SUMMER 2025

STRATEGIES FROM STEVE

U P D A T E

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Leaving a Legacy

Many of us want to do our part to leave the world a better place. Fortunately, there are many ways you can ensure you'll have a meaningful impact on the world and leave a legacy that lasts long after you're gone, including the work you do or how you raise your family. Of course, you can also leave a financial legacy, using the wealth you've accumulated in your lifetime to do good in the world. Below are six different ways you can leave a financial legacy.

1. Give gifts in your lifetime. If you have the financial freedom to do so, making financial gifts while you are still alive is a great way to leave a legacy. Money you donate to qualified charitable organizations can be deducted from your taxes, saving you money while also helping you support a good cause. If you want to leave a family legacy, consider giving gifts to loved ones while you are living, like helping pay for your grandchild's college education. Just make sure you're aware of annual limits on what you can give to individuals without triggering gift tax ($19,000 per person in 2025).

2. Make a bequest in a will. Many people use their will to make philanthropic bequests, leaving funds to their favorite charity, alma mater, or church. For people who have money to give, recognizing an organization in their will is a relatively easy way to leave a legacy. Bequests in a will don't require any additional planning and are exempt from estate tax, provided the recipient is a qualified charitable organization. However, if you plan to make a substantial bequest to a charity, you may want to inform them of your plans in advance. This is particularly important if you plan to donate physical property, like real estate or artwork, as not all charities

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Avoid This Mistake

Finding a way to live decades in retirement without worrying about running out of money can seem like an overwhelming task. That goal depends on many variables and assumptions. If you're wrong on even one of those variables, your retirement could be in danger.

With all the potential for missteps, what is the one mistake you want to avoid at all costs? Dipping into your retirement savings. Unfortunately, these funds seem like a tempting place to get money for other needs.

Tax laws don't help, since they often provide tax-advantaged ways for you to access those funds. Loans from 401(k) plans are not taxable events. When leaving an employer, you can withdraw money from your 401(k) plan (you will have to pay income taxes and possibly a 10% early withdrawal penalty). Contributions to Roth IRAs can be withdrawn at any time with no tax consequences. Withdrawals from traditional IRAs before the age of 59½ can be made under certain circumstances without paying the 10% tax penalty.

Even if the amount seems small, don't withdraw funds from your retirement account. While it probably won't add significantly to your lifestyle now, it can grow to significant sums over the long term. For instance, assume you have $10,000 in your 401(k) plan. If you withdraw the funds and are in the 22% tax bracket, you'll have $6,800 left after paying income taxes and the 10% federal tax penalty. Keep the funds invested earning 8% annually on a tax-deferred basis and your funds could grow to $68,426 after 30 years, before paying any income taxes. *(This example is provided for illustrative purposes only and is not intended to project the performance of a specific investment.)* ✔✔✔

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Leaving a Legacy

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will want or be able to accept such donations, or if you plan to place restrictions on how the gift is used.

3. Create a charitable remainder trust. If you would like to make a substantial gift to a charity but also want to provide for your heirs or continue to receive income during your lifetime, a charitable remainder trust (CRT) may be an option. Here's how it works: You transfer property to the trust (and get a tax deduction at the time of the transfer), and you or your heirs receive income from the trust for a specified period of time. Then, when that period ends, the remaining assets go to the charity of your choice. A word of caution: CRTs are irrevocable, which means once you've made this decision, you can't reverse it.

4. Set up a donor-advised fund. Know you want to leave money to a charity but not ready to hand it over just yet? Consider setting up a donor-advised fund. A donor-advised fund allows you to make contributions to a fund that is earmarked for charity and claim the associated tax deduction in the year you contribute the funds. You continue to make more contributions to the fund, which are invested and grow free of tax. Then, when you are ready, you can choose a charity to receive all or some of the accumulated assets. It's a great way to earmark funds for charity now while also accumulating a more substantial amount of money to leave as a legacy.

5. Fund a scholarship. Endowing a scholarship is a great way to make a difference in the life of a talented student. Here's how it typically works: You give a certain amount of money to the school of your choice, which earmarks it to fund scholarships, often for certain types of students (e.g., female math majors, former foster children, or people suffering from a certain disease). Other scholarships are established through community foundations. A seed gift of $25,000 or $50,000 may be enough to get started. Be aware, however, that while you may be able to have a say in selection criteria for the scholarship, there's a good chance you won't be able to select the recipient yourself. If you want to do that, you'll need to distribute the money in another way, perhaps by setting up your own nonprofit organization.

