



SAVE THE DATE!

Client Appreciation Riverboat Cruise

Our client appreciation riverboat cruise is back again this year! Enjoy lunch, beverages, live music and beautiful scenery as we cruise along the St. Croix. Keep an eye out for an invitation to reserve your spot!



September 18, 2025



11:00am - 1:30pm



Stillwater, MN

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July 2025

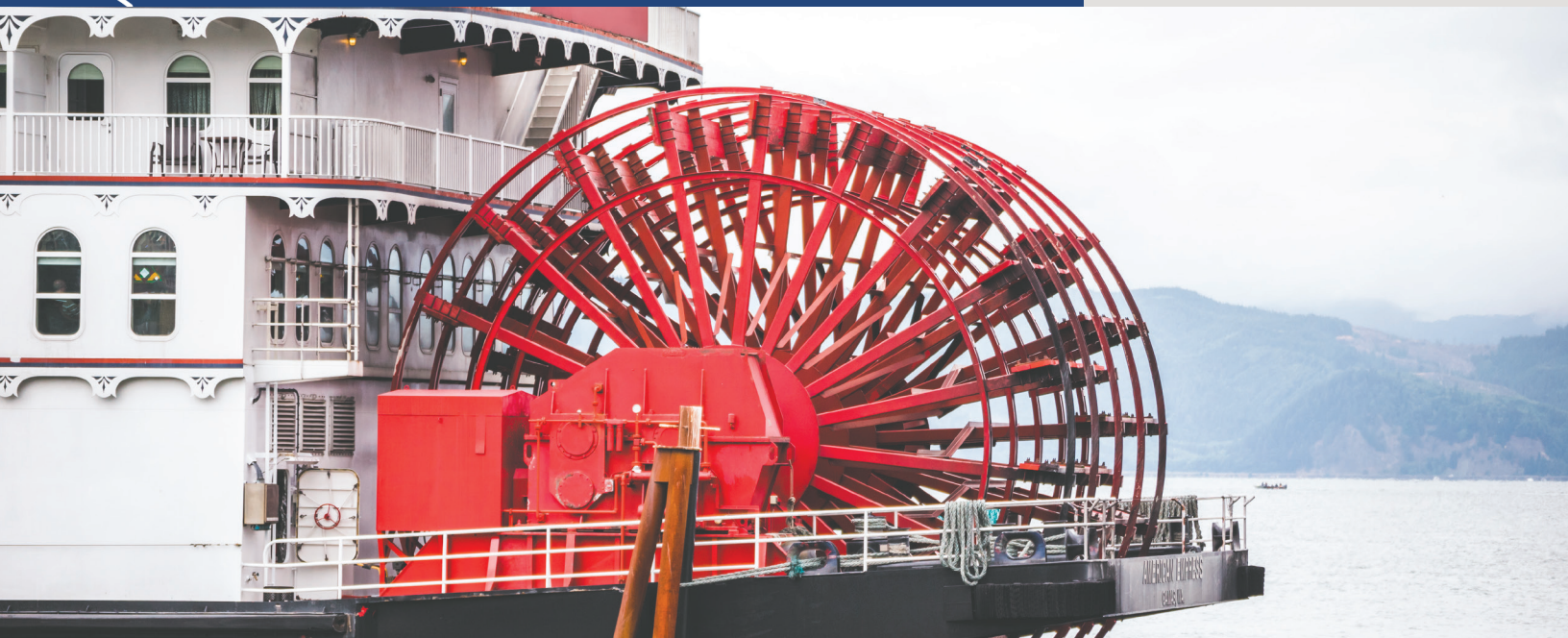
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ONE BIG BEAUTIFUL BILL ACT SIGNED INTO LAW

On Friday, July 4th, President Trump signed the “One Big Beautiful Bill Act” into law. The bill contains many provisions that focus on the administration’s key tax priorities, including extending many of the provisions enacted by the 2017 Tax Cuts and Jobs Act that were set to expire at the end of the year. While we are waiting for additional guidance regarding many of the provisions in the bill, below are some of the key changes that may impact you.

- Makes the current, lower income tax brackets permanent.
- Makes the current, higher standard deduction permanent.
- Increases the child tax credit from \$2,000 to \$2,200 per child.
- Created a bonus deduction of \$6,000 per individual for people age 65 or older with income phase outs for tax years 2025 through 2028.
- The SALT Cap on Federal deductions for state and local taxes is increased from \$10,000 to \$40,000 for tax years 2025 through 2029. This limit is phased-down for high income earners with modified adjusted gross income above \$500,000.
- Temporary tax relief for tips and overtime pay from 2025 through 2028.
- Expanded the types of educational expenses that qualify as eligible expenses for 529 accounts.

