

# Gipson, Woodruff & Brady, LLC

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Welcome 2025!

I hope you had special moments of joy and peace this holiday season. Likewise, I hope you will plan some personal endeavors like bucket list items to really enjoy your days ahead. We are beginning the year with questions. Is the government shutting down? Why is there so much debt? What's up or down with interest rates? How will tariffs effect the market, store prices, my finances? I wish I had the answers. We know that we and the markets are resilient and can go through disruptive and uncomfortable times. If we reduce stress, keep communication open and have community support, we will persevere. My solution is, as NIKE says, "Just do it". Do not put off joy while fretting and waiting for answers. I hope your 2025 decisions and purchases add value and enhance your days (within reason of course).

**2024 Year in Review** - 2024 had a record-breaking **stock market rally** fueled by semiconductors and artificial intelligence (AI). The S&P was up 28% for the year. (*Jeremy Bowman, The Motley Fool, Dec 8, 2024*). Even though AI has only scratched ten percent of its possible applications it will take decades for it to run everything. Congress is attempting to place guard rails on it so it will not "take the humans out" one day.

**Looking ahead to 2025** - In the Kirkland office, we have an office manager, Karen Rhoel. She comes to us with 20 years of experience in administration and operations. She's eager to share her expertise in organizational systems and client relations. She can't wait to meet you and get me organized. Welcome aboard, Karen!

Good news on the medical front. Prescription drug costs are reduced and capped!! Across the US, **prescription drug costs are now capped at \$2,000 a year for everyone on Medicare Part D, thanks to the *Inflation Reduction Act (IRA)***. This change went into effect Jan 1st, 2025 to help millions of seniors save money. (*Mary Schwartz Summit in Seattle, report Jan 2025*). In related news, a common drug, Metformin, and other pharmaceuticals will soon be sold over-the-counter medicines also saving consumers thousands of dollars. And, there may be soon a blood test for Alzheimer's. (*AARP Magazine, Nov2024*).

Then the bad news: Medicare costs will rise for some. The Medicare Income-Related Monthly Adjustment Amount (**IRMAA**) is a surcharge on top of **Part B and Part D** premiums. The Social Security Administration (SSA) determines the amount based on your income reported on your tax return **two years prior**. If you have this surcharge, you'll receive a notice with your new premium amount and the reason. (*Healthline.com*). Be prepared if you have higher income.

The **2017 Tax Cuts and Jobs Act**, is due to expire later this year. If it does, your standard deduction would be cut roughly in half. Joint filers will receive a \$14,000 deduction instead of \$29,200. A single filer will get a \$7,300 deduction instead of the \$14,600 deduction. (*Financial Advisor Magazine, Nov 2024*). And the Social Security cost of living increase will be 2.5 percent this year.

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## Market News for 2025

It is suspected that 2025 will see less emphasis on technology and more emphasis on Congressional policies. If rates do not go down, we may continue to see consumers limiting their spending and more decline in home sales. While falling interest rates would be great for bonds. They're usually associated with moderate economy. I expect to see more investment dollars going into utilities, manufacturing and natural resources. I am hearing from different sources that 2025 should produce low double-digit returns. Remember, there is no crystal ball and there are no guarantees.

The south eastern hurricanes of 2024 have limited the availability of certain goods, including homes in the Southeast part of the country. Instead of building new homes, contractors are having to rebuild existing homes. The Bird flu is already causing higher food prices and we're not sure how Trump's restrictions will impede high and low skilled immigration workers. Political gridlock may be the norm. (*What's behind the US Market Disconnect, Apr 2024 Financial Advisor Magazine*).

If the 2025 U.S. market outlook is causing you stress, know that corporate bonds have averaged 5.9% since 1994; the 10-year Treasury notes are averaging 4.3% and the S&P 500 has averaged 10.3% annually since 1994. (*New York University's Stern School of Business, S&P Dow Jones indices: bank rate*). Let's have a conversation about your concerns and goals to create a comfortable sustainable financial future for you and your family. Also, I can still get C. Ds at 4%.

In **Washington State**, the deficit is a concern. We're seeing increased employment taxes and there is a 7% capital gains tax on stock profits over \$270,000. Currently real estate does not have capital gains tax - it was defeated in the legislature. (<https://dor.wa.gov/taxes-rates>). An additional tax on guns and ammunition may come into effect and larger corporations could see higher taxes too. (<https://www.seattletimes.com/seattle-news/politics/oops-missent-email-reveals-wa-senate-dems-tax-plans/>)

If you haven't done so already, please review this **year-end checklist**: verify beneficiaries, update wills and health care directives, make sure account and portfolio titles match your ID, take your required distributions from IRAs, fully fund your IRAs, 401ks and HSAs. If legacy planning is a concern for you, let's set up some time to talk about how you want your assets dispersed. There are important decisions to make for smooth transitions and a conversation is a good place to start before bringing in attorneys.

Lastly, be on the lookout for targeted mail, phone and internet scams. Never respond to urgent communications or requests for your personal information without investigating the source. Double and triple check email addresses and websites before clicking on links. Bookmark official websites and use additional passwords when you can.

Thank you for your trust, time, business and attention. Please know that I am here to serve you and your satisfaction is my primary goal. If there's anything I can do to enhance your business experience let me know. I look forward to speaking with you in the new year.

Please stay safe, warm and comfortable this winter season.

Sincerely,

Janice Brady  
Owner

*\*Concepts Financial Services, LLC is a Registered Investment Advisory firm in WA state.*