

Loose Change®

a penny saved is a penny earned

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I am committed to helping my clients achieve their financial goals for themselves, their families and their businesses by providing them with strategies for asset accumulation, preservation and transfer.

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The One Big Beautiful Bill Act (OBBBA)

As you look back on 2025 and start planning your financial strategies for 2026, here's a brief overview of provisions in the OBBBA that you may want to consider in that planning.

Personal Taxes

OBBBA retains the reduced federal income tax brackets introduced in 2017, which were scheduled to expire in 2026, and sets the 2026 standard deduction at \$15,750 for single filers and \$31,500 for married couples filing jointly, with inflation adjustments expected in subsequent years. For 2025, the federal child tax credit increases to \$2,200 per child. It will be indexed for inflation in 2026 and later. This credit begins phasing out for single/head of household taxpayers and married filing jointly at \$200,000 and \$400,000 modified adjusted gross income (MAGI). As for your estate planning, the estate tax exemption rises to \$15 million for 2026 (from \$13.99 million in 2025) and will be indexed for inflation in future years. A new deduction for interest paid on auto loans could let you write off a portion of your car loan interest. The deduction has income limits and strict rules on which cars qualify. The cap on state and local tax (SALT) deductions is temporarily increased from \$10,000 to \$40,000 from 2025 through 2029, with the cap rising 1% annually until it reverts to the previous \$10,000 limit in 2030. The expanded cap phases out for filers earning more than \$500,000 (married filing jointly) or \$250,000 (single).

Investor Highlights

The OBBBA creates federally managed tax-advantaged savings accounts for children born in the US from 2024 to 2028, seeded with \$1,000 from the federal government. You can



contribute up to \$5,000 per year to your child's account until they turn 18. The accounts are designed to help families build long-term savings for education, homeownership, or retirement.

The Qualified Small Business Stock (QSBS) gain exclusion rules are significantly enhanced to make them more accessible and impactful for early-stage investors. For QSBS acquired at original issuance after July 4, 2025, the exclusion is tiered: 50% for stock held for at least three years, 75% for stock held for four years, and 100% for stock held for five years. The per-issuer exclusion cap is expanded from \$10 million to \$15 million, indexed for inflation (beginning in 2027). Other requirements apply. And the corporate gross asset limitation is increased from \$50 million to \$75 million, also inflation-indexed (starting in 2027), which broadens the range of companies eligible to issue QSBS.

For Businesses

OBBBA makes permanent the 20% small business deduction for pass-through entities such as partnerships and sole proprietorships. It makes permanent the lower corporate tax structure and rates set to expire in 2025, as well as 100% bonus depreciation and full expensing for business investments. For more specific information on how the Act may affect you, talk with your trusted financial professional.

Understanding Tariffs

Tariffs are taxes imposed by governments on imported or exported goods, primarily to regulate trade, protect domestic industries, or generate revenue. They play a crucial role in international economics, influencing prices, supply chains, and global relations. There are several key types of tariffs, each designed for specific objectives.

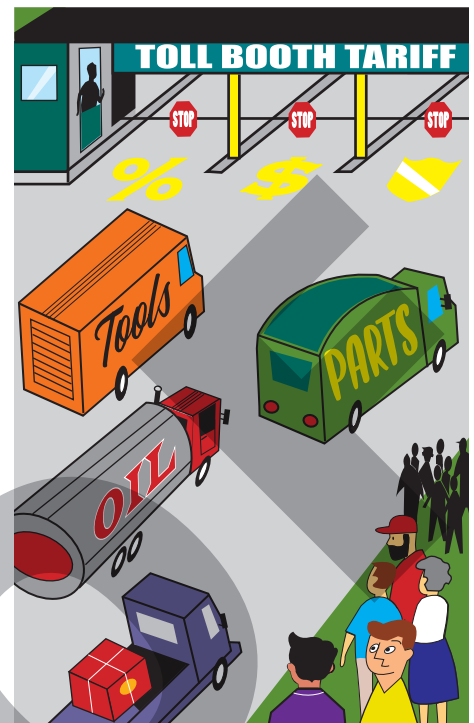
Ad Valorem the most common, is calculated as a percentage of the imported good's value. For instance, a 10% tariff on a \$100 item adds \$10, making it flexible with fluctuating prices.

Specific tariffs charge a fixed fee per unit, regardless of value—such as \$5 per barrel of oil. This provides predictability but can disproportionately affect cheaper goods.

Compound tariffs combine both by applying a percentage plus a fixed amount, offering balanced protection.

Other variants include **protective tariffs**, which shield local producers from foreign competition by raising import costs, and **revenue tariffs**, aimed at funding government without restricting trade heavily. **Prohibitive tariffs** are extremely high, effectively banning imports to safeguard strategic sectors.