We will continue to review and monitor the impact that the bill will have on your financial plans. We have already begun to factor these changes into our tax planning for 2025 and will communicate with you as needed regarding any impact these changes may have on your income tax plan.



MAKING SENSE OF HSAS AND FSAS

With family health insurance premiums rising 297% since 2000, averaging over \$25,000 annually, some employees feel the squeeze. Also, deductibles have jumped nearly 50 percent over the last decade, further increasing out-of-pocket expenses. In this environment, understanding and using Health Savings Accounts (HSAs) and Flexible Spending Accounts (FSAs) can help families take more control of their healthcare finances.

What Are HSAs and FSAs?

HSAs and FSAs are special accounts designed to help manage medical expenses.

If you have an HSA, you must also be enrolled in a high-deductible health plan (HDHP). You contribute to the account, and your employer can also choose to contribute. Funds roll over from year to year.

FSAs are usually employer-sponsored accounts. You contribute pretax dollars through payroll deductions. However, the funds must typically be used within the plan year unless your employer offers a grace period or limited rollover.

Both accounts allow you to use pretax dollars to pay for qualified medical expenses, such as copays, prescriptions, or over-the-counter medications. The one that may be best for you can depend on many factors.

Key Differences between HSAs and FSAs

Feature	HSA	FSA
Who owns the account?	You	Your employer
Contributions	You & your employer	You (via paycheck deductions)
Funds roll over?	Yes	Sometimes (depends on employer rules)
Investment Options	Yes	No
Portability (Can you take it with you?)	Yes	No

Contribution Limits:

For 2025, the IRS allows individuals to contribute up to \$4,300 and families up to \$8,550 to an HSA. People over 55 can contribute an extra \$1,000 annually. The FSA has a contribution limit of \$3,300 (\$6,600 for households).

Why These Accounts Matter More Than Ever

Rising premiums and deductibles mean Americans are shouldering more health care costs than ever. Since 2000, workers’ out-of-pocket costs for health insurance have nearly quadrupled. Today, it takes over five weeks of full-time work to pay the employee share of premiums, and this is before a single doctor’s visit. Moreover, deductibles for families can exceed \$3,700.

Employers are also increasingly shifting healthcare costs to workers through narrower provider networks, more prior authorizations, and tiered drug pricing systems. That’s where HSAs and FSAs come in. By allowing workers to set aside pretax money, these accounts help manage healthcare costs and create a strategy for expected and unexpected expenses.

Remember that if you spend your HSA funds for non-qualified expenses before age 65, you may be required to pay ordinary income tax and a 20 percent penalty. After age 65, non-qualified expenses are taxed as ordinary income taxes on HSA funds, and no penalty applies. HSA contributions are exempt from federal income tax but not from state taxes in certain states.

Other HSA/FSA Tips

- Use online calculators to see what might work for you.
- Prepare for known medical expenses to use funds strategically.
- Monitor your balances online and review your list of eligible expenses.
- If you have an HSA, see if there is an investment option associated with the account.

Remember: during any qualifying life event, like marriage, a new child, or a job change, review your options because these events may allow you to enroll in or adjust your benefits outside Open Enrollment.

