



4th Quarter 2025 Newsletter

- Despite a trade war and tariffs shocks, markets continued to climb following the April market correction. The weak dollar helped international stock returns.
- An executive order has paved the way for alternative assets such as private equity, private credit, and crypto to be included as an investment option in employer sponsored retirement accounts. Proponents praise the democratizing of asset classes typically reserved for higher net worth individuals. Critics point to illiquidity, high fees, and added complexity.
- The Federal Reserve cut interest rates an additional 0.25% in December, bringing the target range to 3.5% - 3.75%. Rates are expected to remain between the 3-4% range through 2026 meaning few to no cuts are currently priced in.¹
- According to Arthur Brooks, a Harvard Professor who studies happiness, there are four ways money can be used to increase happiness. Buying experiences with loved ones, paying others to do chores that buy you time to spend more meaningfully, giving money to causes you are passionate about, and saving as a sign of progress/security.

1:
<https://www.federalreserve.gov/monetarypolicy/files/fomcprojtabl20251210.pdf>

Contact Us

Phone: 317-731-5615

Email: admin@elserfp.com

Website: www.elserfp.com

Address: 8900 Keystone Crossing, Ste. 450
Indianapolis, IN 46240



News and Observations

- In 2026, the standard deduction increases to \$16,100 (single) / \$32,200 (joint filers). The Social Security benefit increase of 2.8% may be offset by rising Medicare premiums.
- The annual amount that an individual can gift without filing a gift tax return remains at \$19,000 per recipient, while the lifetime estate tax exemption increases to \$15 million per person.
- The HSA contribution limit increases to \$4,400 single / \$8,750 family (+\$1,000 if 55+).
- The IRA/Roth contribution limit increases to \$7,500, with an extra \$1,100 catch-up contribution for those age 50+.
- Contribution limits to workplace retirement plans such as 401(k) / 403(b) increase to \$24,500. If you are age 50+, you can contribute an additional \$8,000 (\$32,500 maximum). If you are age 60-63, the catch-up amount is increased to \$11,250 (\$35,750 maximum).
- Starting in 2026, if your wages exceed \$145,000 in 2025, catch-up contributions must go to Roth 401(k) accounts.
- The IRA Qualified Charitable Distribution (QCD) limit increases to \$111,000/year.

Market Index Returns

	Q4	2025
S&P 500 (Large Cap)	2.65%	17.88%
Russell 2000 (Small Cap)	2.19%	12.81%
MSCI International Index	5.26%	32.55%
MSCI Emerging Markets	4.78%	34.36%
S&P Global REIT Index	-0.54%	8.88%
BofA 1-3 yr Corporate & Govt. Bond Index	1.14%	5.32%

We sincerely appreciate your business and referrals.