

Wealth Planning Trends

Unicorns, Referrals, and the Silver Tsunami

2025 Midyear update

Agenda

- 01 Taxes: One Big Beautiful Bill Act (OBBBA)
- 02 Portfolio considerations: Investing at the top?
- 03 Behavioral finance: What leads to client referrals?
- 04 Retirement income planning: Silver tsunami!

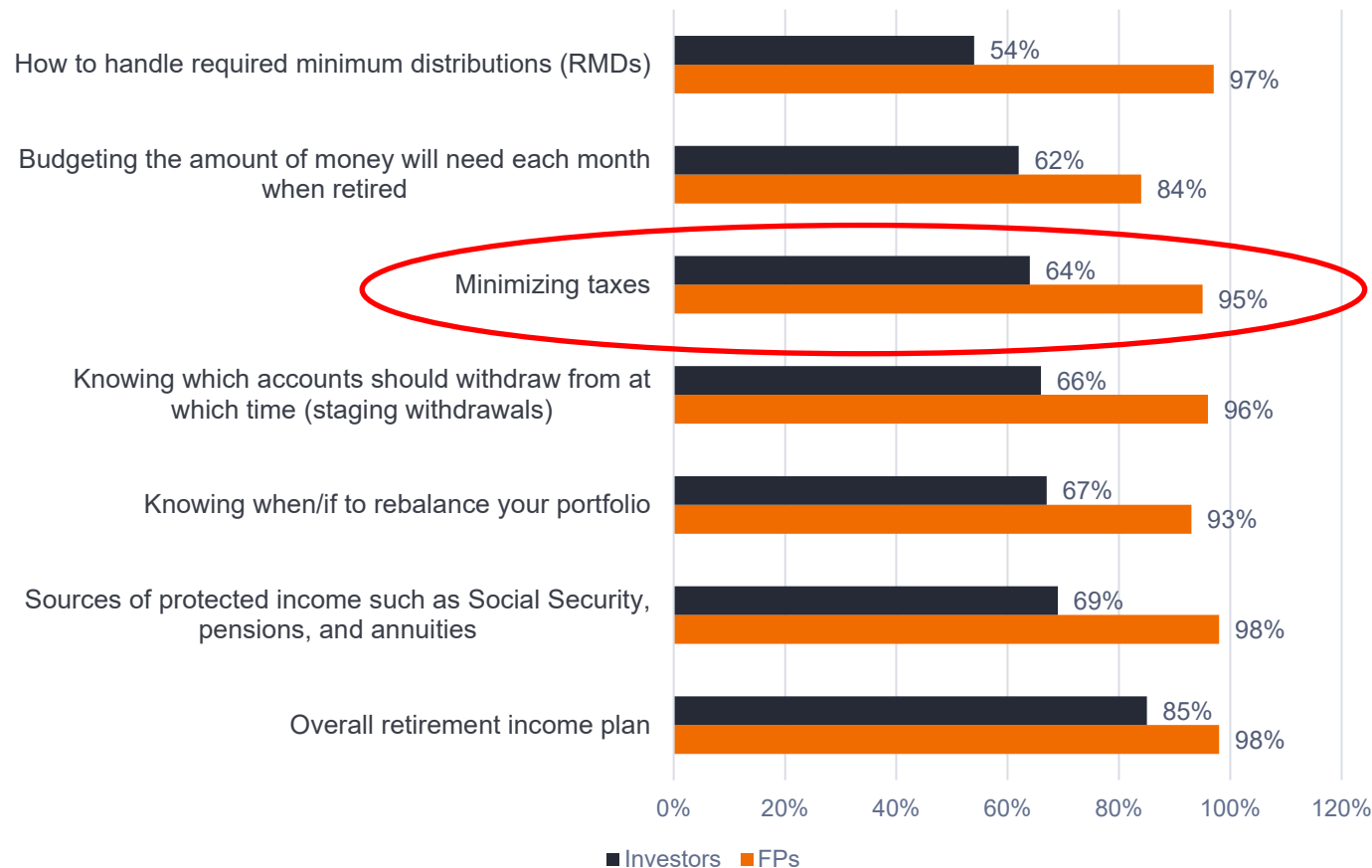
Taxes

- One Big Beautiful Bill Act (OBBBA)

Tax conversations with clients

Your clients may not be hearing you

Have you talked about each of the following with your [financial professional or client]?



