



Client Newsletter – December 2025

EUSTACE ADVISOR UPDATES

1. I have added Holistiplan to my suite of financial planning tools. Holistiplan supports detailed tax planning capabilities using prior year returns and future scenario analysis to help identify adjustments that can lead to improved tax efficiencies.
2. I am developing a class/webinar focused on preparing to buy a house, which will be rolled out in late January. This will leverage existing EA tools (budget and balance sheet templates), walk through examples of how to assess your financial readiness to buy a home and define how much you can afford, explain how to compare mortgage rates and associated home purchase fees, and lead into customized analyses with clients as appropriate.

NEW CLIENT RESOURCES

- ARTICLES and PAPERS:
- “Overview of Dependent Care FSAs,”
 - “Financial Benefits of Military Service,”
 - “Talking to Parents (and children) about Estate and Health Care Planning,”
 - “Key Retirement Plan Changes for 2026”,
 - “Managing Catch-Up Contributions in 2026”.
- TEMPLATES and REFERENCES:
- Understanding Employer Benefits,
 - Important Numbers for 2025 and 2026,
 - Fidelity Mutual Fund and ETF recommendations,
 - Sample Investment Portfolios.

Please let me know if you have suggestions for article topics.

UPCOMING EUSTACE ADVISOR FINANCIAL PLANNING TOPICS

- DEC: INVESTMENT STRATEGIES.
- JAN: ANNUAL MARKET SUMMARY AND CREDIT REPORT ANALYSIS.
- FEB: FINANCIAL DATA GATHERING AND TAX RETURN PREPARATION.

KEY UPCOMING DATES

- DEC 31, 2025: ALL ROTH CONVERSIONS, TAX-LOSS HARVESTING and REQUIRED MINIMUM DISTRIBUTIONS MUST BE COMPLETED TO COUNT FOR '25.
- JAN 15, 2026: Q4'25 ESTIMATED TAX PAYMENTS ARE DUE.

FINANCIAL NEWS

General 2025 trends:

- U.S. corporate earnings remain healthy as does the overall economy.
- U.S. employment data shows signs of a weakening job market.
- Inflation (3.0%) is above the Fed's target of 2%, but slightly below the past 50-year average.
- Federal Reserve interest rate policy remains a key driver of market sentiment.
- International markets have been strong after a long period of underperformance, returning ~2x (28%) vs. the broad U.S. market (15%).
- U.S. tax law and investment management rules continue to change. Some areas that are changing include retirement plan contributions, taxes on overtime and tips, charitable contributions, retail investor access to Alternative investments, and investment fee transparency. I will continue to post content highlighting changes that may impact you.
- U.S. markets have had turbulence but are posting strong YTD returns (see next item).

2025 year-to-date: the S&P500 index opened at 5903 on January 2nd, hit a 2025 low of 4983 on April 9th and closed on December 19th at 6835. Thus, despite a very rocky period from mid-February to mid-April, the market is up significantly (15.8%) 2025 year-to-date. Since April 9th, the S&P500 index is up 37.2%.

Interest Rates: the Federal Reserve has cut interest rates three times since September, bringing the target federal funds rate down to 3.5-3.75%. Such a rate reduction tends to adversely impact savers and benefit borrowers and equity investors. Some actions to consider:

1. Continue to look for the highest-yielding options for your cash, which will often be via Money-Market Mutual funds, high-yield savings accounts, and CDs. Do not let a lot of cash sit in low-yielding bank accounts. See <https://www.eustaceadvisors.com/blog/simple-way-make-your-savings-work-harder-you>.
2. If you invest in CDs: the spread on rates between 90 day term (3.9%) and 5 yr term (4.25%) is fairly narrow. As 2026 projections call for only one more Fed rate reduction, I recommend the use of CD ladders to balance liquidity with optimal rates. See: https://www.eustaceadvisors.com/files/eustace_advisors_research_paper_how_to_build_a_cd_ladder.pdf.
3. If you invest in bonds or bond funds, consider funds that include longer-duration options, which should offer better returns as interest rates decline. The 3 month U.S. Treasury is currently yielding 3.61% vs. the 30 yr yield of 4.82%.
4. If you have a mortgage, assess the potential benefits of refinancing. 30-yr. fixed rates are in the 6.10-6.25% range, down from a recent high of about 7.8% in late 2023.

Something to think about: "Only 5% of the people that go on gambling apps pull out more money than they put into the gambling app," Rick Wurster, Schwab CEO. This reinforces the difference between gambling and investing, and was stated as an indirect swipe at Robinhood, which has added sports event prediction wagers on their platform.

Past performance is not a guarantee of future results, and every investor's situation is unique. Thus, all investment and financial decisions must be made in the context of your unique circumstances, perspectives, and goals. The information contained in this newsletter is of a general nature and is for educational purposes only.