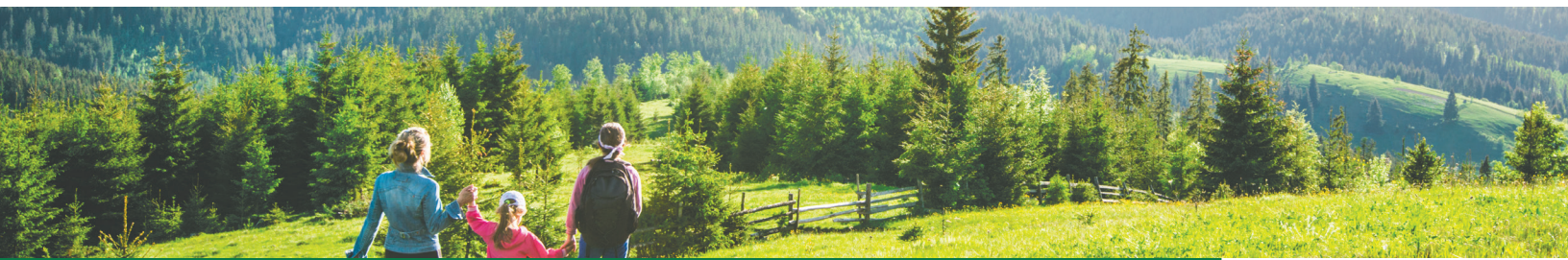


Real-Life Scenarios Where HSAs and FSAs Help

- **Having a Baby:** New parents can face an increase in health-related costs, ranging from prenatal care and delivery to postnatal checkups and baby essentials. An FSA can help cover many of these expenses with pretax funds, whereas an HSA can carry over unused funds for future pediatric visits.
- **Job Change:** Moving to a high-deductible plan may make you eligible for and your HSA funds remain yours even if you switch employers or retire, making it a flexible long-term tool.
- **Chronic Illness Diagnosis:** Copays, prescriptions, and specialist visits add up quickly. An HSA or FSA can help.
- **Caring for Aging Parents:** From prescriptions to home health aides, caregiving costs can be significant. FSAs can help cover some expenses, and for those with HDHPs, an HSA provides a long-term strategy for health-related caregiving costs.

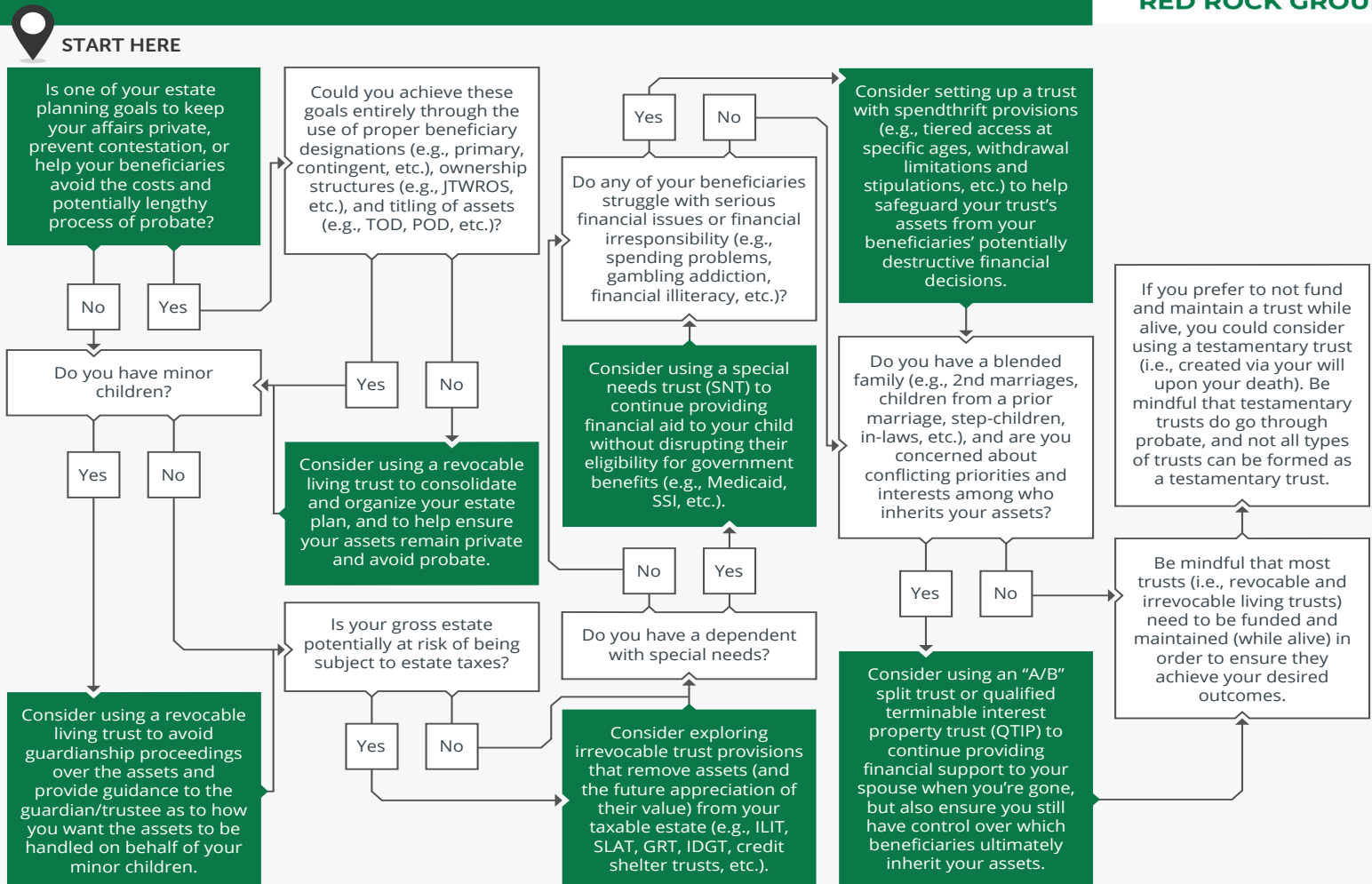
Final Thoughts

Understanding how HSAs and FSAs work and using them effectively can make a meaningful difference during life's most important transitions. If you haven't explored these options, now may be the time to start.



