



Wealth Care LLC December 2025 Commentary

Catching Up!

As the year closes, we want to again thank you so much for your trust, confidence, and support in working with Wealth Care LLC. At the close of 22 years in business, we are the largest we have ever been, with the greatest families to work with! We have sought to only make changes when it is in our client's interest. We have never raised fees on any existing client in 22 years, we continue to work nights and weekends when needed and continue to always give you direct access to our cell phones (with no admin staff).

We learned that most people do not want regularly scheduled appointments, and we are always flexible on how often you want to talk with us. There is no minimum or maximum and no question is too small or inappropriate. If we can't answer something, we will either find the solution or someone else that can do so. If you feel we are missing some important information on your financial (or other) lives, please catch up with us!

Change in SALT deductions

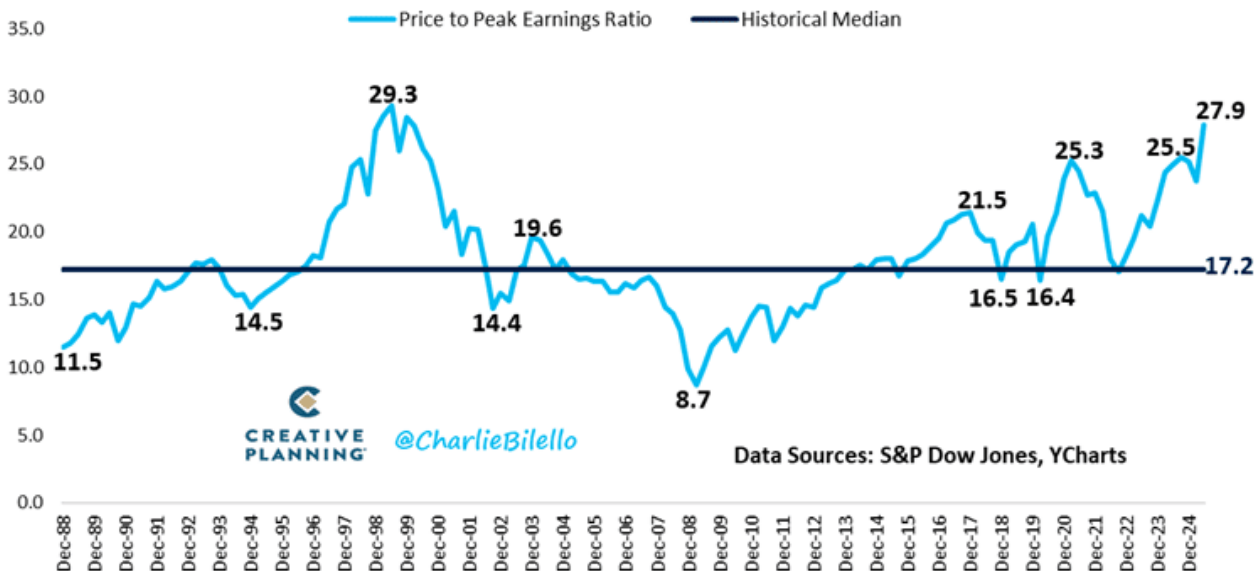
The previous \$10,000 limit on State and Local Tax (SALT) deductions, including property taxes, has been increased to \$40,000 (as long as your income is below \$500,000). To take advantage of this deduction, your total itemized Schedule A deductions (the SALT amount above plus charitable donations and mortgage interest), must exceed the standard deduction of about \$16,000 for individuals or \$32,000 for married couples. If you live in a state with income tax and pay significant property taxes, you should review this opportunity with your tax preparer.