Overall, tariffs shape economic policies, but they can spark trade wars if misused.



Time to Review Your Withholdings

As 2026 begins, reviewing your tax withholdings is a critical financial step. Withholdings determine how much income tax is deducted from your paycheck, directly impacting your cash flow and tax refund or liability. Life changes—marriage, a new job, or having children—can shift your tax bracket or eligibility for credits, making last year's settings outdated.

Incorrect withholdings may lead to owing a hefty sum or receiving a large refund, which means you've overpaid and missed investment opportunities. Use the IRS Tax Withholding Estimator to adjust your W-4

form accurately, ensuring your withholdings align with your 2026 financial goals. This tool accounts for income, dependents, and deductions. Checking early avoids surprises during tax

season, optimizes your budget, and ensures compliance with evolving tax laws. Consult your trusted advisors for complex situations to maximize savings and minimize errors.



Building an Emergency Fund

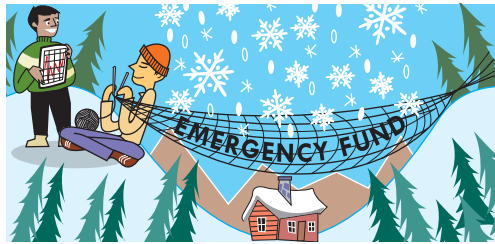
Having an emergency fund is essential to help ensure funds are available when unexpected financial hardships occur. Aim to save 3-6 months' worth of living expenses to provide peace of mind.

Put It in Writing

For many people, writing it down makes saving money for an emergency fund real, not theoretical. Talk with your loved ones to discuss how much you need and solicit ways to find the extra dollars that can add up over time. Make a chart and track how much you're able to save each month toward your goal.

Show Me the Money

Whether part-time gigging or selling unwanted items via the Internet or smartphone apps, you can potentially increase your disposable income — and your emergency funds — quickly. Same thing goes for raises and bonuses from work. Keep your car an extra year or two to go without monthly car payments. Keep your phone, too, with new smartphone prices soaring.



Make Small Sacrifices

Passing on one \$5 designer latte, one \$10 lunch and one \$75 dinner every two weeks are other ways to help increase your funds quickly.

Make Bigger Sacrifices

Still looking for free money to increase your emergency funds? Maybe you need to free it up by first creating a budget that includes your income and itemized expenses. Little adjustments add up. Scour your phone and cable bills to eliminate unneeded services. Study your clothes and grocery bills to find additional savings. Write down every dime you spend to get the best idea of where your money goes.

Understanding Beneficiary Designations

Your will is an important document for passing assets to loved ones when you die, but it doesn't apply to everything. Life insurance proceeds, retirement accounts, annuities and similar accounts pass through beneficiary designations and are not governed by your will.

Review Your Selections

You chose a beneficiary when you initially set up your accounts. But things can change. Divorce, death of a beneficiary or even a change in your intentions can affect your selections. Revisit your designations periodically to ensure they're up to date.

Check Old Accounts

Forgetting about 401(k) or other retirement accounts held with former employers can result in outdated beneficiary designations. Remember to include these accounts in your review.

Avoid Mistakes

Take special circumstances into account when you're naming beneficiaries. Minors will not be able to claim assets until they turn 18 or 21 (depending on the state). Individuals with special needs can lose valuable government

benefits if they receive an inheritance directly. Setting up a trust to receive the assets may help in both situations.

Keep in mind that godparents are not the same as legal guardians but could be a good choice to serve as trustees.

Integrate with Estate Planning

Your financial professional can help you review your beneficiary designations as an integral part of your estate plan.



Getting Your Finances Back on Track

The holiday season often leaves wallets strained, but 2026 can start with financial recovery.

Review Spending

First, assess your spending by reviewing bank and credit card statements to identify holiday overspending. Create a budget prioritizing essentials like rent and utilities while allocating funds to pay off high-interest debt, such as credit cards, which averaged 20% interest in 2025.



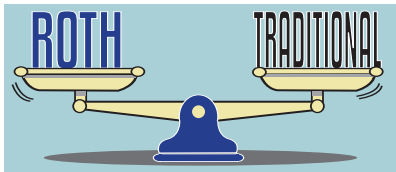
Take Action

Cut discretionary expenses—dining out or subscriptions—temporarily to free up cash. Rebuild your emergency fund, aiming for 3–6 months' expenses, by setting aside small, consistent savings. Adjust tax withholdings using the IRS Tax Withholding Estimator to avoid surprises and optimize cash flow. If eligible, explore tax deductions (e.g., charitable donations) or credits to reduce your tax burden. Consider a side hustle to boost income and accelerate debt repayment.

