SFG WEALTH ADVISORS

June 2025

NEWSLETTER

What Is In Store For Taxes

By Don Snyder, CFP®, CKA, MBA

While the recent House bill is yet to be passed by the Senate, the framework for proposed tax changes are in play with more revisions possible. There continues to be debate around the impact economically in the near-term and how this is funded long-term with a combination of enhanced economic growth, cost cutting, and other revenues. Many of the key changes are provided below.

Tax Rates

- Permanent extension of the current individual and corporate tax rates from 2017

- Deduction up to $10,000 in interest on auto loans for cars assembled in the U.S. (through end of 2029)

- Increases state and local tax deduction (SALT) from a cap of $10k to $40k. Tends to benefit those in higher income tax states ($500k income limit).

- Estate and gift tax exemption is set permanently at $15 million & adjusted for inflation

Small Business

- Increase in small business tax deduction from 20 to 23% permanently

- Restoration of 100% bonus depreciation

- No tax on tips for workers in the service industry (expires in 2028) and overtime pay with some conditions

Child Benefits

- $500 increase in tax credit to $2,500 per child (through 2028)

- New savings accounts for kids. Under the plan, the federal government will contribute $1,000 to the accounts of children born between 2024 and 2028. Parents can contribute up to $5,000 a year. The funds, which can begin to be distributed once the child turns 18, can be used for higher education, job training and the purchase of their first home.

- While income on the accounts can grow on a tax-deferred basis, distributions for qualified expenses, like those mentioned above, would be taxed at a long-term capital gains rate.

Social Security

- The idea of not taxing social security income is somewhat addressed through a bonus increase to the standard deduction of $4,000 for those 65 and older. This is available whether someone itemizes or not, it does phase-out based on income ($150k single / $250k married couple).

- Taxpayers 65 and older would still get an existing tax break that is known as the additional senior standard deduction that is adjusted for inflation annually. That is $2,000 for single filers, and $1,600 each for joint filers for 2025.

- That is all on top of the base standard deduction, which is $15,000 for single filers and $30,000 for joint filers under current law. The House bill would increase it to $16,000 for single filers and $32,000 for joint filers.

- Under the House bill, a married senior couple would get standard deductions of $35,200. In total, adding the $4,000 bonus for each person would bring their total deductions to $43,200.

For the sake of space, we are not addressing many other items in the bill related to federal spending, elimination of EV credits, work requirements for Medicaid, and border and defense spending. We will continue to watch how the Senate review process fares and ultimately where this ends up in its final version.

We are grateful for the opportunity to help you and your family realize your dreams and look forward to our next conversation in 2025.

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Are Stock Returns Better After Market Drops?

By Daniel Bader, CFA, CIPM, MBA

For those of you who have played poker or blackjack, you may have heard the term "play from a position of strength". These games allow the player to win with any hand, but strong hands allow the player to win more often. Winning more often is essentially what the player is trying to do and is why Ace-Ace or King-King is almost always played in No Limit Texas Holdem Poker, and why 2-7 off suit is usually folded immediately.

Many of you have heard us talking about being long-term investors. Being focused on the long-term allows you to play from a position of strength. This is because the numbers show that 10-year returns are almost always positive, and to this point in time, 15-year plus returns have always been positive. Shorter time periods in the markets are not as certain, but the chances of positive forward returns do rise with time in the market. A single day is just over a 50% probability of being up, a year is close to 70%, 3-years is close to 80%, and so on. Of course, longer-time periods being positive jives with why we are investors in the first place. In the short-term, volatility and uncertainty can cause market valuations to swing quickly, but in the long-term, we tend to win with diversified equity portfolios because companies price their goods and services in real, after-inflation dollars, and tend to grow earnings over time.

So, if we know that markets go up over the long-term, one could assume that after a large drop in the market you are now playing from an even greater position of strength...but do the numbers confirm this assumption? In fact, they do.

The CBOE S&P 500 Volatility Index (VIX) is widely referred to as the markets fear gauge. When uncertainty arises, stock prices tend to fall and the VIX tends to rise. We have VIX data going back to 1990. Since that time, the VIX has averaged reading somewhere near 20 and is currently at 24.18 after spiking above 50 on April 8th, 2025. What is interesting is that the probability for positive returns is higher when measured from elevated VIX levels. Yes, that means that forward returns are more likely to be positive when the VIX is high and market prices are down. This is intuitive, but things don't feel good during these events.