The US Stock Market is Expensive



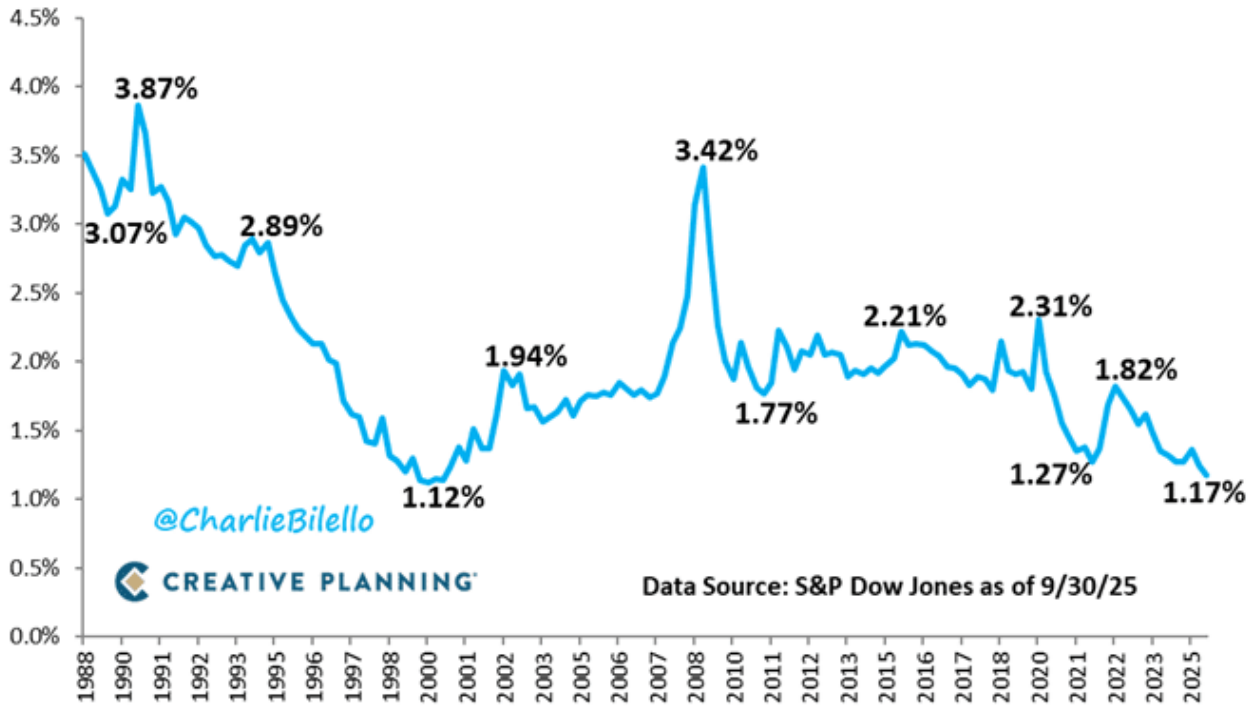
Although it is not useful for short term investment planning, understanding the relative valuation of the US stock market is somewhat predictive of intermediate future returns. The two charts below illustrate that the largest US stock index is priced “high.” It is approaching the peak Price/Earnings ratio hit in 1999 as well as the lowest dividend yield (dividends divided by price). Just noting this.

S&P 500 Price to Peak Earnings Ratio (Price / Peak TTM Operating EPS) Quarterly, Q4 1988 - Q2 2025





S&P 500 Dividend Yield (TTM Dividends, Quarterly: Q4 1988 - Q3 2025)