Source: ALI Cannex Protected Retirement Income and Planning (PRIP) Study, 2024 Report, Oct. 1, 2024

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The One Big Beautiful Bill Act

Key individual provisions

Tax Provision	Prior law	One Big Beautiful Bill
Individual tax rates	10%, 12%, 22%, 24%, 33%, 35%, 37%	No change
State & local taxes (SALT)	Deduction capped at \$10K	Deduction capped at \$40K (2025-2029) AGI < \$500k
Estate tax exemption	\$13.99M/person	\$13.99M/person (same) \$15.00M/person in 2026
Alternative minimum tax (AMT)	Married filing jointly (MFJ) exemption phaseout \$1,252,700	\$1,252,700 (same) \$1,000,000 in 2026
Standard deduction	\$15,000 single \$30,000 married	\$15,750 single \$31,500 married
Extra bonus deduction for 65+		\$6,000/person (2025-2028)

Source: Janus Henderson Investors

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The One Big Beautiful Bill Act

Key individual provisions

Tax Provision	Prior law	One Big Beautiful Bill
Mortgage interest deduction	Deduction up to \$750,000 of indebtedness	No change
Miscellaneous itemized deductions	Eliminated miscellaneous deductions	No change
Child tax credit	\$2,000 per qualifying child	\$2,200 (\$1,700 refundable) Indexed for inflation in 2026
Charitable giving deduction	Deduction limited to 60% of adjusted gross income (AGI) on cash contributions	No change
Charitable contribution floor	No floor	0.5% of AGI subtracted from total contributions (2026 -)
Itemized deduction limitation	Tax benefit calculated at taxpayer's highest marginal tax rate	Stays same but max benefit limited to 35% marginal rate (2026 -)

Source: Janus Henderson Investors

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The One Big Beautiful Bill Act

Key business provisions

Tax Provision	Prior law	One Big Beautiful Bill
Corporate tax rate	21%	No change
Qualified business income (199A)	20% deduction Phaseout range (\$50K single/\$100K MFJ)	20% deduction Phaseout range (\$75K single/\$150K MFJ)
Section 179	Maximum eligible deduction = \$1.0M Phaseout begins at \$2.5M of purchases	Maximum eligible deduction = \$2.5M Phaseout begins at \$4.0M of purchases
Bonus depreciation	40% phaseout began in 2022	100% (in service after January 19, 2025)
R&D expensing	5-year amortization	Allows for immediate expensing beginning 2025
Qualified Small Business Stock (QSBS)	Exclusion amount up to \$10M or 10x investment Small < \$50M	Exclusion amount up to \$15M or 10x investment Small < \$75M 3 years = 50% 4 years = 75% 5 years + = 100%

Source: Janus Henderson Investors

Deduction unicorns

Form 1040 possible changes

Tax deductions (Current Form 1040)

