

# One Big Beautiful Bill Review & Second Quarter 2025 Market Recap Webinar



# One Big Beautiful Bill Review

# Current Tax Rates Extended Permanently

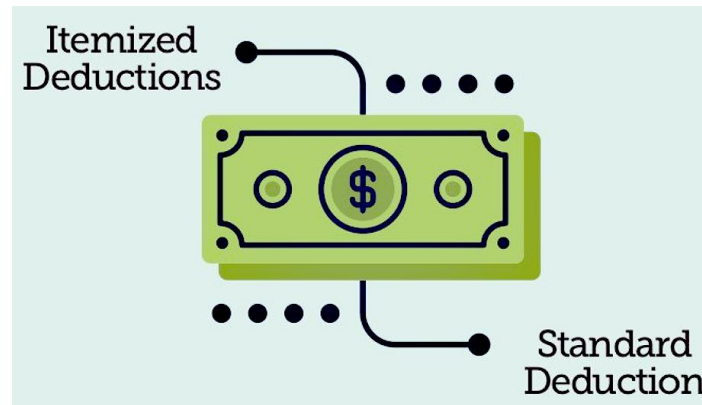
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Tax brackets 2025		
Rate	Single Filers	Married Filing Jointly
10%	\$0 - \$11,925	\$0 - \$23,850
12%	\$11,926 to \$48,475	\$23,851 to \$96,950
22%	\$48,476 to \$103,350	\$96,951 to \$206,700
24%	\$103,351 to \$197,300	\$206,701 to \$394,600
32%	\$197,301 to \$250,525	\$394,601 to \$501,050
35%	\$250,526 to \$626,350	\$501,051 to \$751,600
37.0%	\$626,351+	\$751,601+

# Increased Standard Deduction

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- Single Filers:
  - Deduction increased from \$15,000 to \$15,750 for 2025
    - Total \$17,750 standard deduction for those 65+
- Married Filing Jointly:
  - Deduction increased from \$30,000 to \$31,500 for 2025
    - Total \$34,700 standard deduction if both spouses over 65+
- These new standard deduction amounts will increase annually with inflation.



# Additional Deduction for Taxpayers 65+

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- Effective for 2025, taxpayers age 65 and over are eligible to receive a \$6,000 deduction. This deduction is not tied to Social Security income. This is a above the line deduction.
- Individuals married filing jointly (MFJ) will receive a \$12,000 deduction if both spouses are age 65 and over.
- Adjusted Gross Income (AGI) Phaseout: \$75,000 to \$175,000 for single taxpayers and \$150,000 to \$250,000 for MFJ.
- This exemption for seniors is set to expire after December 31, 2028.
- **Impact:** Lower tax bill for seniors and increases the feasibility of Roth IRA conversions for those who are retired and in low tax brackets.

# State and Local Tax (SALT) Cap

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- The itemized deduction limit on state and local taxes is being increased from \$10,000 to \$40,000 for both single and MFJ statuses.
- This increase is temporary for tax years 2025 through 2029.
- The new \$40,000 limit will increase 1% per year.
- The SALT deduction is reduced for taxpayers with Adjusted Gross Income (AGI) exceeding \$500,000. It will never reduce below \$10,000.
- **Impact:** More taxpayers can itemize rather than take the standard deduction, especially those in high tax states such as New York, California, and Massachusetts.



# Federal Estate & Gift Tax Exemption

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- The federal estate & gift tax exemption (also known as the lifetime exclusion) is permanently increased to \$15,000,000 for gifts made after December 31, 2025.
  - The \$15,000,000 exemption is per person, so a married couple receives a \$30,000,000 estate exemption.
  - The \$15,000,000 will be indexed for inflation after 2026.
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- **Impact:** The exemption was due to revert to around \$7 million per person, so this extension of the higher exemption protects more high net worth families from being subject to the federal estate tax.



# No Tax on Tips and Overtime

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- Tips

- New above-the-line deduction for up to \$25,000 of cash tips received by an individual who works in an industry that typically receives tips.
- This deduction phases out with AGI of \$150,000 for single filers and \$300,000 for married filing jointly (MFJ).




- Overtime

- New above-the-line deduction of up to \$12,500 for single filers (\$25,000 for MFJ) for qualified overtime compensation.
- This deduction phases out with AGI of \$150,000 for single filers and \$300,000 for MFJ.

- Both provisions expire after 2028



# Charitable Giving Deduction

- Starting in 2026, taxpayers who are not itemizing deductions will be allowed to deduct a limited level of donations to qualified charities.
  - The donation is capped at \$1,000 for single filers and \$2,000 for MFJ.
  - This contribution applies to cash contributions only and excludes donations from donor-advised funds.
  - **Impact:** This provision provides tax incentives to donate to charity for those taxpayers who do not itemize deductions or are eligible to donate using the qualified charitable donation (QCD) technique.
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- A stylized illustration of a hand holding a globe. The globe is covered with various colorful icons representing different fields: a magnifying glass, a book, a leaf, a star, a DNA helix, a brain, a heart, a house, a pencil, a globe, a paw print, a lightbulb, and a flower. The hand is a simple orange shape.



# Trump Accounts

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- Savings accounts for children designed to assist with education, starting a new business, or purchasing a first home. Accounts available in 2026.
- \$5,000 annual contribution limit until child turns 18. Employers can contribute \$2,500. No earned income requirement for contributions.
- For children born between 2025 and before 2029, the federal government will contribute \$1,000 to the child's Trump account.
- No distributions until child turns 18. Gains taxed as ordinary income. Contributions are not taxed. 10% penalty applies to withdrawals before age 59.5 unless an exception applies.
- **Impact:** Limited usage besides the free contribution. Roth IRAs, 529 plans, and regular brokerage accounts likely more advantageous. Best to think of as an early retirement plan for children that becomes an IRA after age 18.

# Expanded 529 Plan Coverage

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- Allows 529 plan funds to cover costs for post-secondary credential programs such as for licenses and certifications.
- Covers testing fees for earning or maintaining a certification as well as continuing education expenses required for credential renewal.
- Examples include HVAC certification, CPA exams, and CDL training.



- Broadens the definition of qualified K-12 educational expenses to include books, fees, and tutoring. Limit for K-12 expenses increased to \$20k/year.
- **Impact:** Makes 529 plans more flexible, especially for beneficiaries who opt for a career path outside a traditional 4-year college.

# Other Tax Changes

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- Auto loan interest deduction up to \$10,000 for cars assembled in the U.S. for loans taken out in 2025 or later.
  - Child tax credit permanently increased to \$2,200 per child.
  - Clean vehicle credits eliminated after September 30, 2025.
  - Energy efficient home improvement credit ends December 31, 2025.
  - Numerous business tax provision changes.
  - Many core elements of the *Tax Cuts & Jobs Act of 2017* made permanent.
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# Second Quarter 2025 Market Recap



# Second Quarter 2025 Market Recap

	BENCHMARK	Q2 2025	1-Year	3-Year	5-Year	10-Year
U.S. Large-Cap Stocks	S&P 500® Index	10.9%	15.1%	19.7%	16.6%	13.6%
U.S. Small-Cap Stocks	Russell 2000® Index	8.5%	7.7%	10.0%	10.0%	7.1%
International Developed Stocks	MSCI EAFE Index	12.0%	18.3%	16.5%	11.7%	7.0%
Emerging Market Stocks	MSCI Emerging Markets Index	12.2%	15.9%	10.1%	7.2%	5.2%
U.S. Bonds	Bloomberg US Aggregate Bond Index	1.2%	6.1%	2.5%	-0.7%	1.8%
Treasury Inflation Protected Securities	Bloomberg US Treasury Inflation Protected Securities (TIPS) Index	0.5%	5.8%	2.3%	1.6%	2.7%
High Yield Bonds	Bloomberg US Corporate High Yield Bond Index	3.5%	10.3%	9.9%	6.0%	5.4%
International Developed Bonds	Bloomberg Global Treasury ex-US Index	7.6%	11.5%	2.6%	-2.4%	0.4%
Commodities	S&P GSCI Index	-2.8%	0.3%	-0.4%	17.7%	1.5%
REITS	Dow Jones U.S. Select REIT Index	-1.7%	8.1%	4.8%	8.5%	5.5%