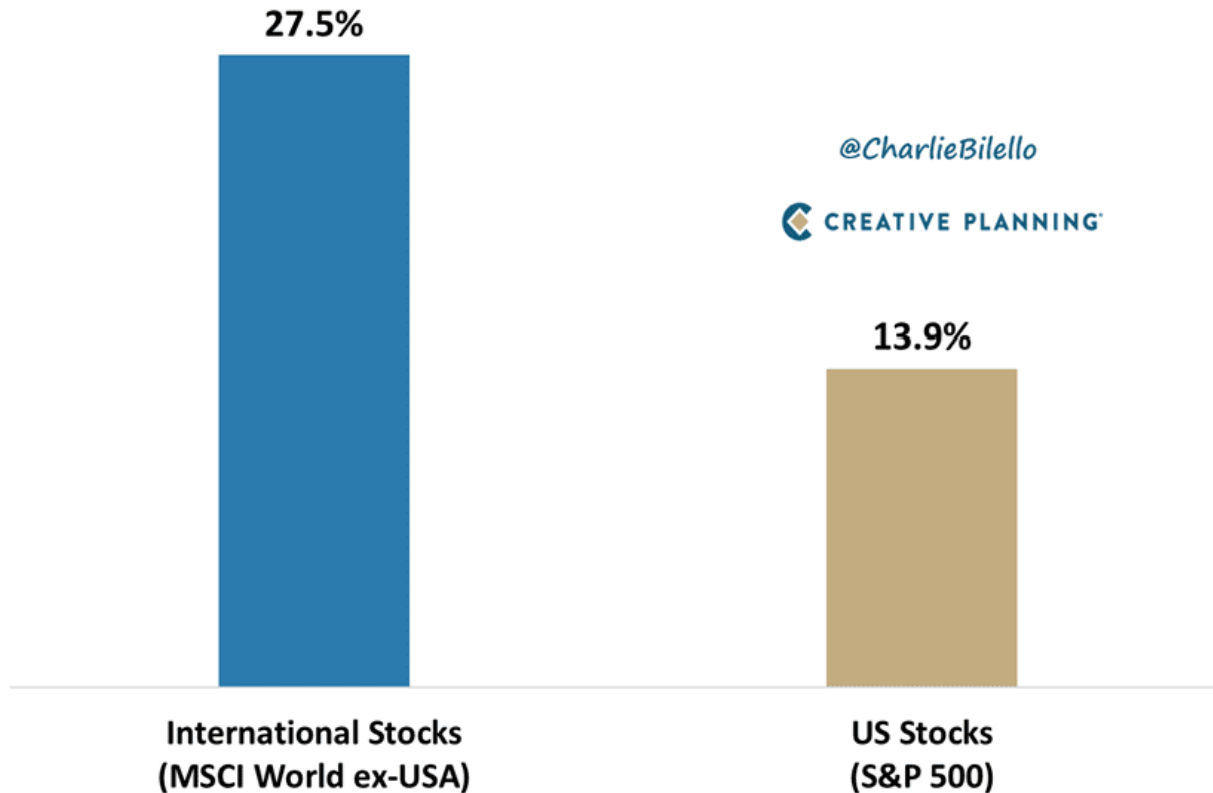


Did You Know That Our International Funds Are Doing So Well??



2025 Total Returns (%)

(Data via YCharts of 10/16/25)



Financial Planning-Two Things

In 2025, the "super catch-up" provision of the [SECURE 2.0 Act](#) allows individuals aged 60 to 63 to contribute significantly more to their 401(k) plans, specifically up to the greater of \$10,000 or 150% of the standard catch-up limit, if their plan allows. For those age 50 and older, the standard catch-up contribution is \$7,500. Therefore, for those aged 60-63, the "super catch-up" limit is \$11,250 (150% of \$7,500). This is in addition to the standard 401(k) contribution limit of \$23,500 for 2025. Not every plan has to adopt this, so watch for information from your workplace 401k sponsor/administrator.



We will notify those of you with self employed 401k plans about this each year end (as contributions can occur as late as your tax filing date in 2026 for 2025, etc.).

Also note that catch up contributions for 2026 and future years will be required to be “after tax” and not deductible for individuals who make more than \$145,000 in earned income in the prior year. Those of you with higher incomes may or may not want to do the catchup-a personal decision.

Retirement Plan Changes

IRA Contribution Limits (Traditional and Roth)

- "Regular" Contribution limit: \$7,500
 - (Increase of \$500)
- Catch-up contribution (age 50+) limit: \$1,100

Defined Contribution Plans

- Elective deferrals limit: \$24,500
 - (Increase of \$1,000)
- Annual additions limit ("overall limit"): \$72,000
 - (Increase of \$2,000)
- "Regular" catch-up contributions limit: (age 50+) \$8,000
 - (Increase of \$500)
- “Extra-Mega-Special-Bonus” catch-up contributions limit (ages 60-63): \$11,250
- Income threshold for mandatory Roth catch-up (measured using prior-year (2025) FICA wages): \$150,000

