



WealthBuilders Financial Group, Inc
2154 Seven Springs Blvd Trinity, FL 34655
727-843-0151 • 800-249-6620

Welcome to 2025!

Happy New Year and welcome to 2025! We hope you and your family had an enjoyable holiday season. We thank you for giving us the opportunity to help you pursue your financial goals. We are excited to see what the new year will bring.

The year 2024 was filled with many significant events, but overall, it proved to be a good year for investors. Both interest and inflation rates started to fall, and while recession worries persisted, investors still enjoyed strong positive returns as major indexes reached multiple new highs. Notably, the year ended on a high note in December as the Federal Reserve decided to reduce interest rates for the third consecutive time. They also indicated that further interest rate cuts could occur in 2025. While equities have advanced, 2025 brings a new administration, and historically, changes can make for an interesting year.

As we enter the new year, we will continue to stand by our commitment to supporting you on your financial goals journey. **We believe that a proactive approach that anticipates the needs of our clients is optimal.** To assist you with this, we have included a **checklist for 2025** that can help you identify key items to discuss with us over the coming year.



We will continue to offer you these services in 2025:

- **Client review meetings.**
- **Periodic economic updates.**
- **Tax reports to keep you updated on proactive tax-saving opportunities and changes.**
- **Regularly scheduled updates on timely and important topics.**
- **Consistent and meaningful articles on topics that directly affect investors.**

Looking Ahead to 2025

While there are many aspects to overall financial planning, the following are some specific topics we will continue to watch carefully as we head into the new year.

- **Interest Rates:** Interest rate movements continue to be critical for investors. In 2024, the Federal Reserve began reducing interest rates with a long-term outlook of further reductions. For 2025, we will be watchful of interest rate movements and their effect on the economy and equity markets.
- **Inflation:** Inflationary concerns are important for investors. We saw a significant overall slowdown in inflation during 2024. However, there is still more to be done to reach the Fed's 2% target range. We will continue to monitor inflation numbers as the 2025 data becomes available.
- **Stock Market Valuations:** Valuations are key predictors of equity returns. While we do not attempt to predict short-term valuations, we will continue to help you identify your risk tolerance and time horizons. We also understand that market volatility will continue to be a normal part of the investment experience, and we can help you use non-emotional behavior when making financial decisions.
- **Your Personal Situation:** **Your personal situation is always our highest priority.** We are here to help you with any financial moves or concerns throughout the year. We understand that each individual and household has different goals and needs. We will continue our tradition of keeping you informed of any changes that we think may affect your personal situation.

We enter 2025 cautiously optimistic. Having a solid foundation and strategy is critical to the outcome of your financial plans. Revisiting your plan to keep it current is a sound practice we feel should be conducted on a consistent basis. Our mission is to provide you with guidance and support on your journey toward your financial goals.

2025 Tax Law Potential Scenarios

In 2025, there will be much discussion about tax law changes. Currently, the tax rules are automatically scheduled to sunset and change for 2026. Here are three potential scenarios we could see this year.

Extending the 2017 Tax Laws

The current tax cuts are set to expire after 2025. Lower rates, larger standard deductions, and lower business taxes could prove to be hard to justify fiscally. **Therefore, lawmakers could simply extend the current tax code for a few more years.**

Tweaking the 2017 Tax Laws

During the presidential campaign, there was discussion about no tax on tips, possibly not taxing overtime, and revisiting State and Local Tax deduction amounts. **Lawmakers could possibly extend the 2017 laws with some modifications.**

A Complete Tax Law Overhaul

Although it's not likely, there is always the possibility that Congress revisits our entire tax system and makes fundamental changes to the existing system.

Help us identify items that you would like addressed in the coming year!

After reviewing this list, please call our office to discuss any items you have checked off. This will help us advise you in the most effective and proactive manner.

- Do you anticipate changes to your investment goals?
- Has your risk tolerance changed?
- Have your 2025 income or savings needs changed?
- Do you plan to retire or change jobs?
- Will there be a change in your marital status?
- Do you plan to move, refinance, or sell/transfer a major asset such as a home or business?
- Did you recently receive or anticipate receiving a gift or inheritance?
- Will you have any changes in your income needs +/- (i.e., vacation, assisted living needs, selling home, child/grandchild assistance)?
- Do you expect any additional family members or dependents?
- Do you anticipate any additional dependents such as an elderly parent or other family member? Will they require assisted living?
- Do you have a child/grandchild you will be assisting with their educational cost needs through a 529 plan?
- Do you anticipate any major transfer of wealth?
- Do you plan on gifting to heirs or donating money to charity?
- Do you need to adjust your estate plan?
- Do you maximize your ability to use retirement plans?
- Do you want to explore converting a traditional IRA to a Roth IRA?
- Do you or a dependent family member have a severe illness?
- Do you anticipate any life, financial, or employment (retiring) changes that may require you to adjust your life and health insurance policies?
- Did you contribute to an IRA? If not, would you like to discuss contributing to an IRA before April's tax deadline?
- Is there anything else we should know to help you plan for 2025?

Important Birthdays

- ➔ **50** Allows for catch-up contributions to IRAs and qualified retirement plans
- ➔ **55** If you are retired, allows you to take distributions from your 401(k) without the 10% penalty
- ➔ **59½** Allows you to take distributions from an IRA, annuity, or other retirement plan without penalty
- ➔ **60** Allows for start of widow/widower benefits from Social Security
- ➔ **61-63** New extra catch-up contribution for retirement plans
- ➔ **62** Allows for starting early Social Security benefits
- ➔ **65** Allows for enrollment in Medicare and government drug plan
- ➔ **66-67** Allows for full retirement benefits from Social Security
- ➔ **70** Start date for enhanced Social Security benefits if you deferred claiming benefits previously
- ➔ **70½** Allowed to make a Qualified Charitable Distribution (QCD) directly from an IRA
- ➔ **73** Mandatory required minimum distribution from retirement accounts must be taken no later than April 1st of the year after the year you turn 73

If you have an important birthday in 2025, please let us know!

As always, we are here for you! If you have any questions or concerns, please call our office and we would be happy to assist you! We look forward to helping you pursue your financial goals in 2025!

We'd like to expand our family! We want to help others like you in 2025!

Many of our best relationships have come through introductions from our clients.

We would be honored if you would:

- Add a name to our mailing list.
- Invite a guest to a workshop or webinar.
- Encourage someone to schedule a complimentary financial checkup.



Please call **MEGAN** at **(727) 843-0151** and we'd be happy to explore how we can help them with their financial goals!

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