

Annual Newsletter

WALLSTREET GROUP ADVISORS - COLE MERTENS, CFP®



JANUARY 2025

Goodbye 2024, Welcome 2025! As we turn the corner to another year, I am sure you all are glad the craziness of the holiday season has come and gone! (Or maybe not for some?)

Markets in 2024

S&P 500: **+25.02%** --- Dow Jones: **+14.99%** --- Russell 2000: **+11.54%** --- AGG (Bonds): **+1.25%**

For the first time since the late 1990s, the S&P 500 delivered back-to-back 20%+ returns in 2023 and 2024! The markets responded positively in 2024 primarily due to interest rate cuts as well as innovations in technology like AI, driving the market to new all-time highs! The interest rate cuts were made due to the steady decline in inflation numbers from their peak a few years ago. In response, the Federal Reserve reduced rates in 2024 by a total of 0.75%.

As we transition into President Trump's return to office, markets are bracing for the policy changes that typically accompany such leadership shifts. We are keeping an eye on how this might affect your investments.

Source: [CreativeOne Securities Q4 2024 Market Commentary](#)

7 New Year Financial Planning Tips for 2025

- 1. Setting Defined Financial Goals** - Identify, prioritize, and track your goals for the new year. Feel free to use me as a guide to help build these!
- 2. Preparing for Tax Season** - Start preparing for your 2024 tax return NOW - not on April 15th!
- 3. Boost Retirement Savings** - Aim to save at least 10% of your income for retirement. This can be through your employer plan at work or your accounts here at Wallstreet Group Advisors!
- 4. Review your Estate Plan** - Review your wills, trusts and beneficiaries annually in case of life changes (example: marriage, divorce, children).
- 5. Audit Monthly Subscriptions** - Review your current subscriptions and cancel what you no longer use.
- 6. Earmarking for Big Expenses** - Plan and earmark for future large expenses. Examples include Christmas gifts, vacations & car repairs. Start saving with a dedicated monthly amount rather than racking up credit card debt.
- 7. Monitor your Credit Report** - Check your credit score & reports. A good credit score saves you money on loans and insurance. A good credit report can also help catch potential identity theft early.

Changes for Financial Plans in 2025

Social Security Increase - Your cost-of-living adjustment for this year will be 2.5% (compared to 3.2% in 2024 & 8.7% in 2023). This is tied to inflation.

Social Security Earnings Limit - If you're working and receiving benefits before full retirement age (FRA), your earnings limit for 2025 is \$23,400. If you earn more than this amount from a job, Social Security will reduce your benefits. (This does not include income sources like pension, IRA withdrawals, investment gains, etc.)

Medicare - Part B premiums will increase to \$185 in 2025, up from \$174.40 in 2024.

Retirement Accounts - 401k contribution limits have changed: You can contribute up to \$23,500 to your employer plan if you're under 50, or \$31,000 if you're 50 or older. Additionally, an extra provision allows people aged 60-63 to contribute an additional amount, bringing their maximum contribution to \$34,750! For IRAs (both Traditional and Roth), the annual contribution limit will remain unchanged: \$7,000 (under 50) or \$8,000 (50 & up).

Health Savings Accounts (HSA's) - If you have individual coverage, you can contribute up to \$4,300 in 2025; \$8,550 if you have family coverage. If you're 55 or older, you can add an extra \$1,000 to those limits. (Note: Whether you are married or single does not matter. It only depends on how many people are covered on your health plan.)

Source: Charles Schwab 2025 Tax Reference Guide

Notes for your Upcoming Review

In an effort to improve our review process with you in 2025, we have introduced an "annual review questionnaire" that will help me better prepare for our review beforehand. You can submit questions or concerns you would like to discuss during our meeting, contact information, beneficiary updates and more. You'll receive this questionnaire via email after you have scheduled an appointment time. We strongly urge you to fill this out before our meeting to make your review as productive as possible.

Final Thoughts

As we close out another historic year in both our lives and the markets, I hope we can remain optimistic about our financial plans in the year ahead. I look forward to getting together here in 2025. Please feel free to reach out if you'd like to meet beforehand.



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