# Second Quarter 2025 Market Recap



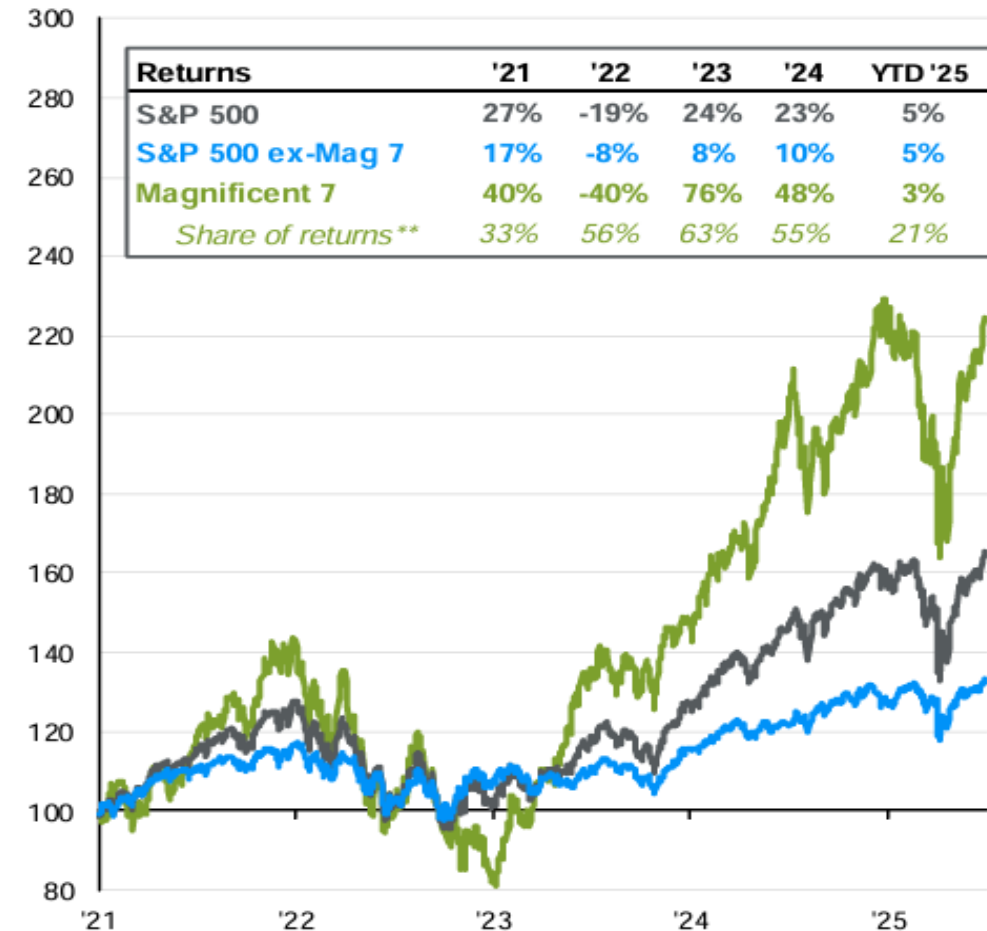
Data from 1/1/2025 – 6/30/2025. Source: Avantis Investors. **Past performance is no guarantee of future results.**



# Second Quarter 2025 Market Recap

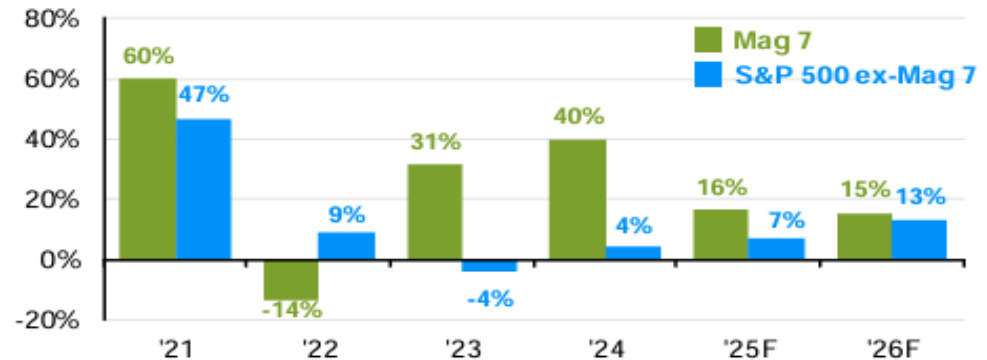
## Performance of “Magnificent 7” stocks in S&P 500\*

Indexed to 100 on 1/1/2021, price return



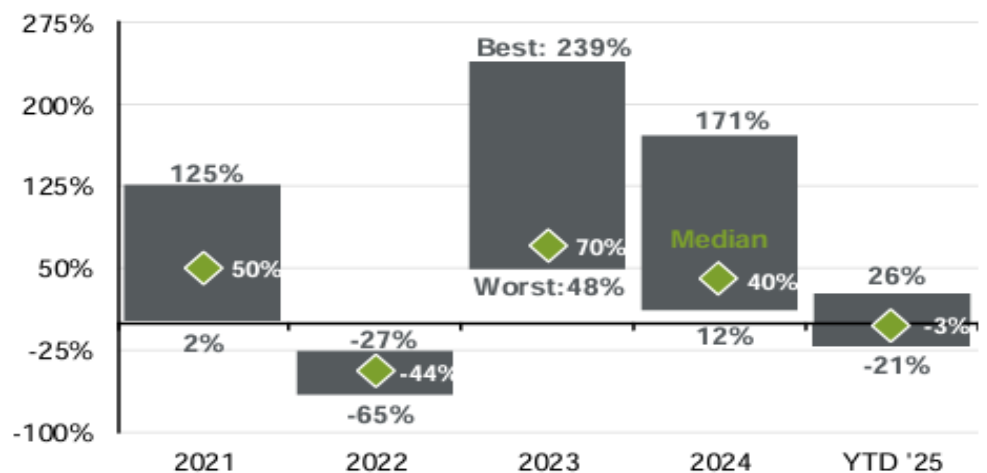
## Earnings growth

Year-over-year



## Magnificent 7 performance dispersion

Price returns, best, median and worst performing Mag 7 stock by year



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

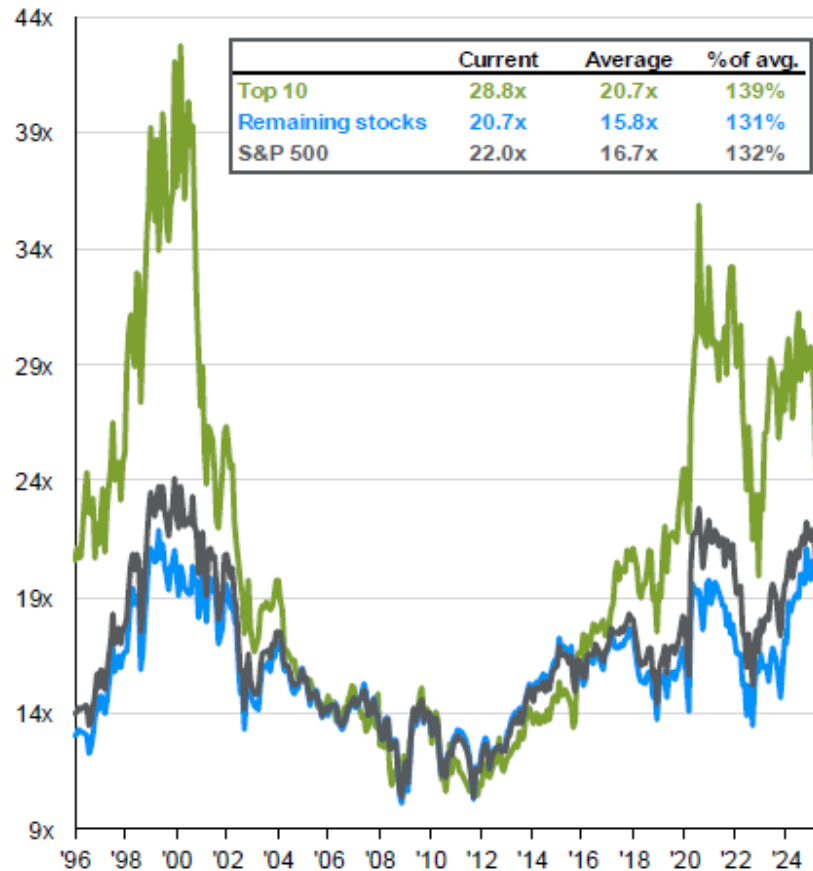
\*Magnificent 7 includes AAPL, AMZN, GOOGL/GOOG, META, MSFT, NVDA and TSLA. Earnings estimates for 2025 and 2026 reflect consensus analyst expectations, provided by FactSet. \*\*Share of returns represent how much each group contributed to the overall return.