Defined Benefit Plans

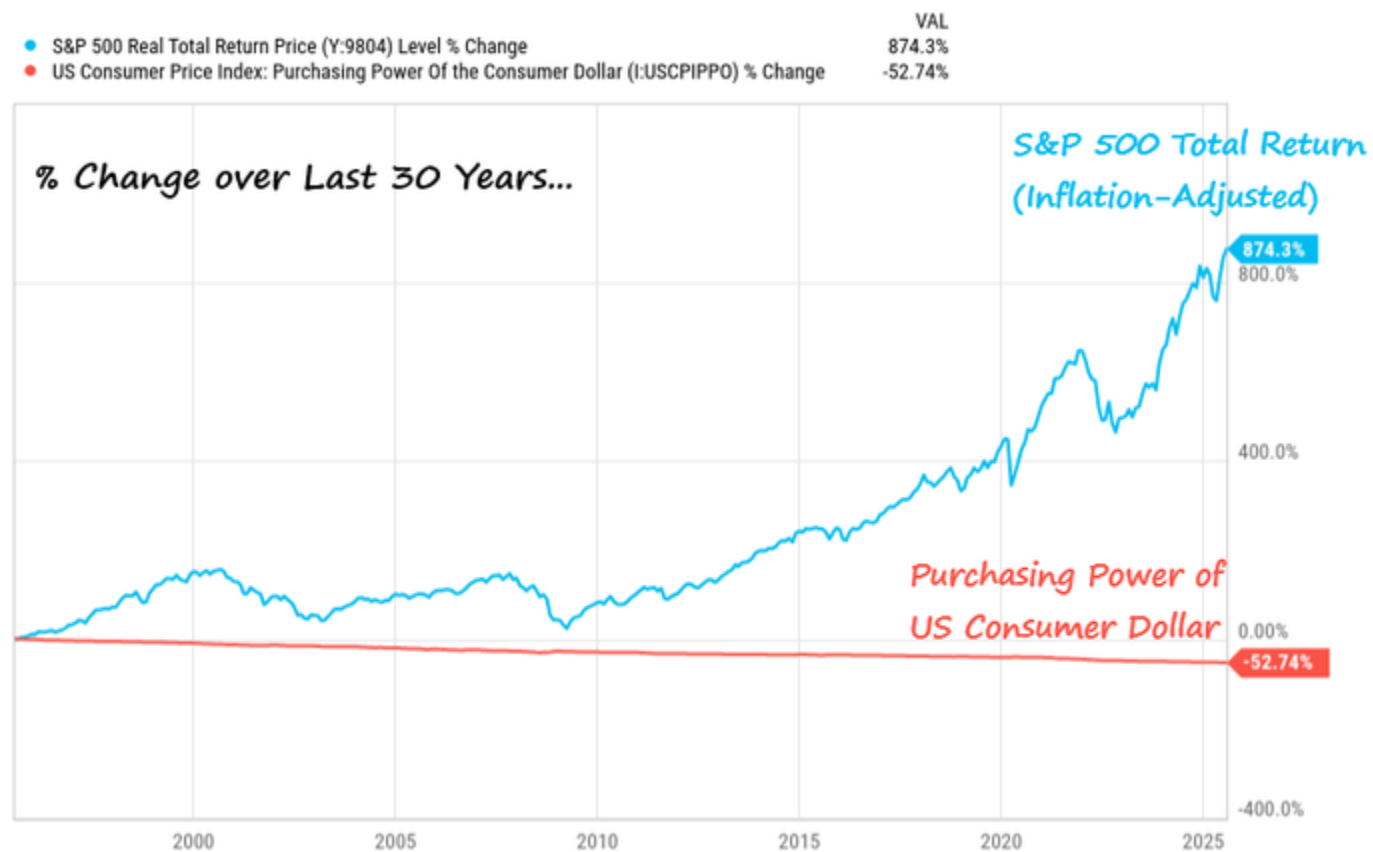
- Annual benefit limit: \$290,000
 - (Increase of \$10,000)



Active Vs. Passive Mutual Funds/ETFs

Only 22% of active funds have beaten the market YTD, the worst performance in at least 26 years. As Jack Bogle once said: "Don't look for the needle in the haystack. Just buy the haystack."