6. Start a foundation. Starting a family foundation is appealing to many, especially those who like the idea of having greater control over how their money is used as well as the prestige that comes with running a foundation. Well-managed private foundations can also endure for many generations after you're gone. But you'll need substantial assets to make setting up a foundation worth it. Plus, foundations are complicated and expensive to set up and administer. But, if you are committed to the idea of giving back and especially if you want to keep the entire family involved in giving (a concern for many wealthy families), a private foundation could be the way to go.

Curious about steps you can take to leave a meaningful legacy? Please call to discuss this topic in more detail. ✔✔✔

Part-Time Retirees

People are starting to redefine retirement from a time of total leisure to a time for more leisure, when work still occupies part of their time. Some continue working out of financial necessity. Others work to keep busy or because they enjoy working. If you're retired and are considering going back to work, answer these questions first:

✔ **Will you earn enough to make working financially worthwhile?** Calculate how much you'll earn after paying taxes and work-related expenses.

✔ **Will your earnings affect your Social Security benefits?** If you are full retirement age or older (currently age 67), you can earn any amount of income without reducing your Social Security benefits. However, individuals between the ages of 62 and full retirement age lose $1 of benefits for every $2 of earnings over $23,400 in 2025. Additional income could make a portion of your Social Security benefits taxable.

✔ **Are you approaching age 73?** If so, going back to work may prevent you from having to take minimum distributions from your 401(k) plan or other employer plan. You will, however, have to start taking distributions from traditional individual retirement accounts.

✔ **Are you thinking about starting a business?** Many retirees choose to turn a hobby or work experience into a business venture. If you do, be careful not to deplete your retirement savings.

✔ **Do you know why you are going back to work?** Be realistic about what you can expect from your new job. If it's just a part-time job to keep you busy, you probably won't have as much responsibility as you did at prior jobs. ✔✔✔

10 Ways to Boost Savings

Saving money doesn't have to be hard. By embracing some simple lifestyle changes or taking full advantage of tax perks and other savings incentives, you can easily boost the amount of cash you save. Here are some ideas to get you started.

✔ **Take advantage of savings perks:** If you contribute pre-tax earnings to a 401(k) plan or IRA, you're saving money beyond your actual contribution amounts. Say your monthly gross pay is $5,000 per month. You currently don't contribute to a 401(k) plan. You decide to start saving 3% each month (or $150) into your employer's 401(k) plan. This $150 comes out of your paycheck pretax, which means that even though you're saving $150, your paycheck only shrinks by $112. Another way to save? Make sure you're contributing enough to get your employer match, since this is a great way to increase your savings without actually shrinking your take-home pay.

✔ **Get your benefits:** Your employer may offer benefits beyond a 401(k) plan that could save you money. Flexible spending accounts are common benefits that allow you to set aside pretax income for out-of-pocket medical expenses. Some employers even offer discounts on gym memberships or other services. Take the money you save by participating in these programs and use it to boost your savings.

✔ **Cut recurring expenses:** Monthly subscription boxes, streaming entertainment services, gym memberships you don't use — these regular costs can add up. While some may be worthwhile, trimming the fat in the area of recurring expenses can help you save more. Keep what you actually use and drop what you don't.

✔ **Buy generic:** Do you always buy the name-brand version of the product? If so, you might be wasting money. In many cases, the generic version of a product is just as good — if not identical to — the pricey, branded version. Take it from the experts: a recent survey found that chefs favor generic versions of baking mixes, sugar, and tea; while doctors were happy with generic versions of over-the-counter medicines like aspirin and ibuprofen.

✔ **Make it automatic**: Not sure where your money goes each month? Automate your savings so you don't have to think about setting aside extra cash. Chances are, you won't even miss that money.

✔ **Be generous:** If you itemize your taxes, make sure you're keeping track of all your charitable donations — from checks you write to the value of the box of gently used clothes you dropped off at Goodwill. You can deduct the contributions you made to eligible charities come tax time, allowing you to save (or give) a bit more.

✔ **Cut one habit**: Do you indulge in daily soda or an expensive coffee drink? Cut the habit (or, if that's too hard, limit it to two or three times a week). Set aside the money you would have spent in a jar and watch your savings grow.

✔ **Repair, don't replace:** It's easy to toss a slightly worn or damaged item and buy a new one to replace it. But many of the items we throw out can actually be repaired. Find a skilled shoe repair person, quality tailor, experienced upholsterer and furniture repair person, and other professionals to spruce up items that need a bit of repair. By purchasing quality items and taking good care of them, you'll likely save yourself money in the end.

✔ **Use coupons:** Clipping coupons may seem distinctly old school. Fortunately, you can now take advantage of coupon savings without having to spend an entire Sunday morning sorting through newspaper inserts. When shopping online, always do a quick search for online promo codes and coupons before hitting buy. Or sign up for your favorite grocery store's rewards program and enjoy seamless savings.

