Select Portfolio Management, Inc.
Select Money Management, Inc.
REGISTERED INVESTMENT ADVISORS

Managing, Building, and Preserving Your Wealth

Select Portfolio Management, Inc.
Select Money Management, Inc.
120 Vantis Drive
Suite 440
Aliso Viejo, CA 92656
949-975-7900
800-445-9822
info@selectportfolio.com
www.selectportfolio.com

SELECT

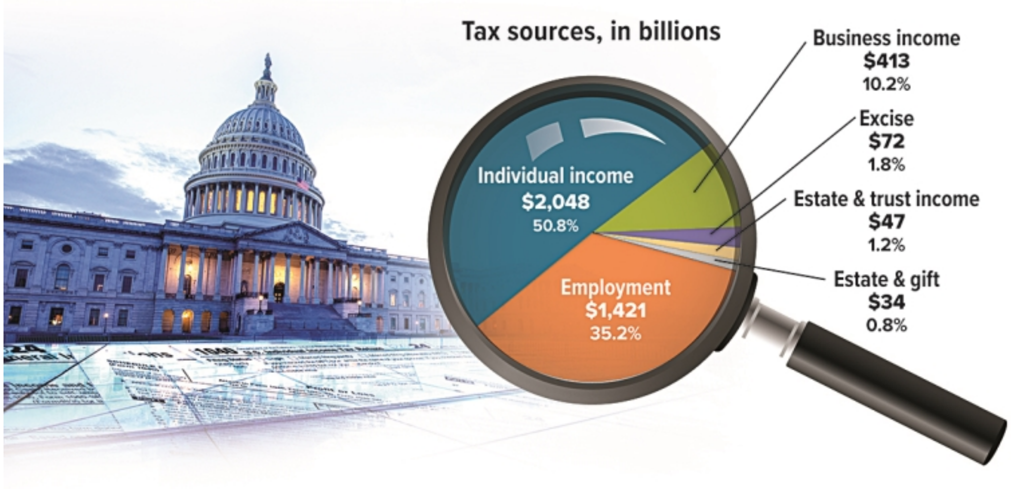
During times of market turbulence, it's crucial to maintain a long-term perspective and stick to your investment plan and focus on long-term investment goals by maintaining a diversified portfolio and sticking to a well-defined investment plan. Short-term market movements should not deter your overall investment goals.

One of the biggest risks an investor takes, in our view, is selling after the market has fallen. This runs the risk of mistaking a correction for a bear market and missing the rebound that follows and the returns that would compound on those initial gains over time.

Historically, despite periods of uncertainty, markets have consistently climbed back to reach new all-time highs. Fear-driven decisions may offer temporary relief, but patience and a disciplined approach offer lasting rewards. Investors who remain steadfast through downturns not only benefit from eventual recoveries but also position themselves optimally for future growth.

Funding the Federal Government

The IRS collected a little more than $4 trillion in net taxes (after refunds) in fiscal year 2023. About half was individual income taxes, and around 35% was employment (payroll) taxes, including Social Security, Medicare, unemployment insurance, and railroad retirement. Business income taxes made up a little over 10% of the total, with relatively small contributions from excise, estate and trust income, and estate and gift taxes.



Source: Internal Revenue Service, April 2024

Three Market-Moving Economic Indicators to Watch

Among all of the economic indicators released each month, three reports in particular can move the market: the Employment Situation, gross domestic product, and Personal Income and Outlays.

The Employment Situation

Each month, the Bureau of Labor Statistics (BLS) publishes the Employment Situation Summary report based on information from the prior month. The data for the report is derived primarily from two sources: (1) a survey of approximately 60,000 households, or about 110,000 individuals (household survey), and (2) an establishment survey of over 650,000 worksites. The information contained in each report includes the total number of employed and unemployed people, the unemployment rate, the number of people working full time or part time, average hourly and weekly earnings, and average hours worked per week.

According to the BLS, when workers are unemployed, they, their families, and the country as a whole can be negatively impacted. Workers and their families lose wages, and the country loses the goods or services that could have been produced. In addition, the purchasing power of these workers is lost, which can lead to unemployment for even more workers.

Investors pay particular attention to the information provided in this report. For instance, a rising unemployment rate may indicate a slowing economy. In this scenario, stock values may decline with falling corporate profits, while bond prices may rise as yields fall in response to lower interest rates. Slower wage growth may also be a sign of lower inflation and interest rates, and reduced economic productivity.

Gross domestic product

Gross domestic product (GDP) measures the value of goods and services produced by a nation's economy less the value of goods and services used in production. GDP offers a broad measure of the nation's overall economic activity in the U.S. and serves as a gauge of the country's economic health. GDP contains a vast amount of economic information, including gross domestic income (the net of incomes earned and costs incurred in the production of GDP); gross output (the value of the goods and services produced by the nation's economy); gross domestic purchase price index (measures the value of goods and services bought by U.S. residents); personal consumption expenditures (PCE) price index (costs of consumer goods and services); and profits from current production (corporate profits).

GDP can offer valuable information to investors, including whether the economy is expanding or contracting, trends in consumer spending, the status of residential and business investing, and whether prices for goods and services are rising or falling. A strong economy is usually good for corporations and their profits, which may boost stock prices. Increasing prices for goods and services may indicate advancing inflation, which can impact bond prices and yields. In short, GDP provides a snapshot of the strength of the economy over a month and a year and can play a role when making financial decisions.