Guide to the Markets – U.S. Data are as of June 30, 2025.

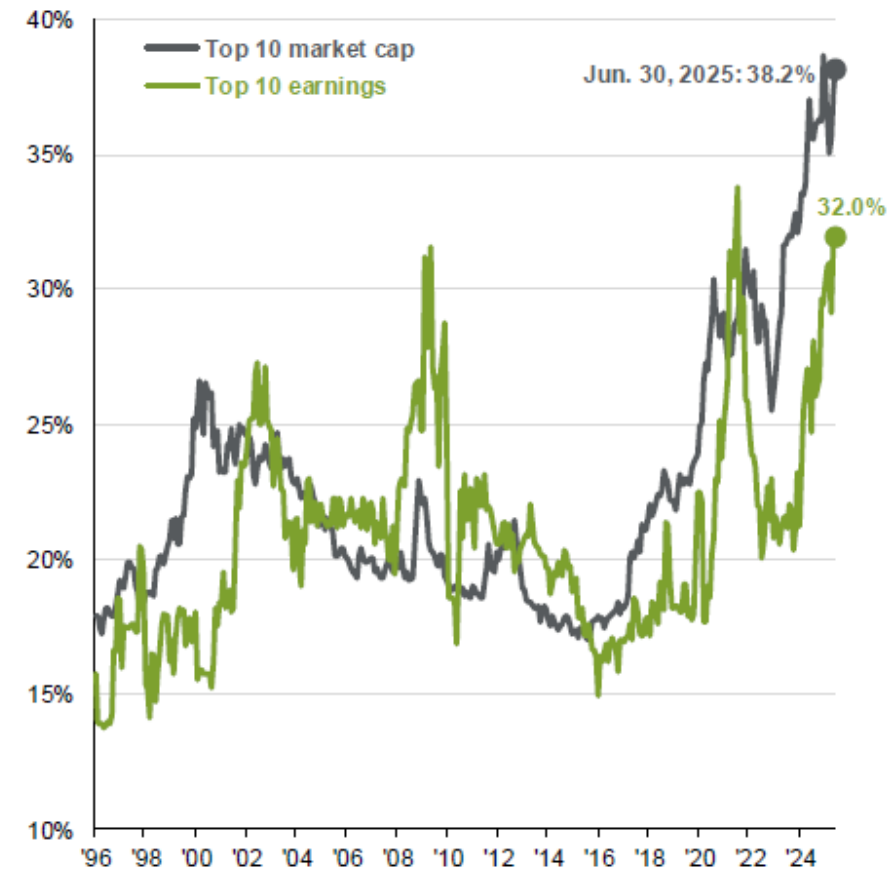


# Second Quarter 2025 Market Recap

**P/E of the top 10 and remaining stocks in the S&P 500**  
Next 12 months, 1996 - present



**Weight of the top 10 stocks in the S&P 500**  
% of market capitalization, % of last 12 months' earnings

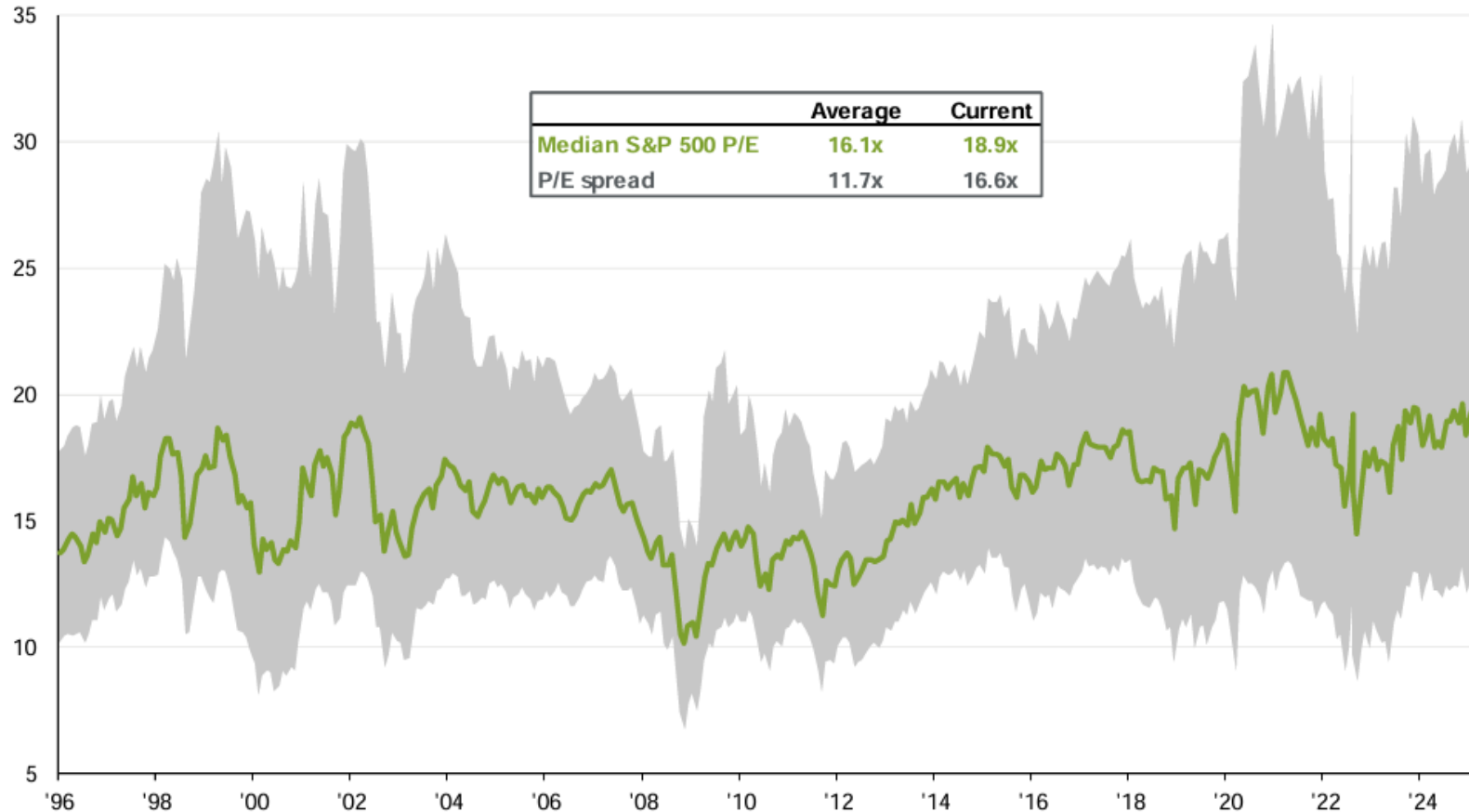


Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.  
The 10 largest S&P 500 companies are based on the beginning of each month. As of 6/30/2025, the top 10 companies in the index were NVDA (7.3%), MSFT (7.0%), AAPL (5.8%), AMZN (3.9%), GOOGL/GOOG (3.5%), META (3.1%), AVGO (2.5%), BRK.B (1.7%), TSLA (1.7%) and JPM (1.5%). The remaining stocks represent the rest of the 490 companies in the S&P 500.  
Guide to the Markets - U.S. Data as of June 30, 2025.