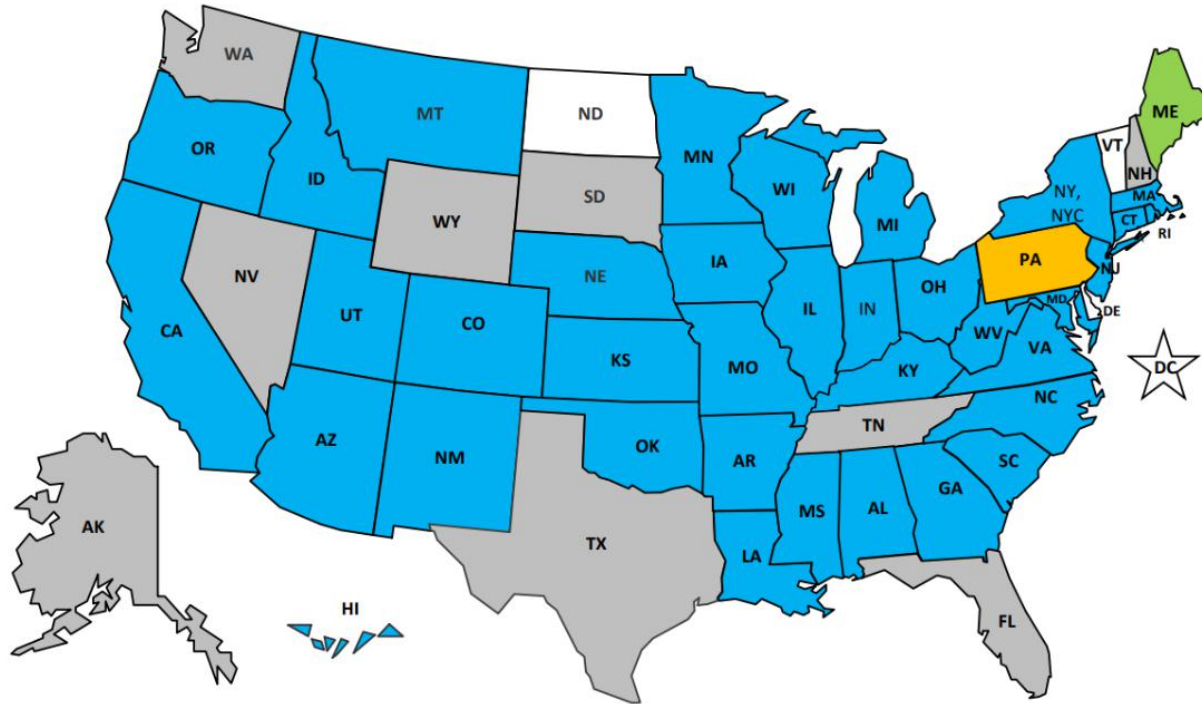
11	Subtract line 10 from line 9. This is your adjusted gross income
12	Standard deduction or itemized deductions (from Schedule A)
13	Qualified business income deduction from Form 8995 or Form 8995-A
14	Add line 12 and 13
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income

Tax on tips	Maximum deduction = \$25,000 Phaseout: \$300,000-\$550,000 (MFJ) \$150,000-\$400,000 (Single) (2025-2028)
Tax on overtime pay	Maximum deduction = \$25,000 (MFJ), \$12,500 (Single) Phaseout: \$300,000-\$550,000 (MFJ) \$150,000-\$275,000 (Single) (2025-2028)
Charitable deductions for non-itemizers	Deduction = \$2000 (MFJ)/\$1000 (Single) (2026 -)
Car loan interest	Maximum deduction = \$10,000 Phaseout: \$200,000-\$250,000 (MFJ) \$100,000-\$150,000 (Single) (2025-2028) New cars only

Pass-through entity tax election (PTE)

36 states have enacted a pass-through entity tax

As of July 8, 2025



Source: AICPA

Blue = PTE tax enacted

Yellow = PTE tax bill proposed

Green = PTE tax bill pending 2026

Grey = No owner-level tax

White = None

- A PTE tax election allows a PTE to pay and **deduct** income taxes due on behalf of the company's owners
- Election may affect state tax credits

Income taxes

Key takeaways

- **Review OBBBA implications for clients**
 - Consider interplay between certain provisions and investments
- **CPA interaction**
 - Only 22% of advisors interact with other client professionals
 - Build relationships with your clients' CPAs/tax preparers
- **Help clients understand what they control**
 - Income (type of investment, type of income, type of account)
 - Deductions