A Reminder of Why We Invest



Miscellaneous



For decades, neuro-engineers have dreamed of helping people who have been cut off from the world of language. A disease like amyotrophic lateral sclerosis, or A.L.S., weakens the muscles in the airway. A stroke can kill neurons that normally relay commands for speaking. Perhaps, by implanting electrodes, scientists could instead record the brain's electric activity and translate that into spoken words. Now a team of researchers has made an important advance toward that goal. Previously they succeeded in decoding the signals produced when people tried to speak. In [the new study](#), published yesterday in the journal Cell, [their computer often made correct guesses when the subjects simply imagined saying words](#). Christian Herff, a neuroscientist at Maastricht University in the Netherlands who was not involved in the research, said the result went beyond the merely technological and shed light on the mystery of language. "It's a fantastic advance," Dr. Herff said. (Sources: [cell.com](#), [nytimes.com](#), *italics mine.*)



FEDERAL INCOME TAXES AND ADJUSTED GROSS INCOME EARNED IN 2021



Random Notes

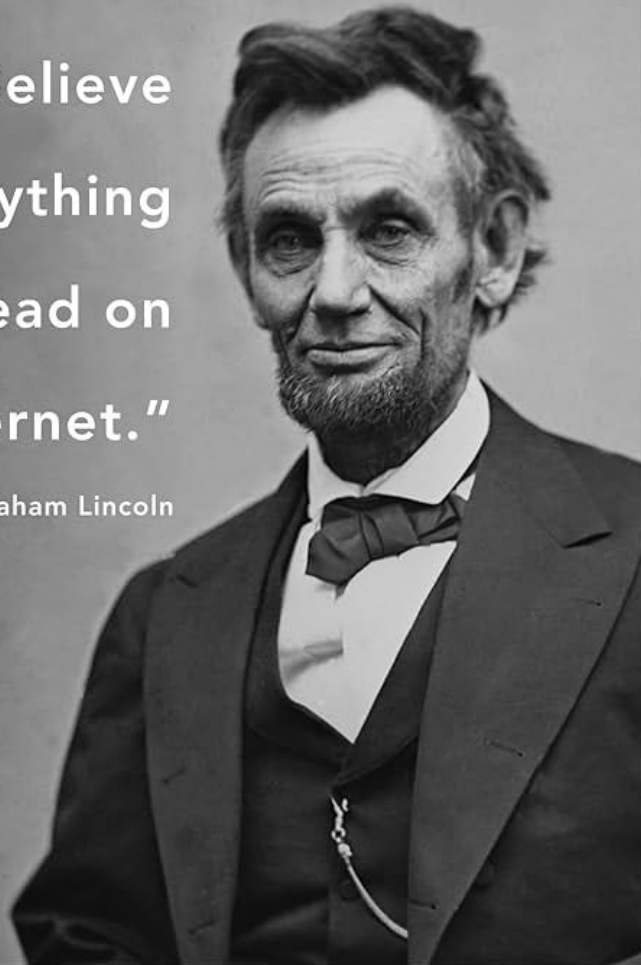
Everything that ends up working in finance stems from patience and self-control. Everything that doesn't work stems from instant gratification and FOMO.-Morgan Housel

"No one has ever died on a raft trying to leave a capitalist country to get to a socialist country."



"Don't Believe
Everything
You Read on
the Internet."