The chart below shows the S&P 500 forward cumulative returns and the chances of a forward return being positive from all VIX closing prices since the beginning of 1990. And while it is not perfectly linear, it is very compelling. We can see that both metrics improve when the VIX starting point is higher (fear higher, prices likely lower). I don't love the above 50 data point because all occurrences happened in 2008-2009 or 2020 (during COVID), but we do see that forward returns and % positive are all higher each step up in the VIX that we measured.

	S&P 500 Forward Returns					
	1-Year	2-Year	3-Year	4-Year	5-Year	10-Year
Average Returns (VIX above 50)	35.77%	53.67%	54.86%	88.19%	130.75%	288.48%
Observations	74	74	74	74	74	56
% Positive	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Average Returns (VIX above 40)	35.15%	54.39%	57.86%	82.68%	120.71%	258.89%
Observations	204	204	204	204	200	168
% Positive	97.55%	99.51%	100.00%	92.65%	100.00%	99.40%
Average Returns (VIX above 30)	24.20%	40.75%	49.05%	66.10%	90.60%	206.46%
Observations	720	720	688	670	624	577
% Positive	87.78%	93.61%	96.22%	89.55%	96.96%	97.05%
Average Return (All)	12.05%	25.11%	39.11%	55.86%	73.85%	162.91%
Observations	8638	8387	8136	7885	7634	6379
% Positive	82.74%	85.10%	84.51%	81.17%	85.70%	92.62%
Above analysis assumes 1 Year equals 251 trading days.						

When we invest for the long-term, we play from a position of strength. However, our hand gets even stronger when fear inserts itself back into the conversation and markets have their inevitable downturns. Please call us if you have any questions.

What Does Retirement Mean To You?

By David Zallo

Over the past few years, I've spent a good deal of time reflecting on what life after the military might look like. Like many who serve 20 years or more, I'm fortunate to receive a defined benefit pension. However, my wife made it very clear that "doing nothing" or spending my days hanging around Dunkin' Donuts was not an acceptable plan.

That gentle push—and a few impactful courses through Liberty University—prompted me to rethink what retirement really means. As I considered the possibilities, I turned to Scripture for wisdom and perspective.

In Numbers 8:25, we read, "but everyone fifty on up shall retire from the work force and serve no more." Yet, the passage continues, describing how the Levites would still assist their peers. Retirement, then, isn't the end of meaningful work—it's a transition. Our responsibilities evolve with time, influenced by age, health, finances, and life's changing seasons.

The Bible consistently reinforces the importance of stewardship and thoughtful preparation. In Proverbs 13:22, it says, "The good leave an inheritance to their children's children," reminding us to plan not just for ourselves, but for future generations. And 1 Peter 4:10 urges us to, "use [our gifts] to serve one another as good stewards of God's varied grace." Even in Genesis, we see that God rested—a reminder that rest, too, is part of a purposeful life.

Today, I view retirement not as an end, but as an opportunity—a season to pursue new interests, explore a second career, volunteer, travel, or simply enjoy time with loved ones. It's about doing things not out of obligation, but out of joy and passion. Ideally, this stage of life removes the pressures to earn or achieve and instead makes space to give back—whether that's wisdom, time, or support.

This perspective ultimately led me to financial planning as a second career, and it's what drew me to SFG Wealth Advisors—a firm whose values closely align with my own. While I may still visit Dunkin' Donuts now and then (mostly for the coffee), I'm grateful to have found a renewed purpose in helping others prepare for their own future seasons.

Frequently Asked Questions from Our Clients

1. How do I access my account online? We offer our clients a portal through Advyzon. If you aren't set up, let us know and we can help get you set up. On there, you can view all of your household's accounts in one place, see performance related information, and more. There is a desktop and mobile app. You can also set up online access directly with the financial institutions where you hold your accounts. Most offer a mobile app as well.

2. How do I securely share documents with your team? We provide a secure client portal with Advyzon where we can upload documents to each other through The Vault. We also have encrypted email options to ensure your information stays protected.

3. How do I set-up e-delivery of custodial documents? We can usually initiate this process, but you will have to finish it. This is because you need to give permission to the financial institutions in order for them to send electronic communications, this cannot come from us. Generally speaking, you will need to log into the financial institution's website and set your document delivery preferences from there.

4. Why do I need to provide a copy of my driver's license to you? Due to the USA PATRIOT Act, we are required to verify your identity to help prevent terrorism and money laundering. Obtaining a driver's license is one way to satisfy that requirement.