Meet with your financial professional to refine your budget and investment strategy, ensuring long-term goals like retirement savings stay on track. Act promptly to regain control.

Roth or Traditional: Considerations for High Earners

The higher your income, the more complicated the options. Generally, deductible IRA and Roth IRA contributions aren't permitted if you have a 401(k)/403b/457 retirement savings plan at work.



Individuals with modified adjusted gross income (MAGI) \$89,000 and over and married couples filing jointly with MAGI \$146,000 and over (in 2025) can't make deductible contributions to a traditional IRA. Roth IRA contributions ignore workplace retirement plans, but singles and those married filing jointly become ineligible with MAGI of \$165,000 and \$246,000 (respectively for 2025) or more. But if your employer's plan lets you choose between a traditional or Roth employee retirement savings plan, these contributions aren't subject to any income limitations. So how do you choose? Here are some things to consider with your trusted professional.

- Your current and future tax situation
- Nonretirement investments
- A Roth conversion if you're nearing retirement
- Splitting retirement plan contributions between traditional and Roth accounts
- Starting this year, high-income retirement plan savers over 50 years old must make any employee deferral catch-up contribution as a Roth contribution

Investing Principles for Pursuing Your Financial Goals

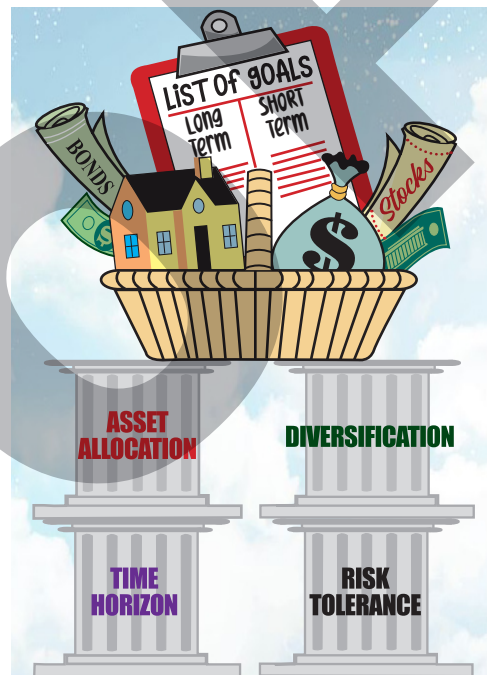
Investing for your future requires a strategic approach grounded in clear objectives and disciplined principles. By understanding and applying key investment concepts—asset allocation*, diversification**, time horizon, and risk tolerance—you can build a robust portfolio to meet your financial aspirations.

Asset Allocation is the cornerstone of a balanced investment strategy. It involves distributing your portfolio across various asset classes, such as equities, fixed-income securities, and cash equivalents. Each asset class responds differently to economic shifts; for instance, stocks may thrive during economic growth, while bonds often provide stability during downturns. By strategically allocating assets, you can mitigate losses in one area with gains in another, creating a buffer against market volatility. A common approach is the 60/40 split (60% stocks, 40% bonds), though allocations should align with your goals and risk profile.

Diversification further reduces risk by spreading investments within asset classes. Instead of investing solely in one stock or sector, diversify across industries, geographies, and investment types, such as mutual funds or ETFs. This approach minimizes the impact of a single underperforming investment, akin to not putting all your eggs in one basket.

Time Horizon defines the duration you plan to invest before needing funds for specific goals. Short-term goals, like building an emergency fund, typically span one to three years and favor low-risk, liquid investments like savings accounts. Mid-term goals, such as saving for a home down payment (five to 10 years), may include a mix of stocks and bonds. Long-term goals, like retirement (20+ years), allow for riskier investments, as markets tend to recover over extended periods. Aligning your portfolio with your time horizon ensures liquidity and growth potential match your needs.

Risk Tolerance reflects your comfort with potential investment losses in pursuit of



higher returns. Younger investors with longer time horizons often tolerate higher risk, favoring stocks. As you near retirement, a conservative approach with more bonds may suit a lower risk tolerance. Regularly reassess your risk capacity as life circumstances evolve.

By integrating these principles, you can craft a personalized investment strategy to confidently pursue your financial dreams.

** Asset allocation won't guarantee a profit or ensure against a loss but may help reduce volatility in your portfolio.*

*** Diversification cannot eliminate the risk of investment losses. Past performance won't guarantee future results. An investment in stocks or mutual funds can result in a loss of principal.*



ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

September 9, 2025

Reference: **FR2025-0825-0186/E**

Org Id: 23568

1. Loose Change - JanFeb 2026
Rule: FIN 2210
5 Pages

Our review is based on your representation that the final version of this communication will prominently disclose the name of the member, pursuant to FINRA Rule 2210(d)(3)(A).

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

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