

LET'S TALK FINANCIAL WELLNESS[®]

September/October 2025

A 401(k) Plan: Paving the Road to Retirement

There's a lot to like about a 401(k) plan. Whether you already participate in your employer's plan or you're just now thinking about joining, reviewing the benefits as enrollment time approaches is a smart idea.

The Pretax Advantage

When you participate in a traditional 401(k) plan, your contributions to the plan are taken out of your pay before income taxes are deducted, thus lowering your taxable income. Your plan contributions and any earnings grow tax deferred until you withdraw them, typically at retirement, when you may be in a lower tax bracket than you are now. And with automatic payroll deduction, contributions to your employer's plan come out of your paycheck before you are tempted to spend the money.

The Benefits of a Match

Most employers match employee contributions up to a certain percentage. That's like getting "free money." All the funds you contribute to the plan belong to you right from the start. Over time, all your employer's contributions will also belong to you, based on a vesting schedule outlined in your employer's plan documents. Remember, the sooner you start contributing to your plan, the longer you'll have to benefit from compounding – earning interest on both contributions and earnings.

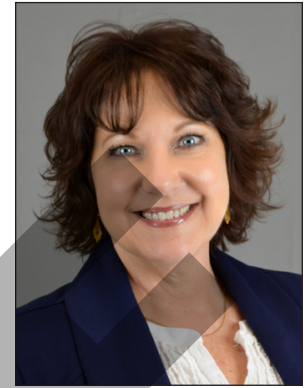


Tax Deduction

You have until December 31, 2025, to make contributions to a 401(k) to lower the taxable income on your 2025 income tax return, so consider contributing as much as possible. The maximum 401(k) plan contribution limit in 2025 is up to \$23,500. However, if you're aged 50-59 you can add an additional \$7,500 in catch-up contributions, bringing the total to \$31,000. New in 2025, that catch-up contribution amount increases to \$11,250 if you are age 60-63, for a total annual contribution of \$34,750.

A Word About Roth 401(k)s

Your employer may also offer a Roth 401(k) option. Roth contributions are made with after-tax funds, so withdrawals are tax-free, provided all requirements are met. A Roth 401(k) may be a good option if you expect to be in a higher tax bracket after retirement.



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Retirement Version



Preserving an Inheritance

A sudden inheritance can catch you off guard. One minute your life is status quo; the next minute, you have additional assets to plan for. While it may be tempting to spend your windfall, take a step back. Reckless spending has decimated many an inheritance, so sit down with your financial professional to develop a plan for managing and preserving your wealth. Here are a few ideas to get started.

Stash the cash in a money market account or other short-term investment until you have a plan in place.

Create a saving and investment plan. If you don't have an emergency fund with 6-to-12 months of living expenses, start there. Invest extra money in investment vehicles that reflect your time frame and risk tolerance.

Pay off personal loans and credit card debt, and don't run up new debt.

Plan a legacy that leaves wealth to your loved ones or to charity. An estate planning attorney can help you navigate the options to minimize any tax bite.

Splurge just a little. Setting aside some money to spend on yourself can keep you from feeling deprived.



Summer Jobs for Kids

Taking a summer job is a rite of passage for kids and an excellent way for them to learn financial responsibility while earning and spending their own money.



Tax Withholding

Generally, a child working a W-2 job, earning less than the 2025 standard deduction is considered to be a dependent and won't need to file a tax return. However, it may be a good idea to file if federal income tax was withheld, because the child may be entitled to a refund.

Branching Out

When minors start doing things like babysitting or lawn care, they are technically self-employed. In this case, generally, dependent children who have earned income of more than \$15,000 (in 2025) typically need to file a personal income tax return and might owe tax. Be sure your child keeps track of their expenses for things like mileage and equipment purchases.

When your children start earning their own money, help them learn about budgeting and saving. Distinguishing between wants and needs will help them create a realistic budget while saving money.

Taxes and Marriage

Getting married usually triggers a multitude of changes to your life, but one change that you may not have considered is how marriage affects your taxes. For example, your tax filing status may change, most often from filing single to married filing jointly. When it comes to taxes and marriage, here are some things you should consider:

If both spouses earn wages, you'll want to review your withholding rates, which may need to be adjusted to account for your new joint filing status.

With a higher combined income, you may be bumped into a higher tax bracket and may find yourselves subject to the 0.9% additional Medicare tax.

