

The Conscious Wealth Management Group at Morgan Stanley

Winter 2026 Insights

In Case You Missed It: Key Market & Planning Updates From 2025

As we step into the new year, here's an "In Case You Missed It" roundup highlighting **some of** the notable market milestones and planning provisions that helped shape 2025—and **how they may** factor into considerations for your financial plan going forward.

Five Market Highlights From 2025

1. Markets Reached New Heights

Despite a variety of reasons to worry, equity markets broadly finished the year strong. The most recent high-water mark notched by the S&P500 was on Christmas Eve. In our conversations with clients, some are encouraged by the positive momentum while others are growing concerned that markets are "too hot". This divergence of opinion can be a healthy sign that we have not yet reached the euphoria that often signals the end of a Bull Market. We are also encouraged by the fact that earnings growth is supporting price growth. ([Source – Capital Group 2026 Outlook](#))

2. International Markets Finally Had Their Day in The Sun

As tracked by the MSCI EAFE Index - an equity index which captures large and mid-cap representation across 21 Developed Markets countries around the world, excluding the US and Canada – International Markets beat the US for the first time in a long time. ([Source.](#))

3. Bonds Helped!

With higher starting yields and a more stable rate backdrop, core bonds once again contributed income and diversification benefits in many balanced portfolios. Knowing that starting yields are often indicative of future returns, we continue to favor fixed income. ([Source - Morgan Stanley](#)) [Source – Capital Group 2026 Outlook](#)

4. Gold (and Silver) Rose Alongside Stocks

Precious metals posted gains even as equity markets advanced — a notable departure from their typical historical relationship — reflecting a mix of macro, currency, and demand-related factors during the year. ([Source - Morgan Stanley](#))

5. "Liberation Day" Tested Nerves — and Patience Paid Off

In early April, markets experienced one of the sharpest pullbacks of the year after widely anticipated tariff announcements on "Liberation Day" triggered a rapid sell-off. From its February peak to early-April trough, the S&P 500 fell roughly ~19 % before turning higher and closing above its prior peak by

late June. — a reminder that emotional reactions during sharp downturns often miss the rebound that follows. ([Source – Wikipedia](#))

Three Planning Highlights From 2025

SECURE 2.0 and the OBBBA introduced a wide range of changes affecting retirement, tax, and charitable planning. Given the complexity, we encourage you to discuss how these provisions may apply to their individual circumstances with you CPA. Here we've selected three broadly impactful highlights:

1. Higher Catch-Up Contributions Took Effect

Beginning in 2025, individuals ages 60–63 became eligible for higher optional catch-up contribution limits in certain employer-sponsored retirement plans, subject to plan design, eligibility, and IRS guidance. In 2026, SECURE 2.0 also introduced new Roth-treatment requirements for certain high-income catch-up contributions, increasing the importance of understanding how different contribution types may be taxed over time. ([Source – Fidelity Secure 2.0 Recap](#))

2. 529 Plans Became More Flexible

Rules allowing transfers of unused 529 plan assets to a Roth IRA – subject to lifetime caps, holding periods, and earned-income requirements – took effect in 2025 and continue to provide an option for families seeking flexibility when education savings exceed actual costs. ([Source – Fidelity Secure 2.0 Recap](#))

3. OBBBA – Not Likely Missed, but worth Revisiting

The One Big Beautiful Bill Act (OBBBA) was one of the most expansive tax and planning updates in recent years. It included an extensive set of individual and business tax provisions from expanded deductions and credits to changes affecting charitable, education, and retirement planning. If you didn't read our Cheat Sheet in 2025, it's worth revisiting: [US Policy Pulse OBBBA Cheat Sheet](#)

Looking Ahead to 2026

With shifting interest rates, evolving tax rules, and changing market conditions, we look forward to connecting with you to review how these developments may relate to your overall financial plan. As always, we're here to help you make sense of the landscape and keep your financial life on track.

As always, we are just a call, text, or email away.

The Conscious Wealth Management Group at Morgan Stanley, Financial Advisors

Noel, Claire, Michael, Lindsay and Darren

Noel Brown, CIMA®, CPWA®, Financial Advisor, Senior Vice President, Investing with Impact Director, Family Wealth Director

Claire Miyasato, CFP®, Financial Advisor, Senior Vice President, Insurance Planning Director

Michael Laconsay, CRPC®, Financial Advisor, Vice President

Lindsay Mist, CFP®, Financial Advisor, Vice President, Investing with Impact Director

Darren Agena, CFP®, Financial Advisor, Vice President, Financial Planning Specialist

555 California Street, 35th Floor | San Francisco, CA 94104

733 Bishop Street, Suite 2800 | Honolulu, Hawaii 96822

33 Lono Avenue, Suite 330 | Kahului, HI 96732

Phone: 808-525-6046

Disclosures

The information and data contained in this piece are from sources considered reliable, but their accuracy and completeness are not guaranteed.

The views expressed herein are those of the author and do not necessarily reflect the views of Morgan Stanley Wealth Management or its affiliates. All opinions are subject to change without notice. Neither the information provided, nor any opinion expressed constitutes a solicitation for the purchase or sale of any security. Past performance is no guarantee of future results.

This material 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. The strategies and/or investments discussed in this material may not be appropriate for all investors. Morgan Stanley Wealth Management recommends that investors independently evaluate particular investments and strategies and encourages investors to seek the advice of a 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 offers a wide array of brokerage and advisory services to its clients, each of which may create a different type of relationship with different obligations to you. Please visit us at <http://www.morganstanleyindividual.com> or consult with your Financial Advisor to understand these differences.

The investments listed may not be appropriate for all investors. Morgan Stanley Smith Barney LLC recommends that investors independently evaluate particular investments, and encourages investors to seek the advice of a Financial Advisor. The appropriateness of a particular investment will depend upon an investor's individual circumstances and objectives.

Portfolios using Environmental, Social and Governance ("ESG") criteria, also known as sustainable or impact investing, may perform differently than those without such considerations. ESG focused investments may face market limitations, and there is no guarantee they will achieve better financial or sustainability outcomes.

Asset allocation and diversification do not guarantee a profit or protect against a loss in a declining financial market.

Morgan Stanley Smith Barney LLC ("Morgan Stanley"), its affiliates and Morgan Stanley Financial Advisors or Private Wealth Advisors do not provide tax or legal advice. Individuals should consult their tax advisor for matters involving taxation and tax planning and their attorney for matters involving trusts, estate planning, charitable giving, philanthropic planning or other legal matters.

The Morgan Stanley Global Impact Funding Trust, Inc. (MS GIFT) is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. MS Global Impact Funding Trust (MS GIFT) is a donor advised fund. Morgan Stanley Smith Barney LLC provides investment management and administrative services to MS GIFT. Back office administration provided by RenPSG, an unaffiliated charitable gift administrator.

Life insurance, disability income insurance, annuities, and long-term care insurance are offered through Morgan Stanley Smith Barney LLC's licensed insurance agency affiliates.

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.

Morgan Stanley Smith Barney LLC. Member SIPC. CRC 4851946 9/25