# Second Quarter 2025 Market Recap

## Valuation dispersion

Dispersion between the forward P/E of S&P 500 stocks in the 20th and 80th percentile

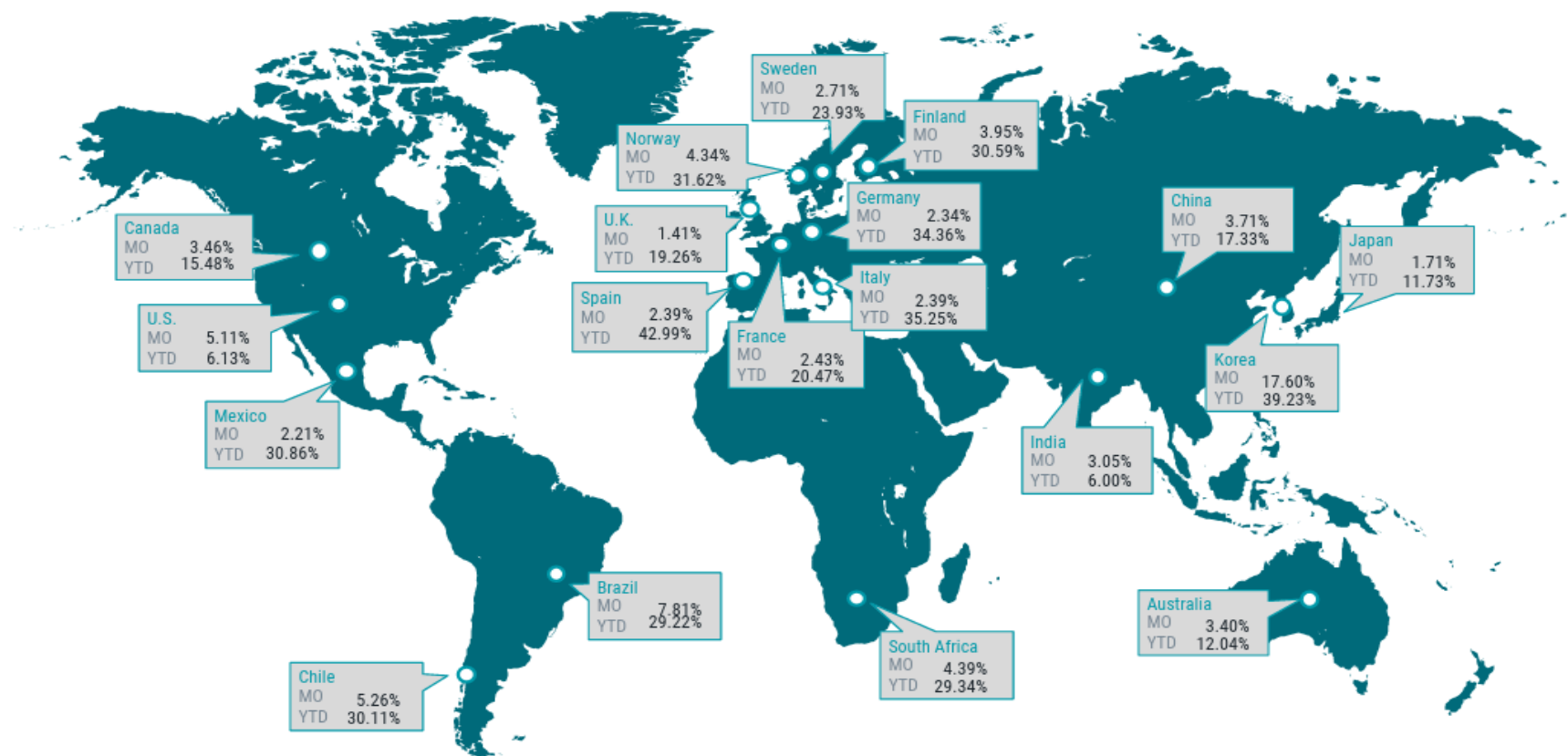


Source: Compustat, FactSet, Standard & Poor's, J.P. Morgan Asset Management.  
Guide to the Markets – U.S. Data are as of June 30, 2025.

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# Second Quarter 2025 Market Recap

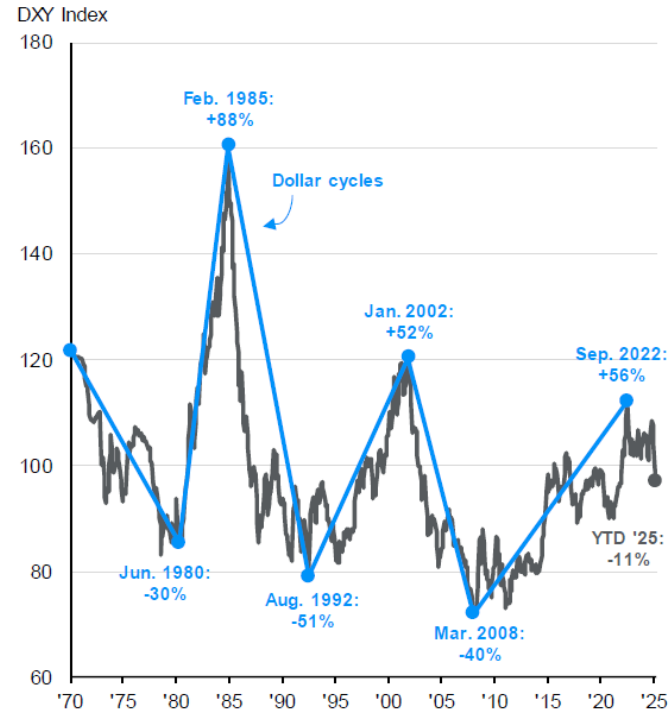
## Equity Returns | Country



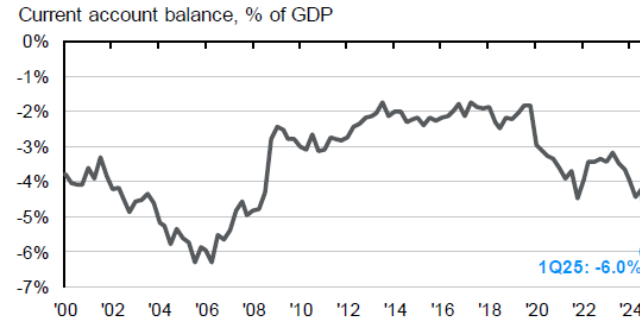
Data as of 6/30/2025. Performance in USD. Past performance is no guarantee of future results. Source: FactSet. Countries are represented by MSCI country indices.