2025 · SHOULD I CONSIDER A TRUST?

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ENHANCED CATCH-UP CONTRIBUTION

Earlier this year, we provided information in our newsletter about the new enhanced catch-up contribution opportunity available to individuals ages 60–63 for 2025. You may be eligible to take advantage of this increased contribution limit for qualified retirement plans. The enhanced contribution is significantly higher than the standard catch-up contribution available to those age 50 or older and is designed to help individuals maximize their retirement savings during their peak earning years.

ELIGIBILITY REQUIREMENTS

To qualify for the enhanced catch-up contribution, you must meet all of the following criteria:

- **Age requirement:** You must be 60, 61, 62, or 63 years old on December 31, 2025
- **Plan eligibility:** You must be eligible to contribute to a qualified retirement plan (401(k), 403(b), or 457 plan)
- **Income requirement:** You must have earned income (i.e. typically W-2 and self-employment wages)
- **Plan participation:** Your employer must offer the enhanced catch-up contribution feature

2025 CONTRIBUTION LIMITS

- **Standard contribution limit:** \$23,500
- **Enhanced catch-up contribution (ages 60–63):** Additional \$11,250 (Increased from the standard \$7,500 catch-up)
- **Total maximum contribution:** \$34,750

NEXT STEPS

If you are eligible and wish to maximize your 2025 retirement contributions, you will likely need to increase your current salary deferral percentage to take full advantage of the higher contribution limit before year-end. Work with your employer's HR or Benefits department to make this change.

We encourage you to review your current contribution rate and consider increasing it if you haven't already done so. Please contact us if you need assistance determining your eligibility or calculating optimal contribution amounts.



A THOUGHTFUL GIFT FOR A FRIEND

In today's world, financial questions are everywhere, but clear answers can be hard to find. That's why we're offering something simple but powerful: a 20-Minute Ask Anything Session for the people who matter most to you.

WHAT IS A 20-MINUTE ASK ANYTHING SESSION?

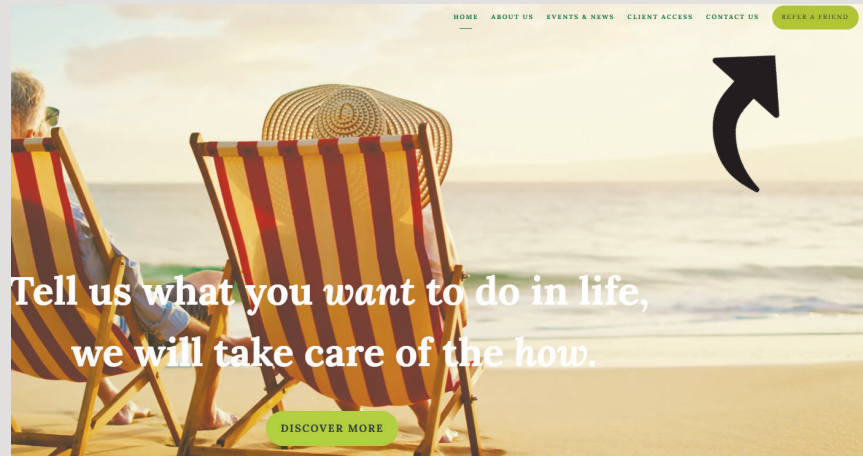
This is a free opportunity to schedule a brief phone call with us and ask us their top financial questions. We will try to cover as much ground in the 20 minute meeting, so they can walk away with clarity and perspective.

HOW SHOULD I REFER A FRIEND?

Simply go to our website and click on "Refer a Friend" in the top right corner. Fill out their contact information and we will follow up to schedule their complimentary 20-Minute Ask Anything Session.

Make sure to add our website to your favorites!

redrockgroup-focusfinancial.com



RETIREMENT OF THE PENNY

No more passing them by when you see one on the sidewalk. Forget about wasting a couple by putting them in your loafers. And don't even consider throwing them into a wishing well. The penny is going away in 2026. So you might want to check if you have any valuable coins tucked away.

5 Most Valuable Pennies in Circulation

These pennies might be worth a second look!

A penny for your thoughts?

Type of Penny:	It might be worth as much as:
1943-D Lincoln Bronze Wheat Penny	\$2.3 million
1944-S Steel Wheat Penny	\$1.1 million
1793 Strawberry Leaf Cent	\$862,500
1943-S Lincoln Cent Struck on Bronze	\$282,000
1909 VDB Matte Proof Lincoln Penny	\$258,000

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