- Abraham Lincoln



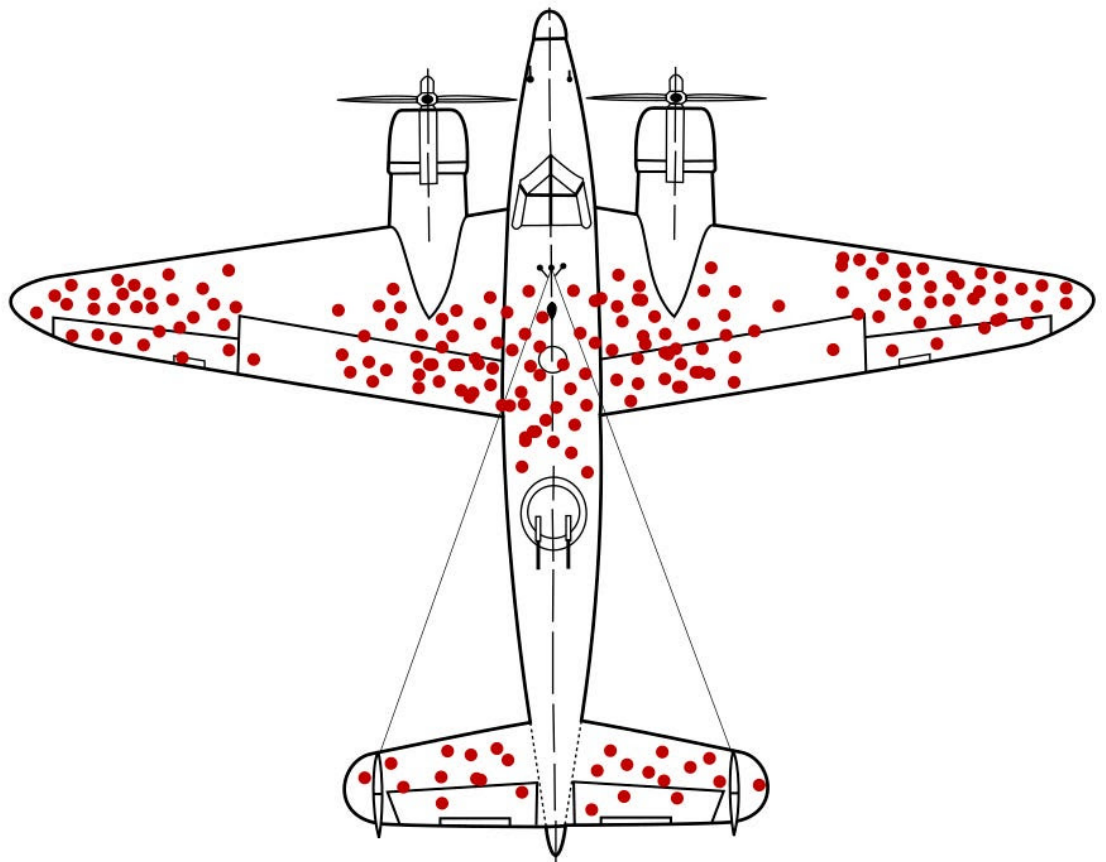
The Case of the Missing Bullet Holes

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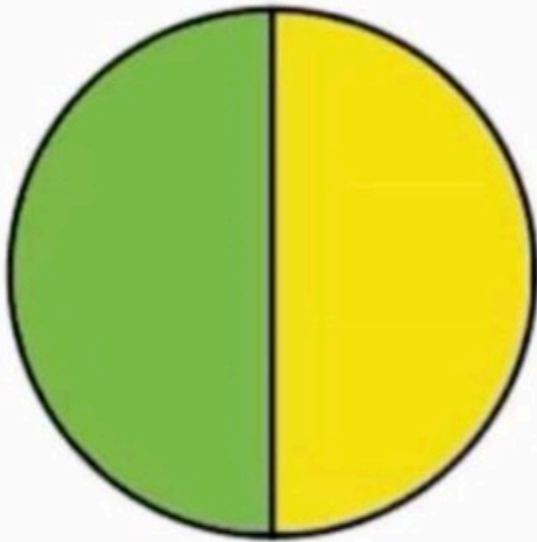
- Let's kick things off with my all-time favorite example of *survivorship bias*. During World War II, the US military wanted to add extra armor to its bombers based on data showing where returning planes were hit most often. People usually assume that the best bet would be to reinforce those areas. But a statistician named Abraham Wald had a better idea: Reinforce the areas where the planes *weren't* hit. Wald realized that the bullet holes on returning aircraft showed where a plane could take damage and still survive. The unscathed areas, in contrast, were those where, if hit, the planes never made it home. [[Link.](#)]



This hypothetical pattern of damage of surviving aircraft shows locations where they can sustain damage and still return home. If the aircraft was reinforced in the indicated areas, this would be a result of survivorship bias because crucial data from fatally damaged planes was being ignored; those hit in other places did not survive. Source: [Wikipedia](#).



Where did I put it?



☐ I put it down carelessly
(I forgot where)

☐ I set it in a special
place
(I forgot where)



We DO NOT throw perfectly good food away in this house. We put leftovers in a Tupperware & let it go bad, THEN throw it out.



The Wealth Care LLC Team December 1, 2025