✔ **Review your insurance premiums:** Raising deductibles or bundling policies could save you a bundle. Also, make sure you actually need the insurance you have — cell phone insurance and warranties are often a waste of money. Finally, make sure you're getting all the discounts you qualify for, like car insurance premium reductions for being a safe driver or homeowners insurance discounts for having an alarm system.

Looking for more ways to boost the amount of money you save? Please call for help analyzing your budget and identifying ways to cut your expenses and save more of what you earn. ✔✔✔

U P D A T E

Staggered Retirements

Often, spouses don't retire at the same time. Frequently, one spouse may retire before the other due to health problems or a layoff, not necessarily because the spouse chooses to retire early. No matter the reason, keep these points in mind:

Try to minimize withdrawals from retirement accounts. Although you will only have one salary instead of two, it's best to minimize withdrawals while one spouse is working.

Utilize all available benefits from the working spouse's employer. One of the most significant retirement expenses, especially if you don't qualify for Medicare, is health insurance. So, before one spouse retires, find out if that spouse is eligible for health insurance benefits through the working spouse's employer.

Delay Social Security benefits. For a significant number of married couples, the man is older, has higher earnings, and will not live as long as the woman. Because the surviving spouse can elect to receive 100% of the other spouse's benefit, it typically makes sense for the man to wait until age 70 to claim Social Security benefits.

Consider all defined-benefit plan payment options. If you are lucky enough to be covered by a traditional pension plan at work, make sure to consider all the payment options carefully before selecting one. Typically, you will have numerous options, but your choice will be irrevocable. ✔✔✔

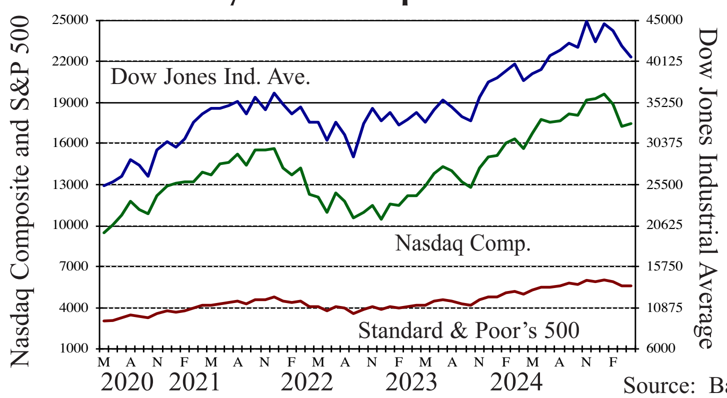
Market Data

	Month End			% Change	
Stocks:	Apr 25	Mar 25	Feb 25	YTD	12-Mon.
Dow Jones Ind.	40669.36	42001.76	43840.91	-4.4%	7.5%
S&P 500	5569.06	5611.85	5954.50	-5.3	10.6
Nasdaq Comp.	17446.34	17299.29	18847.28	-9.7	11.4
Total Stock Market	54949.64	55374.92	58939.00	-5.9	9.8
Precious Metals:					
Gold	3302.05	3115.10	2834.55	26.2	43.1
Silver	32.72	33.83	31.07	11.1	23.8
Interest Rates:	Apr 25	Mar 25	Feb 25	Dec 24	Apr 24
Prime rate	7.50	7.50	7.50	7.50	8.50
Money market rate	0.45	0.45	0.41	0.42	0.48
3-month T-bill rate	4.20	4.21	4.20	4.23	5.25
20-year T-bond rate	4.68	4.62	4.55	4.86	4.90
Dow Jones Corp.	5.38	5.37	5.24	5.45	5.84
Bond Buyer Muni	4.93	4.62	4.38	4.46	4.48

Sources: Barron's, Wall Street Journal. An investor may not invest directly in an index.

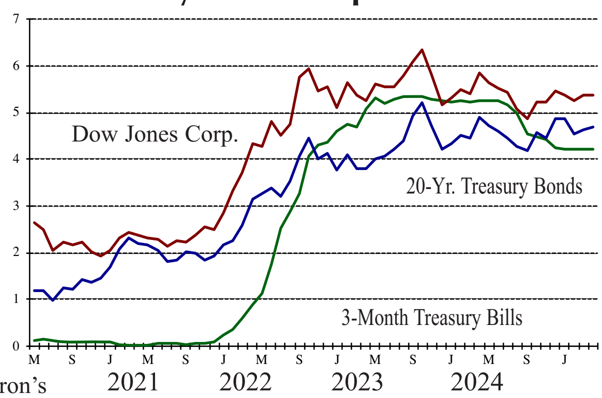
Stock Indices

May 2020 to April 2025



Interest Rates

May 2020 to April 2025



Source: Barron's

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