

QTR NOTES

QTR 4 - OCTOBER 2025



Index	09/30/25	YTD Return
Dow Jones	46,397.89	▲9.1%
S&P 500	6,688.46	▲13.7%
S&P Small Cap	1,449.29	▲2.9%
MSCI EAFE	2,767.03	▲22.3%
Bloomberg US Bond	2,323.29	▲6.1%
US Treasury 10-yr	4.15%	

ECONOMIC OUTLOOK

The 3rd quarter of the year saw stock markets around the world tick higher. Here are few quick statistics to tell the story of the past year. On average, tariffs are nearly 15% higher now than at the start of the year. Consumer spending and US GDP have risen 5%. Corporate profits are 11% higher, and in spectacular fashion, spending on AI development has grown by 40%.

Despite grinding through a lengthy list of troubles and battling difficult policy initiatives, the economy churns forward. Consumers keep living their lives, corporations keep looking for ways to maximize profits, and a spectacle of AI promises continue to push the limits of imagination.

With many aspects of the economy showing growth and tariffs reaching historic highs, it comes as either relief or surprise that inflation remains

under 3%. Inflation is still too high, but economists at the Federal Reserve see recent improvement as a sign that it will continue falling back to the long-term target of 2% after the immediate impact of tariffs subside.

We'll see what happens with inflation from here, and we can only cross our fingers the Fed's predictions prove accurate. While the Fed does have a mixed history of predictions, we hope that with inflation under control, the Federal Reserve can move on to address a more pressing concern: employment.

The unemployment rate bottomed out at 3.5% a few years ago and has been slowly rising, now up to 4.3%. The U.S. economy is creating fewer jobs than expected, raising concerns among policymakers. While factors like AI may play a role in this lag, the Federal Reserve is focused on stimulating growth. To support the labor market, the Fed has cut rates in

September and will likely follow with additional reductions in the months ahead.

While the Federal Reserve is actively focused on bolstering the economy, the rest of Washington is a bit more complicated to say the least. There is a mix of stimulus and contractionary policies at play in the capitol. Overall, fiscal policy continues to expand as government spending and the budget deficit both continue to grow.

The government has now entered a shutdown, highlighting how policy shifts can affect the pace of stimulus. Even so, the government's role in supporting and financing U.S. economic growth is unlikely to change. That foundation should remain in place in the years ahead, even as near-term challenges unfold. The year is moving fast- Hang in there!

QUALIFIED CHARITABLE DISTRIBUTIONS

For charitably inclined IRA owners, Qualified Charitable Distributions (QCDs) remain a highly tax-efficient way to give, and the limit has increased. In 2025, individuals can donate up to \$108,000 directly from their IRA to a qualified charity. To qualify, funds must be transferred directly from your IRA to the charity — you can't receive the distribution first and then donate it. However, a check made payable to the charity but mailed to you (and hand-delivered) still counts as a valid QCD.

Eligibility starts at age 70½, and QCDs can be made from your Traditional IRA, but Employer Plans such as 401(k)'s are not eligible. If you're over age 73, these gifts can also count towards your required minimum distribution, reducing both your taxable and gross income.

THE LATEST AT FIRESTONE

Introducing Our New Logo: Rooted in Strength, Growing Toward the Future

We're proud to unveil the new logo and look for Firestone Capital, a symbol of our enduring commitment to the financial well-being of our clients. The tree remains the center point – representing life, stability, strength, and growth. Our goal was to give the brand a fresh, modern look while keeping it familiar, honoring where we came from while continuing to deliver the same experience our clients have come to expect from Firestone.

Over the next quarter and starting with this newsletter, you'll begin to see this refreshed look across our materials and platforms – an outward reflection of the strength and care we bring to every relationship. For those of you who have not yet checked it out, this is a reminder that we have a new client portal available to view your accounts and receive statements. If you are interested in learning more, please give us a call or send us an email.

CATCH-UP CONTRIBUTIONS

The new year will bring important changes to retirement plan catch-up contributions for high-income earners. Starting January 1, 2026, anyone age 50 or older who earned more than \$145,000 in the prior year *must* make their catch-up contributions as Roth contributions. This rule applies across most major retirement plans, including 401(k), 403(b), and government 457(b) plans.

This means catch-up contributions will no longer be tax-deductible (pre-tax). Instead, they will be Roth contributions—taxable in the year made—but the funds will continue to grow tax-free, and qualified withdrawals in retirement will not be taxed.

While some employees may be disappointed to lose the immediate tax deduction, making Roth contributions later in a career can still be highly beneficial. Advantages include tax-free growth, favorable inherited distribution rules, and tax-free income for beneficiaries.

One important caveat is that your retirement plan must allow Roth contributions. Most retirement plans now have a Roth option, but some smaller or older plans may not yet include it. If your plan doesn't currently offer this feature, you should contact your plan provider. Many providers are already working to update their plans before the 2026 deadline.

Another provision, the "super catch-up" contribution, took effect in 2025. Workers ages 60, 61, 62, and 63 will be able to contribute an additional \$11,250 on top of the 401(k) maximum of \$23,500.

So in 2025, your total retirement plan contribution could be \$34,750 if you fall into that specific age range providing you an even larger catch-up contribution of \$11,250 instead of the \$7,500 available to those 50 years and older.

YEAR-END REMINDERS

- **October 15:** Tax Extension Deadline. If you filed an extension on your 2024 tax return, this is the final deadline to submit, and it is also the last day to contribute to your SEP IRA for the 2024 tax year.
- **October 15 - December 7:** Medicare Open Enrollment. This is the window to review current coverage, compare plans, and make changes for the upcoming year. Insurance agents specializing in medicare supplemental plans can help compare options. Let us know if you need a referral.
- **December 2:** Last Day for In-Kind donations to Donor Advised Funds.
- **December 31:** Employer Retirement Contribution Deadline for your 401(k), 403(b), 457(b) plans.
- **December 31:** Final Day to Establish a Solo 401(k) for any self-employed individual.
- **December 31:** RMD Deadline. If you are 73 or older, your required minimum distribution must be taken by the end of the year.
- **December 31:** Annual Gifting Deadline. To count for the 2025 tax year, annual gifts must be completed by December 31st. The exclusion limit is \$19,000 per individual.



7301 S.W. 57th Court, Suite 450, South Miami, FL 33143
305.669.2119

[FIRESTONECAPITAL.COM](https://www.firestonecapital.com)