Married Filing Separately

While most couples benefit from filing a joint tax return, some may benefit from filing separate returns. This is known as married filing separately and can help when one spouse has significantly more income than the other, or if one person has sizable medical expenses.

Make this decision with your tax professional because married filing separately has its drawbacks, including losing the ability to claim certain tax credits.

Tax-Favored Benefits

Be sure to review your workplace benefits now that you're a couple.



Marriage is a life change that generally allows you to make plan modifications immediately, instead of waiting for the next open enrollment period.

Considerations include coordinating health care coverage and flex spending account contributions. Just like your tax withholding, you'll need to analyze how these tax-preferred benefits fit into your new lifestyle. And don't forget to update beneficiary information on your retirement accounts and insurance policies.

Of course, you know that it is important to work together on your finances and agree on financial priorities. Work with a financial and tax professional from the start to help make the most of your finances.

What is the Average Cost of a Wedding?

The average cost of an American wedding varies depending on the location, venue and number of guests. In 2024 the average wedding cost \$33,000 according to a survey of couples married in 2024. This is projected to be \$36,000 in 2025.



Costs fluctuate significantly by region. For example, the cost for a 2025 wedding in New York is projected to run closer to \$65,000, while in less expensive states, it could cost as little as \$16,000 to \$20,000.*

*2025 The Knot's Real Weddings Study and Zola Wedding Planners

FAFSA: The Sooner the Better

If your child will attend college in the fall, now is the time to get started with the process of applying for financial aid. The FAFSA — Free Application for Federal Student Aid — becomes available on October 1.

Although the federal filing deadline isn't until June 30, filling out the application early can prevent your child from missing out on aid that's already been awarded. Colleges and states may have their own FAFSA deadlines.



Documents to Gather Before You Start

- Student and parent Social Security numbers
- Alien registration number if you're not a U.S. citizen
- Student's driver's license number
- Parent and student federal tax returns
- Records of any untaxed income, such as child support
- Checking/savings account balances, investments, real estate (other than your home) and business or farm assets
- List of schools where the FAFSA should be sent

You can access the FAFSA at studentaid.gov.

Understanding Capital Gains and Losses

How you manage the sale of your investments impacts your overall tax picture. And to get the most out of the current tax law, you'll need to understand capital gains and losses.

What's a Capital Asset?

Capital gains or losses are generated when you sell capital assets, which are generally any property you own. Your house, car, stocks, bonds, jewelry and collectibles are all capital assets.

Short or Long-Term?

There are two classifications of gains and losses, based on how long you owned the asset. Short term means you held the investment for one year or less, and long term applies to anything you owned for more than a year.

What's the Amount?

Generally, the amount of your gain or loss is the difference between how much you paid to purchase the asset and the amount you sold it for. Your basis in the asset also includes your costs to acquire it like sales tax, shipping and installation or set up fees. There are special rules for assets acquired by inheritance. You'll want to consult your tax professional if this applies to you.

What's The Tax?

The tax rate you'll pay depends on whether your gain is short or long term. Tax rates for short term gains are the same as what you owe on your ordinary income. Long term gains have lower preferential tax rates.

What's a Loss?

If you sell a capital asset for less than your basis, which is your total investment in it, you'll have a capital loss. You can generally offset these losses against gains of the same type (e.g., short term

losses can offset short term gains). But only losses on the sale of financial investments are tax deductible.

Selling your home, car or other personal-use property for a loss won't trigger a tax deduction. And if your losses exceed your gains, you can offset up to \$3,000 against other types of income (e.g., W-2 wages) each year and carry forward the rest to future years.

But beware of the wash sale rules. If you sell a security and buy it, or a substantially similar one, within 30 days, any loss you incurred isn't tax-deductible.



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ADVERTISING REGULATION DEPARTMENT REVIEW LETTER

April 24, 2025

Reference: **FR2025-0408-0171/E**

Org Id: 23568

1. LTM 2025 SEPT - OCT Retirement
Rule: FIN 2210
5 Pages

The communication submitted appears consistent with applicable standards.

Reviewed by,

Jeffrey R. Salisbury
Principal Analyst

Reminder: The fee charged for Regular filings submitted to the Advertising Regulation Department on January 1, 2025 and after, will increase from \$125 to \$300 (for the first 10 pages/minutes). The fee of \$10 per additional page/minute has not changed. The filing fee for expedited filings will remain at \$600 (for the first 10 pages/minutes) and \$50 per additional page/minute. Please see <https://www.finra.org/media-center/blog/funding-finras-mission-111224> for more information.

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