5. I have an old 401(k). How do I do a rollover to my IRA? Due to new DOL procedures, we must provide a comparison for you to review prior to doing a 401(k) rollover. This compares fees, investment options, and other things to consider. It's a way for us to document our recommendation and to make sure we are acting in your best interest. Please send us an updated 401(k) statement for our review. Other items that are helpful to provide are your plan document, the summary plan description, and the participant fee disclosure. Once you have reviewed our proposal, sign the necessary disclosures, and discussed with us, we will help you take next steps to coordinate rollover.

SFG Team: What We're Up To

What are you excited about? (Daniel)

For Lightning and Buccaneers playoff games, my family shoots off fireworks when our teams score, so it's something we look forward to for sure. Even with the Lightning getting knocked out early, playoff hockey is still electric—though it stings more when your team's out. Ashley and I are going to the Metallica concert in June, and our family is taking a trip to Yellowstone Park in July as well as a Dave Matthews concert.

What are you watching? (Don)

My wife and I do watch movies at home fairly often. Sometimes, with so many choices, I still have a hard time finding what I consider quality films.

A few weeks back we watched Number 24, and I thought it was great. It was based on a true story of a young man that becomes involved in the Norwegian Nazi resistance movement.

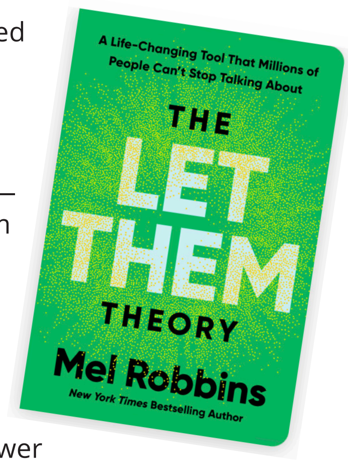
If you like WWII history, this is a good one in my opinion.

What are you reading? (David)

When we were living in Colorado, I had an hour commute which afforded me an opportunity to listen to a lot of books or podcasts while I drove. Now, my average commute is closer to 20 minutes. Quiet time with two little kids and two standard poodles can be hard to come by. However, I try to read / listen to at least a few verses from the Bible daily. Especially during the Easter season, the readings prove very humbling and reassuring. The story of Doubting Thomas overlapped with a bit of market turbulence and reminded me of the importance of maintaining our faith in God as well as our investment strategy in times of uncertainty.

What are you listening to? (Heather)

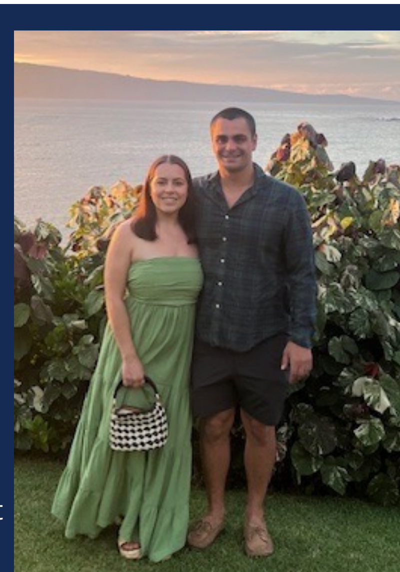
The Let Them Theory: by Mel Robbins



If you've ever felt stuck, overwhelmed, or frustrated with where you are, the problem isn't you. The problem is the power you give to other people. Two simple words—Let Them—will set you free. Free from the opinions, drama, and judgments of others. Free from the exhausting cycle of trying to manage everything and everyone around you. The Let Them Theory puts the power to create a life you love back in your hands—and this book will show you exactly how to do it.

Where are you visiting? (Emily)

Aloha from Maui!



I recently went to Maui, Hawaii with my husband Will. It's a place I've wanted to go for a while, so one day I just booked it somewhat last minute and I don't regret it one bit. It was stunningly beautiful, full of life, and packed with unforgettable experiences. We made the most of our time there and got to see and do so much. A few highlights in no particular order:

1. Snorkeling with sea turtles and vibrant tropical fish—the Hawaiian surge wrasse was my favorite fish I saw.
2. Exploring Iao Valley with its lush greenery, dramatic landscape, and freshwater stream.
3. Dinner at Merriman's—amazing food with an amazing view of the sunset (see the photo).
4. Fresh tuna poke—so fresh and delicious.
5. Stargazing— the light pollution is so minimal that you can see multiple dimensions of bright stars. It is nothing close to stargazing in Florida.

It was one of those trips that truly refills your soul. If Maui is on your bucket list, don't wait—just go. And if you do, I'd be happy to share tips and recommendations!