likelihood of legal contests and the broader impact of potential policies on the economy and markets.

Investment Conclusion

A Republican sweep in the 2024 election has ignited a risk-on market rally, as investors expect policy to drive higher nominal growth through broad deregulation and deep tax cuts. As we think about how policy can impact markets in 2025, we note that areas such as tariffs, immigration reform and deregulation fall under executive branch purview and can be enacted unilaterally, while changes to the TCJA and budget reviews would require congressional legislation.

A unified Congress implies that the TCJA will likely be extended, though the introduction of the Department of Government Efficiency (DOGE) and growing concerns over debt and deficits add some budget uncertainty.

Key to our market view is the idea of policy sequencing and severity. Downside risk is possible should policies that increase inflation and negatively impact growth come before pro-growth policies. Similarly, if eventually enacted policies prove underwhelming or disappointing—such as in the case of more limited deregulation, shallower tax cuts or more severe tariffs than anticipated—markets could be pressured. As such, idiosyncratic risks and bifurcation among winners and losers may arise in sectors and industries such as energy, defense, tech, and communications.

If you'd like a copy of this report in full, please contact a member of our team.

Morgan Stanley Wealth Management is the trade name of Morgan Stanley Smith Barney LLC, a registered broker-dealer in the United States. This material has been prepared for informational purposes only and is not an offer to buy or sell or a solicitation of any offer to buy or sell any security or other financial instrument or to participate in any trading strategy. Past performance is not necessarily a guide to future performance. Please refer to important information, disclosures, and qualifications at the end of this material. Please refer to important information, disclosures and qualifications at the end of this material.

Who Should Consider an IRA Qualified Charitable Distribution and How Does It Work?

Traditional and Roth IRA owners (or beneficiaries after the death of the owner) who are age 70 1/2 or older may make qualified charitable distributions (QCDs) of up to \$100,000 per year directly from their IRAs to an eligible organization without incurring any adverse federal income tax consequences. The distribution is not included in calculating the individual taxpayer's limitation on charitable deductions in the year the donation was made but does count toward satisfying any Required Minimum Distribution that may be due. Beginning in 2023, eligible IRA owners may also make a one-time election to treat up to \$50,000¹ in IRA distributions paid directly to certain split interest entities during a single tax year as qualified charitable distributions, provided certain requirements are met².

Q. What are the key benefits of an IRA Charitable Distribution to a charity?

A. The IRA QCD provision can help to bolster your legacy while reducing your taxable estate. While you would not receive a charitable deduction for a transfer from your IRA to an eligible charity, the amount of your transfer would not be included in your gross income, nor would it be subject to income tax. You would have the added satisfaction of knowing that your charity could receive the full amount, with no tax cost to you or to the charity.

Q. Is transferring money from an IRA to a charity right for me?

A. If you fit any of the following profiles, this may be a good strategy for you to review with your financial and tax advisors:

- You are 70 1/2 or older and interested in using funds from your IRA to make a contribution to an eligible charity.
- You expect to leave funds in your IRA to your heirs.
- You take the standard deduction when calculating your taxes.
- You are interested in donating more than half of your annual income to charity.
- You want to make a substantial gift to an eligible charity for a particular purpose.

Q. Will I get the tax benefit even if I don't itemize deductions?

A. Many retirees take the standard deduction when calculating their income tax liability because they don't generate enough deductible expenses or income to make itemizing worthwhile. As a result, they could be losing out on the tax advantages of deducting their charitable donations. Using the tax-free IRA QCD provision as a way to make charitable contributions would allow you to obtain the tax benefit of the contribution without having to itemize deductions.

Q. Why might an IRA QCD be a better strategy than simply leaving my IRA to my heirs?

A. IRA assets are subject to estate taxes and the IRA beneficiaries may have to pay income taxes on distributions from the IRA assets they inherit. Using the IRA QCD provision, you can reduce the size of your estate, thereby potentially reducing the total amount of taxes imposed. You would effectively be giving your favorite eligible charity the full gifted amount versus having a reduced net value for yourself or your named beneficiaries had you left the money within your estate.

Q. Does this strategy circumvent the cash limit on income I can give to a charity?

A. No, but it may raise that limit in some cases. Typically, an individual may only deduct a cash contribution to a charity up to

60%³ of his or her adjusted gross income (AGI) in any given year (a lower AGI limit may apply to certain charitable contributions). Any excess charitable contribution deductions are carried over to the following five years. By using the IRA QCD provision, you can avoid the 60%³ AGI limitation and donate up to \$100,000 from your IRA.

Q. Why is this a good strategy for substantial charitable donations?

A. The IRA QCD limit of \$100,000¹ allows charitably minded individuals to fund ambitious programs such as underwriting a research project or sponsoring a scholarship program at their alma mater if they so wish. The IRA QCD provision may be an ideal strategy that can allow you to make a substantial donation to fulfill your charitable goals in a tax-advantaged manner.