# Second Quarter 2025 Market Recap

## The U.S. dollar



## The U.S. trade balance



## Developed markets interest rate differentials



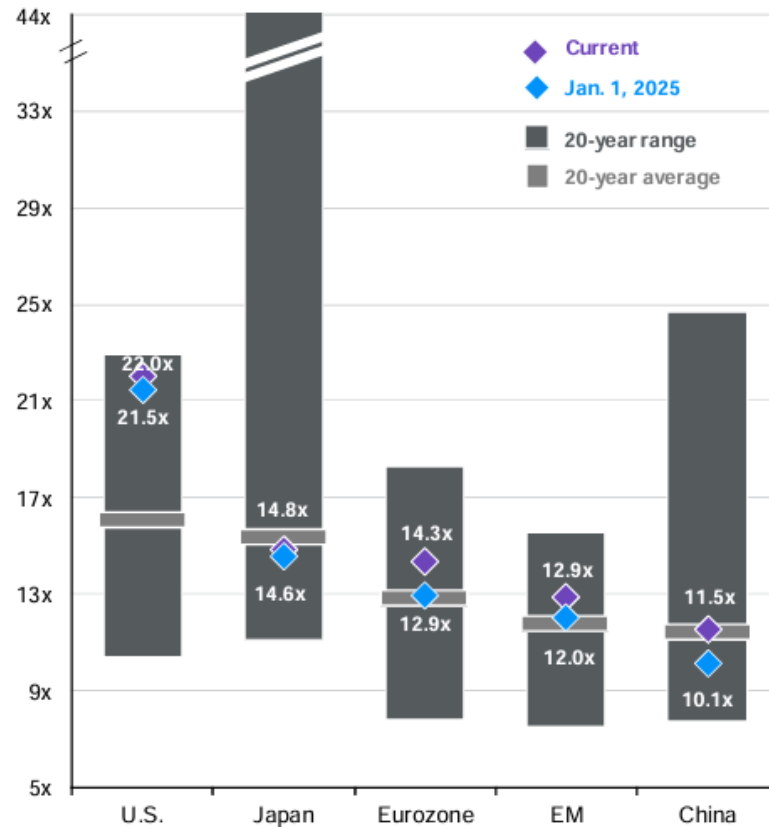
Source: Bloomberg, FactSet, J.P. Morgan Asset Management; (Left) ICE; (Top right) BEA; (Bottom right) BIS. Currencies in the DXY Index are: British pound, Canadian dollar, euro, Japanese yen, Swedish krona and Swiss franc. \*Interest rate differential is the difference between the 10-year U.S. Treasury yield and a basket of the 10-year yields of each major trading partner (Australia, Canada, eurozone, Japan, Sweden, Switzerland and UK). Weights in the basket are calculated using the 10-year average of total government bonds outstanding in each region. Guide to the Markets – U.S. Data are as of June 30, 2025.

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# Second Quarter 2025 Market Recap

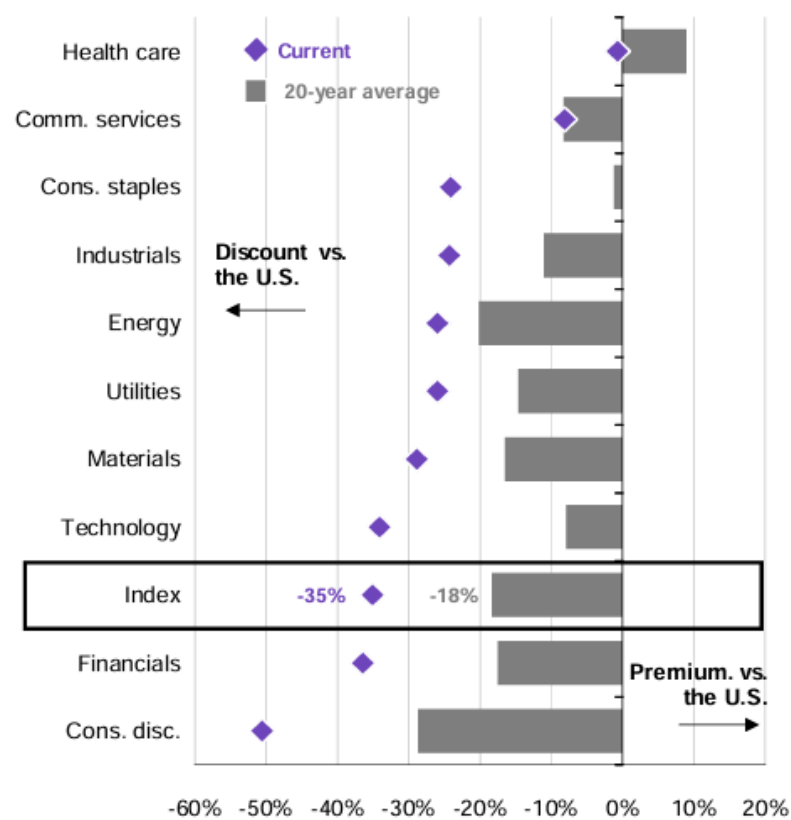
## Valuations by country/region

Price-to-earnings, next 12 months



## Relative valuations by sector

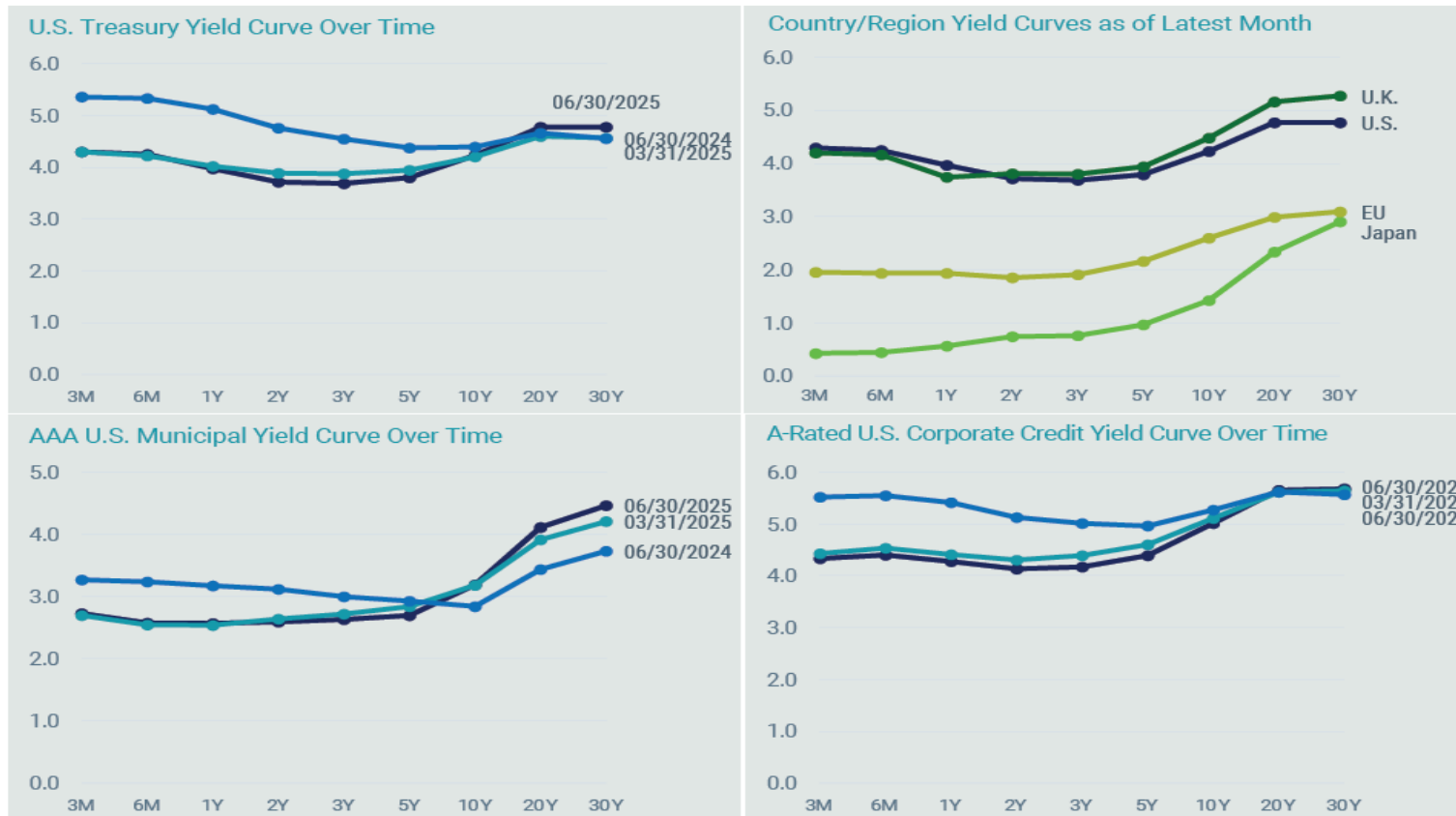
Price-to-earnings, next 12 months, MSCI ACWI ex-U.S. divided by S&P 500



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Countries are represented by their respective MSCI country index except for the U.S., which is represented by the S&P 500. Guide to the Markets – U.S. Data are as of June 30, 2025.

