



RICHMOND BROTHERS

Matt's Minutes: How Will Tax Rates Change After December 2025? December 2024 "Closed Captions"

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Hi, everyone. This is Matt Curfman here with a November edition of Matt's Minutes for 2024. What is the big news out there? Well, the big news is that we made it through presidential elections. And regardless of any political leanings, what the markets actually prefer is that there's no uncertainty around elections, meaning had there been a contested election or it was super close and it carried on for months, that probably would have caused a lot of volatility and meaning uncertainty. Markets don't like uncertainty. So again, regardless of political leanings from purely a financial and a market perspective, markets seem relieved that there is an outcome in the election.

And as retirees, then as we head into 2025, what we really want to pay attention to is up until elections, a lot of things are just campaign promises on both sides of the parties. And so we want to basically find out, okay, what are the policies, updated strategies with respect to income taxes? with respect to maybe Social Security, Medicare, and deficit, which deficit ties into income taxes ultimately. Our country still has a nearly \$35 trillion deficit. And so our view is long-term tax rates will have to go higher or they'll have to be major spending cuts from a government standpoint or both.

We would suggest that heading into 2025, the current income tax rates for individuals were set to sunset or expire December 31st of 2025, and with no action from Congress, they would revert back to what they were prior to these current tax codes. These tax codes were set into place when President Trump was in office previously. So it's a little bit better than a flip of a coin as far as potential outcomes, but we would potentially expect to see the same level of income tax rates for personal or individuals to either stay the same or just get extended. That is certainly not a fact. That is just our view at this point. And like I said, as we get into the first half of 2025, that is where we'll want to focus for all of you, our clients.

Remember, our aim is to help educate, inform, and guide you no matter what the world throws in our path, and especially for those who are navigating through retirement and solving for income streams. So economically, what else is going on now that elections have been removed from the uncertain equation? Federal Reserve and interest rates. The Federal Reserve will meet again in December. It's widely anticipated they'll make another 0.25% rate cut. And that basically means they believe the economy is strong enough to support the continued lowering of rates. So that's probably not going to be a shock to anyone if and when that happens. Inflation, of course, is still here, but the reason the Federal Reserve is lowering rates is that they're seeing the numbers come down from where they were previously. Corporate earnings seem to be rather strong and growing when you look year over year at all

the data, according to a handful of research institutions and just research reports that are out there through a bull market report, through various CNBC affiliates. And so that's good.

Artificial intelligence is still helping drive growth for businesses and that it is a real business. It's a business of becoming more efficient at what you're already doing. And so using technology to get there. So that can help drive earnings, especially when unemployment is in the US around 4.1% nationally, which is fairly low. And at that level, it would suggest that if you want to work, there is work available. And so to the extent that businesses don't have anyone else to hire or are very limited on potential people to hire, artificial intelligence will step in and help allow companies to become more efficient.

So last but not least, I've gotten a lot of questions. We've got a lot of questions on our Smoother Ride strategies. We're continuing to feel very confident and very happy with outcomes there. If you're already in Smoother Ride Strategies, you see it by looking at your statements. If you're not in Smoother Ride Strategies, feel free to shoot an email to questions@richmondbrothers.com. Just type Smoother Ride in there and our advisory team can help you look at that.

As we head into winding down 2024 and into 2025, markets have been stronger this year. And so the longer that goes on, I would say that we're cautiously optimistic. It feels like the economy is still growing. It feels like stocks and things could keep growing. However, remember, part of the smoother ride strategies are to have some level of safety nets. So in case we get hit inevitably at some point in the future by the Black Swan event, Black Swan events are largely events that you couldn't see coming that affected markets, economies. So think of the pandemic. I think of war, things of that nature that could certainly derail any market growth. So again, smoother ride strategies have safety nets in place. Not that you can't lose anything, but there are safety nets to prevent extreme downside. That's really our focus there. That's why we think it's real important to keep that on your radar.

And then as far as events, we're coming up on the holidays this Friday, December 6th. Richmond Brothers is hosting our Holiday Magic Open House event. That'll be in person at our office. We hope you all had a wonderful Thanksgiving. And like I said, our aim is to help educate, inform, and guide you no matter what the world throws in our path. I appreciate you. We appreciate you. We are grateful for having you as part of our Richmond Brothers family. And we'll be out with more updates as the month pushes on and we look to wind down the 2024 year. Can you believe it? I'm using 2025 in this video. Happy December and thanks for tuning in.

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Sources: Research Reports

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