Q. Can I transfer funds from my IRA to another account and then write a check to charity?

A. No. Doing so would eliminate the taxfree treatment of the contribution and would cause the amount distributed from your IRA to be included in your taxable income. The IRA QCD must be paid directly from the IRA to an eligible charity. For instance, if the IRA QCD is paid by check, the check must be issued by Morgan Stanley and payable to the charity (and not the IRA holder).

Q. How do I know what charities qualify?

A. Distributions directly to an eligible charity are only considered a QCD if they would otherwise qualify as a charitable deduction, other than meeting the percentage of income limits. However, according to the IRA QCD provision, payments to certain entities, such as donor-advised funds and section 509(a)(3) supporting organizations, do not qualify for IRA QCD treatment, meaning the distribution will be treated as a typical IRA distribution and includable in your gross income for federal income tax purposes. Before requesting a QCD from us, you should confirm with your tax advisor and your intended charity that the charity is eligible to receive a QCD.

Q. Can the charity give me something of value in exchange for my donation?

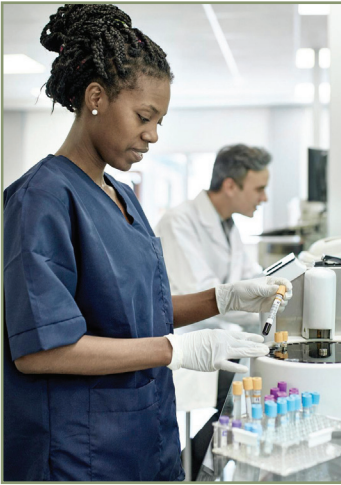
A. You cannot receive anything of value in return for your donation. For example, you cannot get tickets to a charitable event for your donation.

Q. If I have made nondeductible contributions to my IRA, does that have an impact on this strategy?

A. Where individuals have made nondeductible contributions to their Traditional IRAs, a special rule treats transferred amounts as coming first from taxable funds, instead of proportionately from taxable and nontaxable funds, as would be the case with regular distributions. If you have made nondeductible contributions to your IRA, have your tax advisor determine how much of the donation is considered tax-free under this provision.

Q. What paperwork needs to be submitted in conjunction with an IRA QCD?

A. IRA owners must complete an IRA distribution form or other applicable processing form.



Q. What types of retirement accounts can my donation come from?

A. Generally, all IRAs are eligible to make these direct payments to charities, except for ongoing SIMPLE and SEP (including SAR-SEP) IRAs. An SEP or SIMPLE IRA is considered ongoing if the employer made a contribution for the year in which the QCD would be made. Transfers to a charity from other retirement plans, such as a 401(k) or 403(b) plan, will not qualify under this provision. It may be possible, however, to roll over funds from these accounts into a Traditional or a Roth IRA and then make an eligible transfer to charity, but before doing so, you should consult with your own independent legal and tax advisors.

Q. Is the increase in RMD age going to affect my ability to make a QCD?

A. No, while a QCD may satisfy a RMD, there is no direct link between the age rules. An IRA owner or beneficiary who has attained age 70 1/2 will meet the age requirement for an IRA QCD. However, there would be an impact to the excludable QCD amount if you made deductible traditional IRA contributions after attaining age 70 1/2. The amount you can exclude from your taxable income for a tax year as an IRA QCD will generally be reduced by the traditional IRA contributions you deducted on your federal income tax returns for all tax years ending on or after the date you reached age 70 1/2, except to the extent the contribution amount (or a portion of such) was already used to reduce the amount you could exclude as an IRA QCD for a prior tax year.

Disclosures

¹Effective for any tax year after 2023, the \$100,000 limit and the \$50,000 one-time aggregate distribution limit will be indexed for inflation.

²The SECURE 2.0 Act of 2022 created this new exclusion for distributions to certain split-interest entities. There are specific conditions and requirements that must be met to obtain the exclusion. You should consult with your own tax and legal advisers to determine if any distribution will meet the requirements.

³ Under current law, the 60% AGI limit applies for tax years 2018 through 2025.

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, "Morgan Stanley") provide "investment advice" regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account ("Retirement Account"), Morgan Stanley is a "fiduciary" as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and/or the Internal Revenue Code of 1986 (the "Code"), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide "investment advice," Morgan Stanley will not be considered a "fiduciary" under ERISA and/or the Code. For more information regarding Morgan Stanley's role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.

The Global Investment Committee (GIC) is a group of seasoned investment professionals from Morgan Stanley & Co. and Morgan Stanley Wealth Management who meet regularly to discuss the global economy and markets. The committee determines the investment outlook that guides our advice to clients. They continually monitor developing economic and market conditions, review tactical outlooks and recommend asset allocation model weightings, as well as produce a suite of strategy, analysis, commentary, portfolio positioning suggestions and other reports and broadcasts.