# Second Quarter 2025 Market Recap

## Global Yield Curves

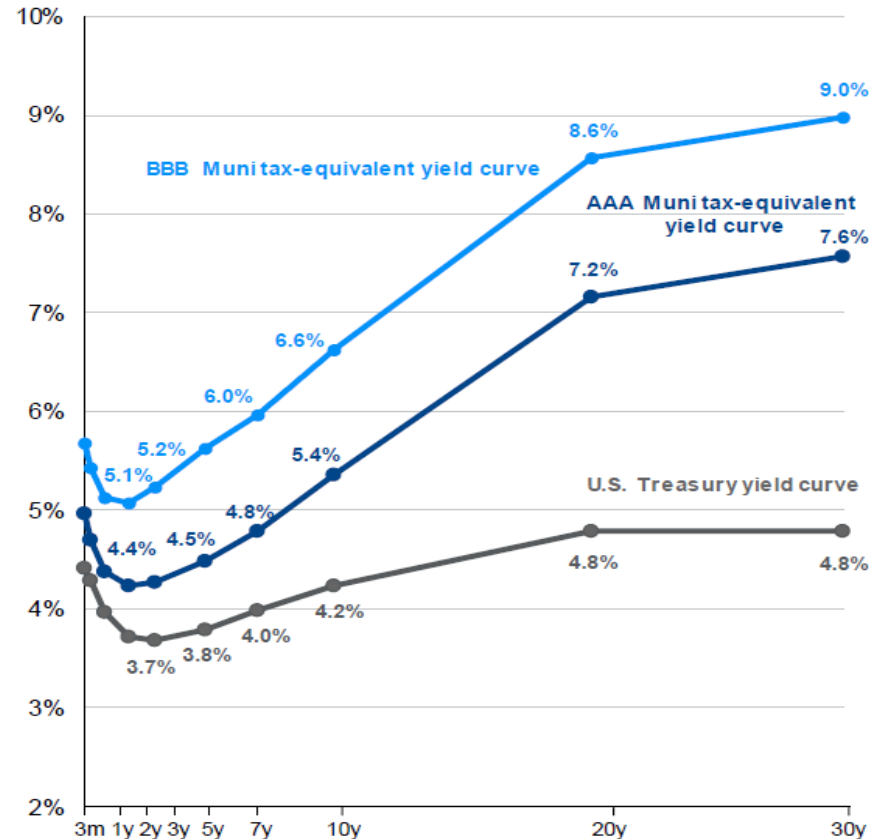


Data as of 6/30/2025. Source: Bloomberg.

Yield is a rate of return for bonds and other fixed-income securities. A yield curve is a line graph that shows yields of fixed-income securities from a single sector (e.g., Treasuries) over various maturities (e.g., five and 10 years) at a single point in time (e.g., 12/31/2020).

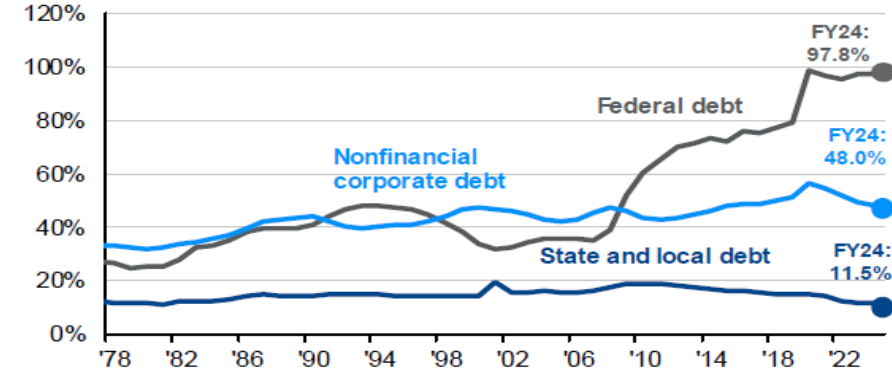
# Second Quarter 2025 Market Recap

**Muni tax-equivalent and Treasury yield curves**



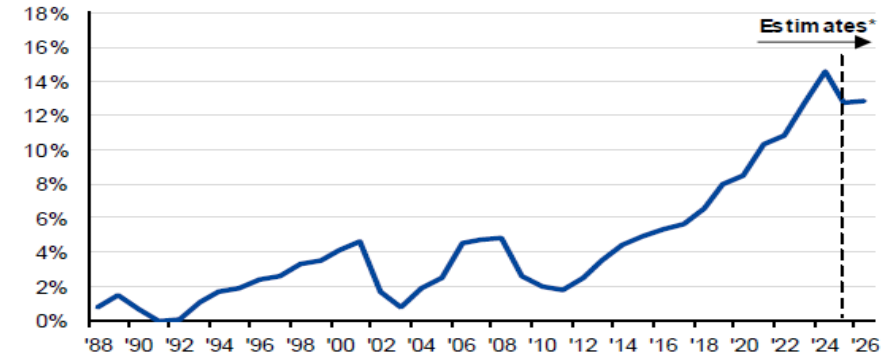
**State and local, federal and corporate debt**

% of GDP, 1988-2024, end of fiscal year



**State Rainy Day Fund balances**

Median savings balances as a % of total spending, 1988-2026, fiscal year



Source: J.P. Morgan Asset Management; (Left) Bloomberg, FactSet, Federal Reserve, S&P Global; (Top right) Census Bureau, Congressional Budget Office (CBO), Federal Reserve; (Bottom right) NASBO Fiscal Survey of States Spring 2025. Municipal tax-equivalent yields are calculated based on municipal bond curves for each credit rating according to S&P Global and assume a top-income tax bracket rate of 37% plus a Medicare tax rate of 3.8% for a total tax rate of 40.8%. State and local debt are based on the Census Bureau's Annual Survey of State and Local Government Finances. A rainy day fund, also known as a budget stabilization fund or reserve fund, is a collection of funds that local governments use to prepare for financial emergencies and future stability. \*Estimates are sourced from NASBO's Spring 2025 Fiscal Survey of States. Figures for FY 2025 are estimates while figures for FY 2026 are projected based on governors' recommended budgets.  
Guide to the Markets – U.S. Data are as of June 30, 2025.

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# Second Quarter 2025 Market Recap

			Expected 12 Month Gross Returns				
Portfolio	6/30/25 Duration	6/30/25 Yield to Worst	Rates rise 100 bps	Rates rise 50 bps	Rates Unchanged	Rates fall 50 bps	Rates fall 100 bps
Ultra Short	0.53 years	4.61%	4.96%	4.74%	4.52%	4.30%	4.09%
Short-Term	1.87 years	4.31%	3.23%	3.71%	4.18%	4.66%	5.13%
Intermediate	3.76 years	4.36%	1.60%	3.03%	4.50%	6.00%	7.53%
Aggregate	6.06 years	4.75%	-0.16%	2.34%	4.96%	7.71%	10.58%
Core Plus	5.83 years	4.84%	0.11%	2.52%	5.04%	7.68%	10.45%

**Note:**

The scenario analysis is for illustrative purposes only and is not meant to be a recommendation or forecast.

The analysis uses the starting yield to worst (gross of fees), assumes an instantaneous parallel interest rate shift on the starting duration, and calculates the expected 12 month return assuming a constant yield curve slope and no change in spreads. Maturities during the 12 month horizon are assumed to be reinvested in U.S. Treasuries for the remainder of the horizon period after maturity.

Yield to worst (YTW) is the more conservative measure of the estimated yield that can be received on a bond at current market price, absent a default. YTW is the lower of 1) yield to maturity or 2) yield to call (an earlier date the issuer could redeem the bond), if applicable. The weighted average YTW of a Fund does not include fund fees and expenses.