Source: Tax Foundation, Janus Henderson Investors 2024 Investor Survey

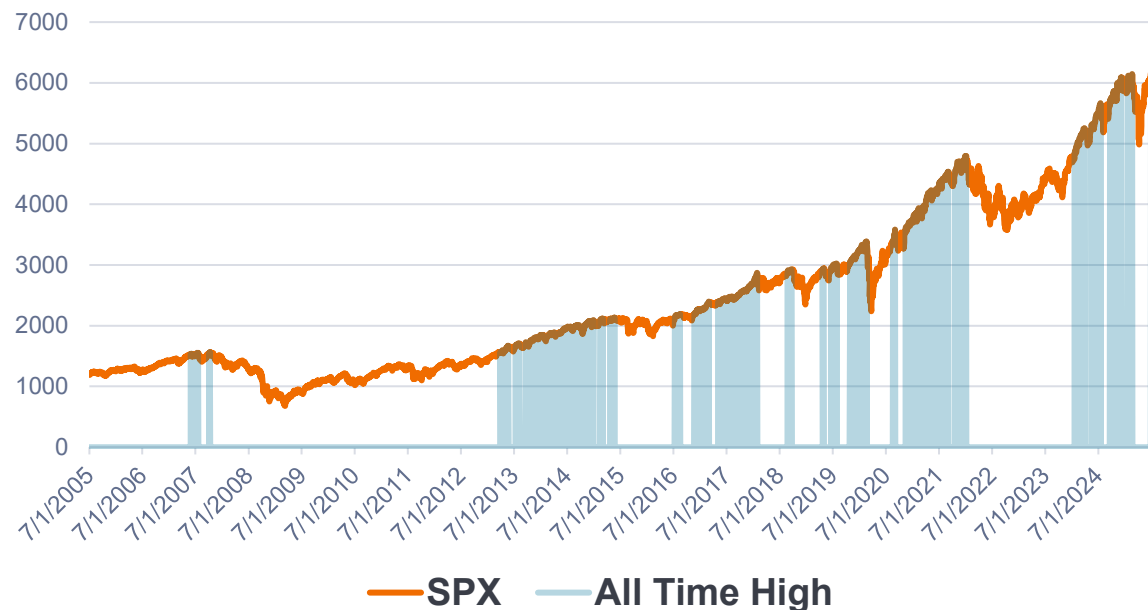
Portfolio considerations

- Investing at the top

Investing at the top

Don't be deterred by new all-time highs in the stock market

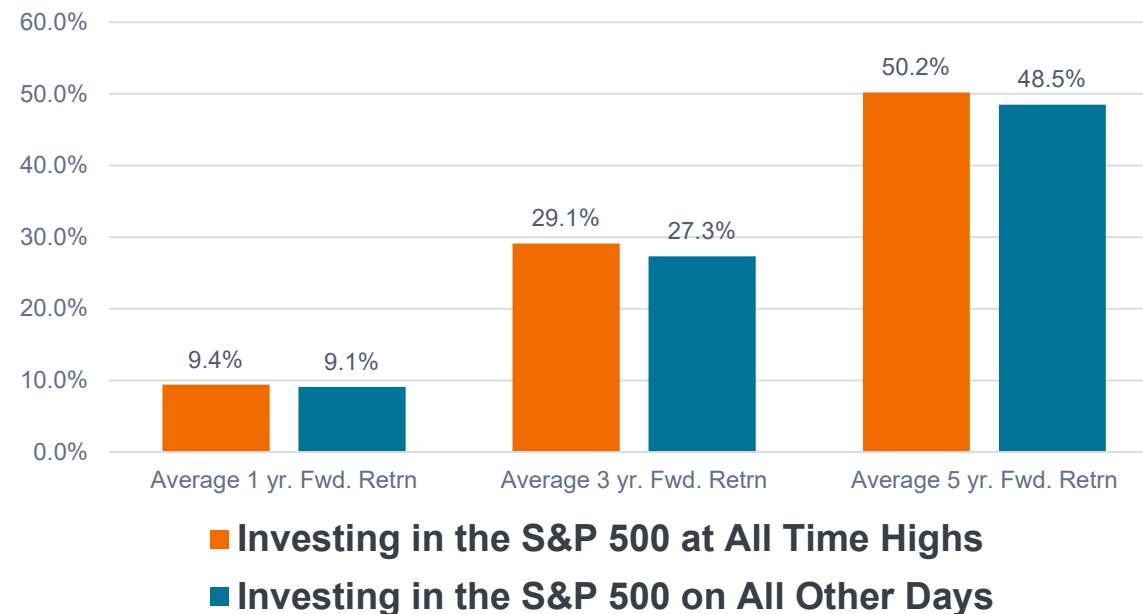
> New all-time highs have occurred 21.85x a year over the last 20 years



Past performance is not indicative of future results.

Source: Janus Henderson Investors, Factset Research; data as of June 30 2025.