Alternative investments are often speculative and include a high degree of risk. Investors can lose all or a substantial amount of their investment. They may be highly illiquid, can engage in leverage, short-selling and other speculative practices that may increase volatility and the risk of loss, and may be subject to large investment minimums and initial lock-ups. They may involve complex tax structures, tax inefficient investing and delays in distributing important tax information. They may have higher fees and expenses than traditional investments, and such fees and expenses can lower the returns achieved by investors.

Information contained herein has been obtained from sources considered to be reliable, but we do not guarantee their accuracy or completeness.

This material has been prepared for informational purposes only. It does not provide individually tailored investment advice. It has been prepared without regard to the individual financial circumstances and objectives of persons who receive it. Morgan Stanley Smith Barney LLC ("Morgan Stanley") recommends that investors independently evaluate particular investments and strategies, and encourages investors to seek the advice of a Morgan Stanley Financial Advisor. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Past performance is no guarantee of future results.

Morgan Stanley Smith Barney LLC. Member SIPC.

PURPLE MOUNTAIN GROUP AT MORGAN STANLEY

121 S. Tejon Street, Suite 700
Colorado Springs, CO 80903

Peak Perspectives Quarterly

First Quarter 2025



Purple Mountain Group Financial Advisors L to R: Henry Bradley, Sandra Tiemens, Scott Perry, Herman Tiemens, Jeff Mohrmann, Jonathan Grant

advisor.morganstanley.com/purple-mountain-group
719.577.6360

Calendar

Important economic and educational dates

January 16	Peak Perspectives Webinar: 2025 Market Outlook
January 28-29	Federal Reserve: Federal Open Market Committee (FOMC) Meeting
March 18-19	Federal Reserve: Federal Open Market Committee (FOMC) Meeting <i>associated with a Summary of Economic Projections</i>

Arts and Cultural | Pikes Peak Region, Colorado

January		14/15	Back to the Future Colorado Springs Philharmonic
1-11	Exhibition: Alhamdu Muslim Futurism Colorado Springs Fine Arts Center Museum	15	Race: Winter Series III Pikes Peak Road Runners
3	First Friday Downtown Colorado Springs	21	Romantic Beethoven Educational Partnerships Immersive Concerts (EPIC)
10	Songs of Youth Educational Partnerships Immersive Concerts (EPIC)	22	All About Love: A Flight of Operas Chamber Orchestra of the Springs
11	Race: Winter Series 1 Pikes Peak Road Runners	22/23	Bach/Mozart Colorado Springs Philharmonic
11/12	Mozart's Requiem Chamber Orchestra of the Springs & Colorado Springs Chorale	26-Mar 1	Wine Festival of Colorado Springs Colorado Springs Conservatory
18	Winter Dinner Colorado Springs Philharmonic Guild	28-Mar 30	Naked Mole Rat Get Dressed: The Rock Experience Colorado Springs Fine Arts Center Theatre
18	Lunar New Year: The Year of the Snake Colorado Springs Pioneers Museum	March	
24	KCME Dinner and a Movie – Film Music Trivia Night KCME FM Radio	1/2	Emerging Artistry Chamber Orchestra of the Springs
25	2025 Chinese New Year Celebration Colorado Springs Chinese Cultural Institute	2	Winter Concert #3 Colorado Springs Youth Symphony Association
25	Race: Winter Series II Pikes Peak Road Runners	5	March Merriment Pikes Peak Opera League
25/26	Brahms 4 Colorado Springs Philharmonic	6	Chamber Concert Colorado Springs Youth Symphony Association
30-Feb 16	The Heart Sellers UCCS Theatrework	7	First Friday Downtown Colorado Springs
February		7/8	The Texas Tenors Colorado Springs Philharmonic
1/2	Chavez/Mendelssohn Colorado Springs Philharmonic	13	Dvořák 6 Colorado Springs Philharmonic
5	Black History Month Celebration Pikes Peak Opera League	13-Apr 6	Turn of the Screw UCCS Theatreworks
7	First Friday Downtown Colorado Springs	22	Canciones Del Rio Colorado Springs Chorale
9	Winter Concert #1 & #2 Colorado Springs Youth Symphony Association	28	Origins of a Legend: Bernstein's Clarinet Sonata Educational Partnerships Immersive Concerts (EPIC)
13	Celebrate Youth in the Arts Breakfast Colorado Springs Youth Symphony Association	April	
13-Mar 2	In Her Bones Colorado Springs Fine Arts Center Theatre	2	Spring Career Advancement Award Concert Pikes Peak Opera League
14	Monte Carlo Masquerade Colorado Springs Chorale	4	First Friday Downtown Colorado Springs
		4/5	Bootlegger's Bash Colorado Springs Philharmonic