Source: Bloomberg PORT Enterprise, ICE (Pricing)  
Data as of: 6/30/25 (next update: 9/30/25)

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# Second Quarter 2025 Market Recap

			Expected 12 Month Gross Returns				
Portfolio	6/30/25 Duration	6/30/25 Yield to Worst	Rates rise 100 bps	Rates rise 50 bps	Rates Unchanged	Rates fall 50 bps	Rates fall 100 bps
Short-Term Muni	2.29 years	3.62%	2.22%	2.98%	3.70%	4.41%	5.10%
Core Intermediate Muni	5.09 years	4.02%	-0.20%	2.21%	4.47%	6.57%	8.55%
Quality Intermediate Muni	4.61 years	3.62%	0.21%	2.13%	4.02%	5.82%	7.55%
Municipal Bond	6.89 years	4.47%	-1.94%	1.58%	5.08%	8.49%	11.80%
Strategic Muni	5.06 years	4.14%	0.12%	2.42%	4.53%	6.48%	8.35%

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The analysis uses the starting yield to worst (gross of fees), assumes an instantaneous parallel interest rate shift on the starting duration, and calculates the expected 12 month return assuming a constant yield curve slope and no change in spreads. Maturities during the 12 month horizon are assumed to be reinvested in U.S. Treasuries for the remainder of the horizon period after maturity.

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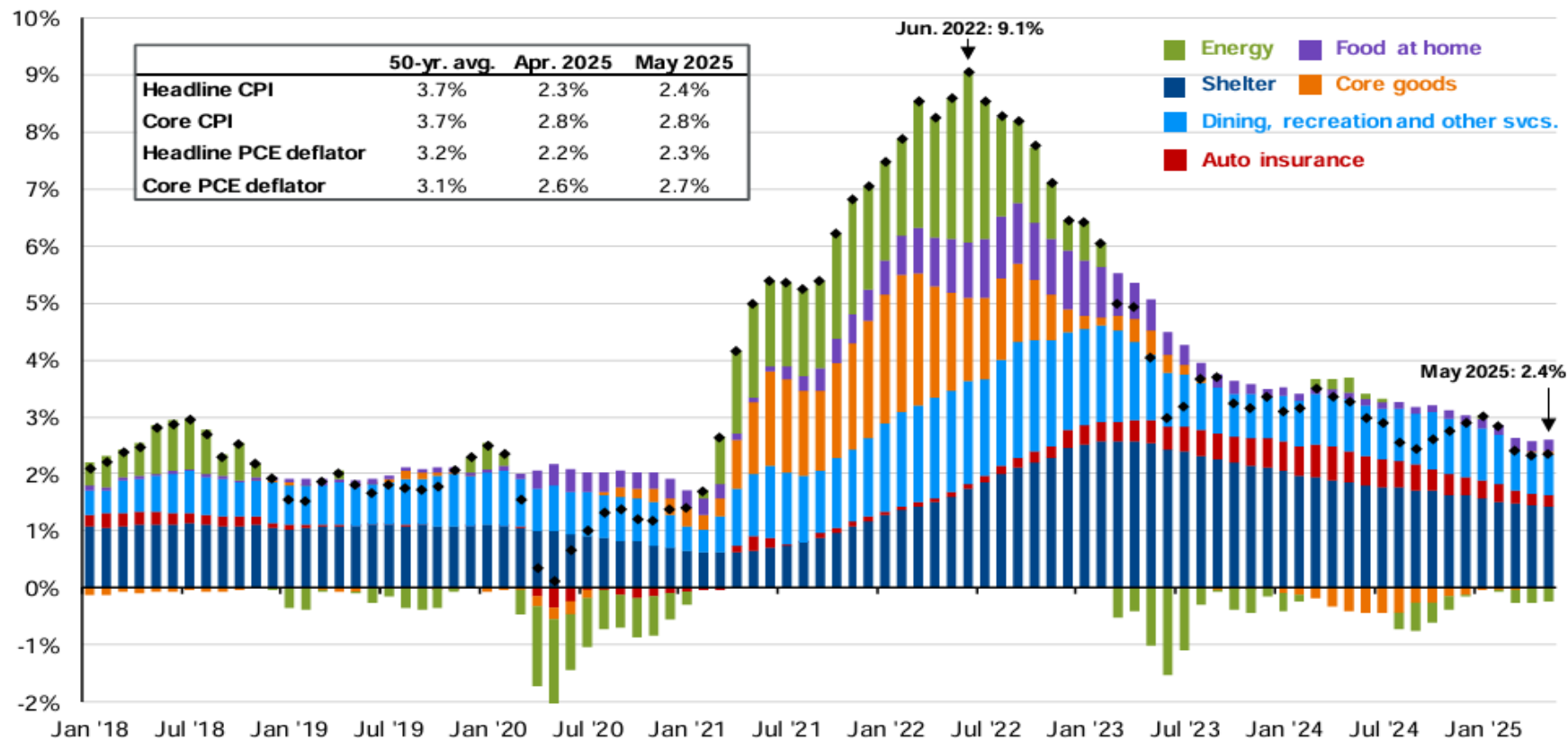
Source: ICE, InvestorTools

Data as of: 6/30/25 (next update: 9/30/25)

# Second Quarter 2025 Market Recap

## Contributors to headline CPI inflation

Contribution to y/y % change in CPI, non-seasonally adjusted

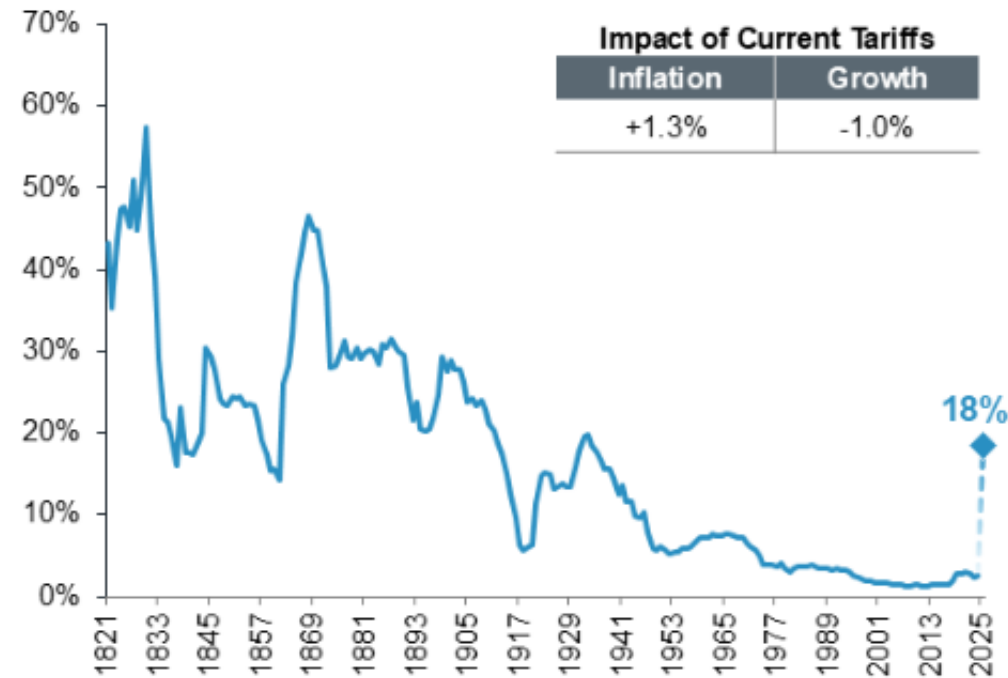


Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages.  
Guide to the Markets – U.S. Data are as of June 30, 2025.