> Returns are higher when investing at all-time highs

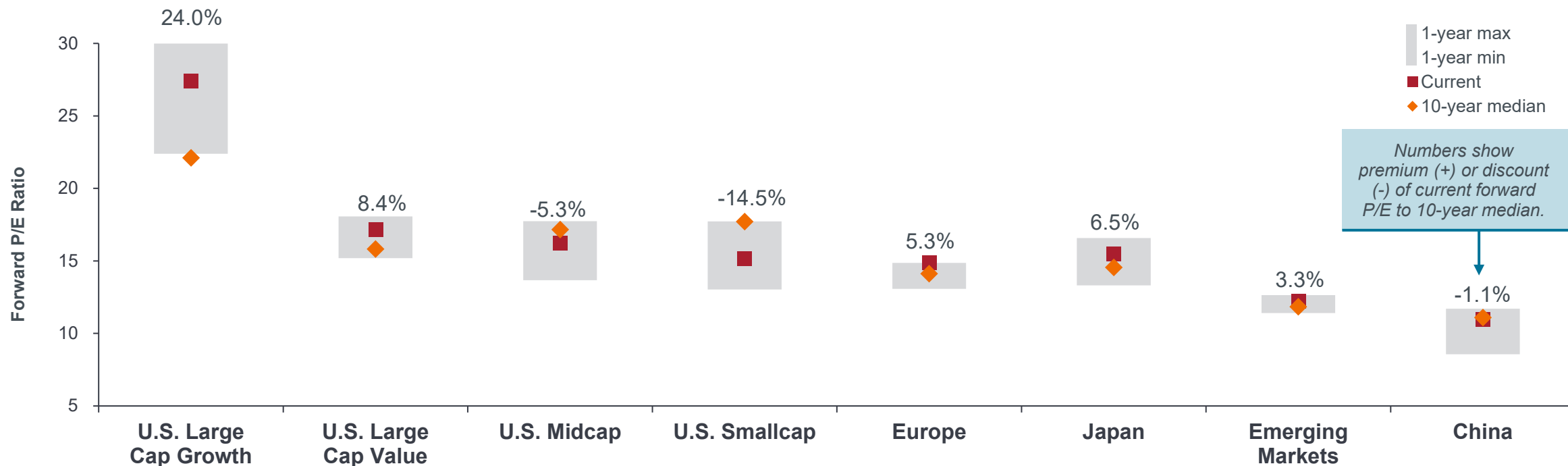


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Market turbulence, but also opportunities

Equity entry points

After a turbulent few months, many equities categories now trade close to their historical averages. Large-cap U.S. growth stocks, leveraged to powerful tech themes, have more attractive entry points compared to the past two years.