Other Important Economic Indicators

- **Unemployment Insurance Weekly Claims report** — provides data on new claims filed, total claims paid, and the unemployment rate

- **Consumer Price Index** — measures changes in the average price of goods and services purchased by consumers

- **Federal Reserve's monthly industrial production index** — measures monthly and annual changes in output in manufacturing, mining, and utilities

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Personal Income and Outlays

The Personal Income and Outlays report measures household income, expenditures, and savings. It also includes data on consumer prices for goods and services. In particular, this report includes data on personal income, disposable (after-tax) personal income, personal consumption expenditures, personal savings, and prices for consumer goods and services as measured by the PCE price index.

In general, consumer spending, which accounts for more than two-thirds of the economy, usually influences market performance. Knowing what consumers are buying (i.e., durable goods, nondurable goods, or services) may offer insight into how various market sectors might perform. Changes in income and spending can have a direct impact on the market. Greater spending usually enhances corporate profits and stock values and vice versa. While the Consumer Price Index may be the more recognized measure of inflation, the PCE price index is the Federal Reserve's preferred measure of inflationary (or deflationary) trends. The rate of inflation and interest rates often move in the same direction because interest rates are the primary tool used by central banks (including the Federal Reserve) to manage inflation. Rising inflation usually prompts the Fed to increase interest rates, while falling inflation (and slowing economic growth) might lead to a decrease in interest rates to promote borrowing and stimulate the economy.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Key Retirement and Tax Numbers for 2025

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are a few of the key adjustments for 2025.

Estate, gift, and generation-skipping transfer tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2025 is $19,000, up from $18,000 in 2024.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2025 is $13,990,000, up from $13,610,000 in 2024.

Standard deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2025, the standard deduction is:

- $15,000 (up from $14,600 in 2024) for single filers or married individuals filing separate returns
- $30,000 (up from $29,200 in 2024) for married joint filers
- $22,500 (up from $21,900 in 2024) for heads of households

The additional standard deduction amount for the blind and those age 65 or older in 2025 is:

- $2,000 (up from $1,950 in 2024) for single filers and heads of households
- $1,600 (up from $1,550 in 2024) for all other filing statuses

Special rules apply for an individual who can be claimed as a dependent by another taxpayer.

IRAs

The combined annual limit on contributions to traditional and Roth IRAs is $7,000 in 2025 (the same as in 2024), with individuals age 50 or older able to contribute an additional $1,000. The limit on contributions to a Roth IRA phases out for certain modified adjusted gross income (MAGI) ranges *(see table).* For individuals who are active participants in an employer-sponsored retirement plan, the deduction for contributions to a traditional IRA also phases out for certain MAGI ranges *(see table).* The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

MAGI Ranges: Contributions to a Roth IRA

	2024	2025
Single/Head of household	$146,000–$161,000	$150,000–$165,000
Married filing jointly	$230,000–$240,000	$236,000–$246,000
Married filing separately	$0–$10,000	$0–$10,000

MAGI Ranges: Deductible Contributions to a Traditional IRA

	2024	2025
Single/Head of household	$77,000–$87,000	$79,000–$89,000
Married filing jointly	$123,000–$143,000	$126,000–$146,000

Note: The 2025 phaseout range is $236,000–$246,000 (up from $230,000–$240,000 in 2024) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered. The phaseout range is $0–$10,000 when the individual is married filing separately and either spouse is covered by a workplace plan.

Employer-sponsored retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to $23,500 in compensation in 2025 (up from $23,000 in 2024); employees age 50 or older can defer up to an additional $7,500 in 2025 (the same as in 2024), increased to $11,250 in 2025 for ages 60 to 63.
- Employees participating in a SIMPLE retirement plan can defer up to $16,500 in 2025 (up from $16,000 in 2024), and employees age 50 or older can defer up to an additional $3,500 in 2025 (the same as in 2024), increased to $5,250 in 2025 for ages 60 to 63.

Kiddie tax: child's unearned income

Under the kiddie tax, a child's unearned income above $2,700 in 2025 (up from $2,600 in 2024) is taxed using the parents' tax rates.

Get Ready for Tax Time

According to one survey, 42% of Americans would rather go to the dentist than file their taxes.[1] Tax season might not be your favorite time of the year, but a little preparation can help make the tax filing process as smooth and painless as possible.

Review last year's tax return. Not everything will stay the same, but checking last year's return can reveal information you might need this year. If you use an accountant or professional tax preparer, you may receive a checklist or questionnaire to help you get organized.

Think about recent life events. During 2024, did you tie (or untie) the knot, grow your family, buy or sell a home, start a job, send a child to college, retire, receive an inheritance, or have high health-care costs? These are just some of the common events that might affect your tax return, including the filing status you choose, the amount of income or expenses you have, or tax deductions and credits you might be entitled to.

April 15, 2025, is the tax filing deadline for most taxpayers.

Gather supporting documents. You'll automatically receive some tax documents and statements electronically or by mail in January or February. You may need to locate others yourself.

Depending on your situation and whether you itemize deductions or take the standard deduction, supporting documents may include:

- W-2 forms showing wages from your employers
- 1099 forms that report other types of income you received, including interest from banks and brokers, dividends and distributions, retirement plan or health savings account (HSA) distributions, Social Security benefits, and self-employment income
- 1098 forms for mortgage interest, property taxes, or education-related payments
- Receipts or statements for child-care or medical costs
- Receipts for donations to charity

Collect supporting documents in one place, and make a list of information you're missing so that you can check it off the list once you have it.

Consider making IRA or HSA contributions. If you're eligible, you can contribute to a traditional IRA (deductible or not), Roth IRA, or an HSA for 2024 up until the tax filing deadline, as long as you haven't already reached the contribution limit for the year.

1) Chamber of Commerce, 2024