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# Second Quarter 2025 Market Recap

## U.S. Tariff Rate



## U.S. Manufacturing Prices vs. Goods Inflation



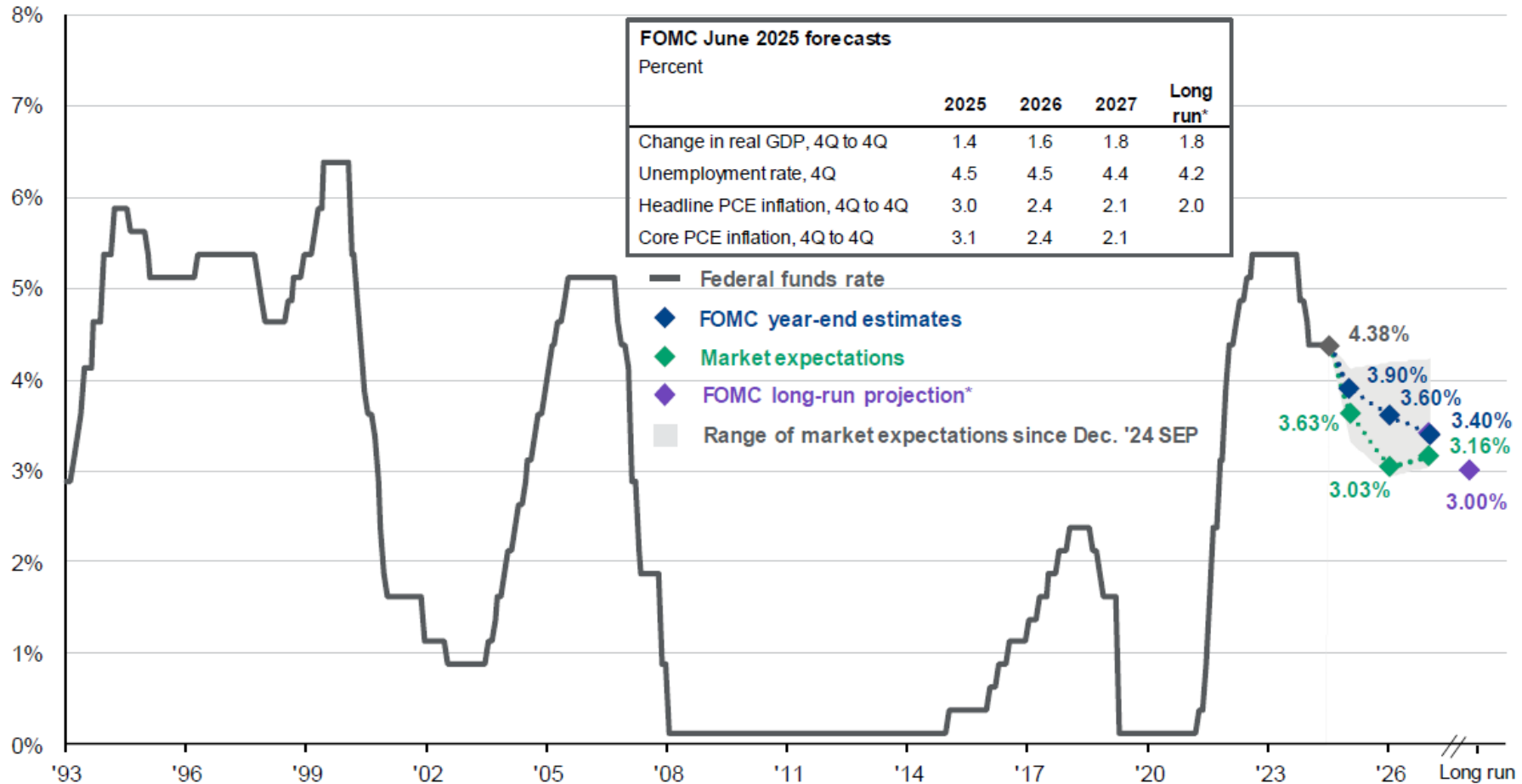
LEFT: Last tariff rate point and table data are AART estimate. Includes all tariffs implemented as of 6/30/25. Source: Tax Foundation, Macrobond, Fidelity Investments (AART) as of 6/30/25. TABLE: AART estimates over the next twelve months. RIGHT: Source: Federal Reserve, Federal Reserve Bank of New York, Macrobond, Fidelity Investments (AART), as of 5/31/25.



# Second Quarter 2025 Market Recap

## Federal funds rate expectations

FOMC and market expectations for the federal funds rate

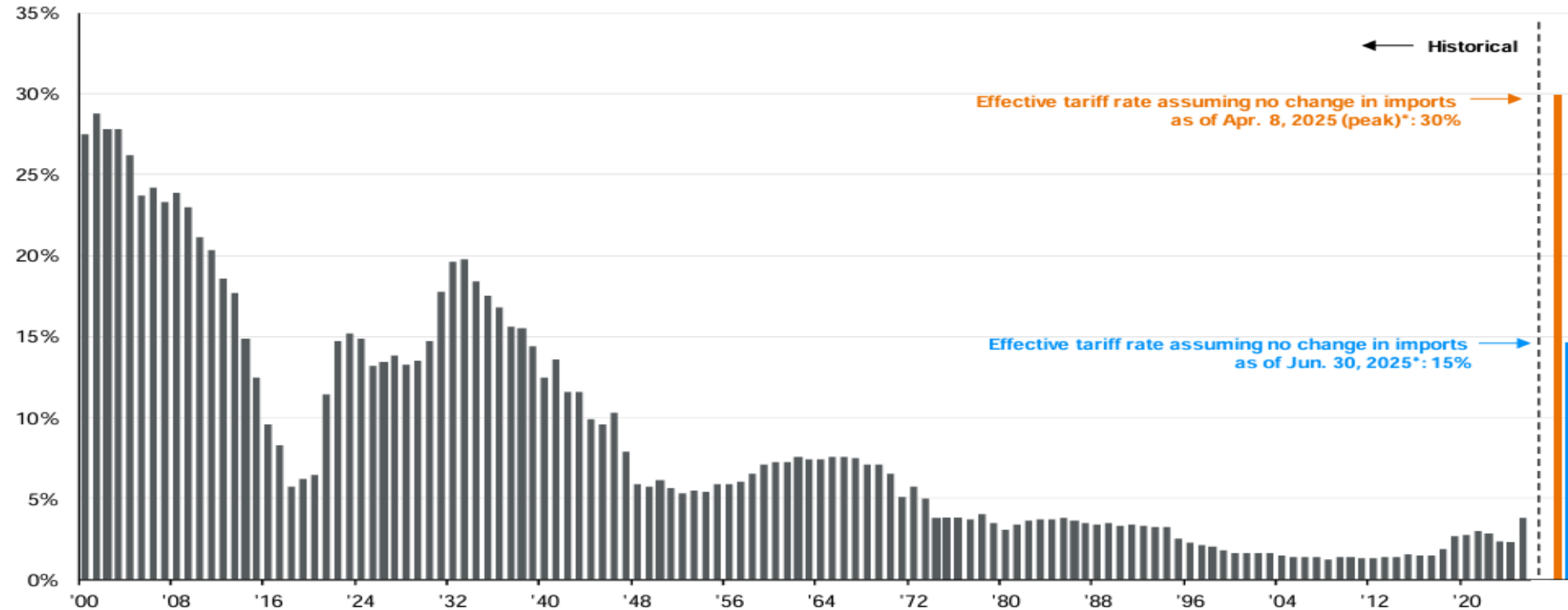


Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

# Second Quarter 2025 Market Recap

## Average tariff rate on U.S. goods imports for consumption

Duties collected / value of total goods imports for consumption



Source: Goldman Sachs Investment Research, United States International Trade Commission, J.P. Morgan Asset Management. For illustrative purposes only. The estimated weighted average U.S. tariff rate includes the latest tariff announcements. Estimates about which goods are USMCA compliant come from Goldman Sachs Investment Research. Imports for consumption: goods brought into a country for direct use or sale in the domestic market. The estimate does not consider non-tariff barriers, such as value-added taxes. \*Figures are based on 2024 import levels and assume no change in demand due to tariff increases. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.  
Guide to the Markets – U.S. Data are as of June 30, 2025.

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# Question & Answer Session



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