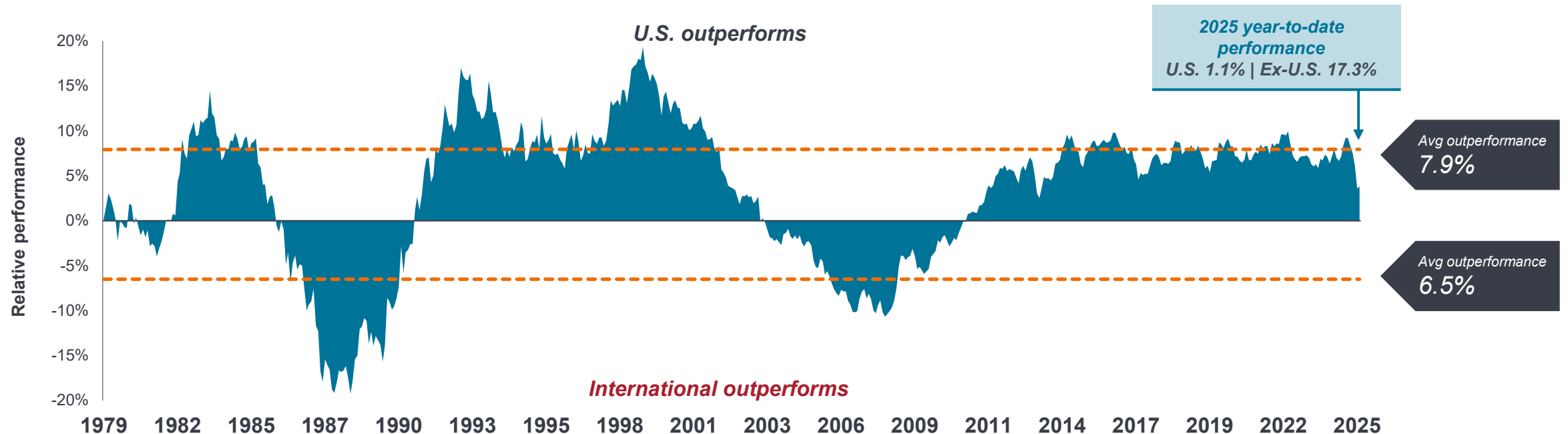


Source: Bloomberg, Janus Henderson Investors, as of 31 May 2025. P/E ratios based on 12-month blended forward earnings. Equity categories based on Russell 1000 Growth Index, Russell 1000 Value Index, S&P Midcap 400 Index, S&P Small Cap 600 Index, MSCI Europe Index, MSCI Japan Index, MSCI Emerging Markets Index, MSCI China Index.

Accessing opportunities outside the U.S.

Non-U.S. stocks may be due to lead the global equity cycle

S&P 500 vs. MSCI EAFE 5-year monthly rolling returns



Source: Bloomberg, from 31 December 1979 to 31 May 2025. Data are monthly and show rolling five-year annualized performance difference between the S&P 500 Index (U.S.) and the MSCI EAFE Index (Non-U.S.). Year-to-date performance: Bloomberg, percentage return, to 31 May 2025.

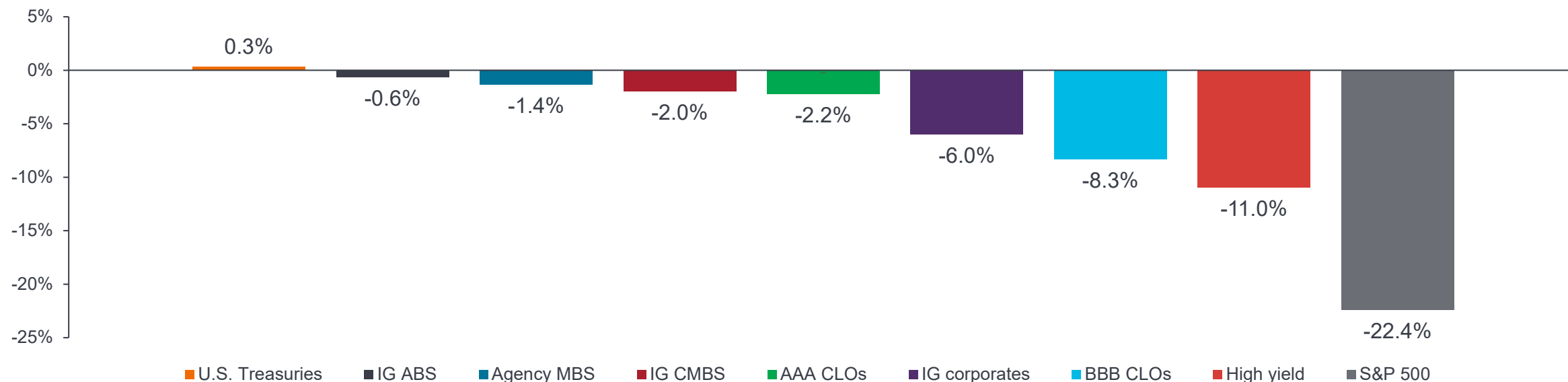
Past performance cannot guarantee future results.

Seeking resilience

Defensive potential of high-quality securitized debt

U.S. securitized debt: Strength in the face of adversity

Average peak-to-trough return of the five most recent equity market corrections/bear markets, with corresponding returns for various fixed income sectors



Source: Bloomberg, J.P. Morgan, as of 31 May 2025. Asset class descriptions and indices used to represent asset classes as per disclosures on page 18.

Returns represent the average peak-to-trough return for the five most recent corrections and bear markets of the S&P 500, with corresponding returns for fixed income sectors over the same drawdown period. Past performance does not predict future returns.

Past performance does not predict future results.

Portfolio considerations

Key takeaways

- **Monitor cross-border trade and supply chain resilience**
 - U.S. small- and mid-cap companies may benefit from reshoring
 - Manufacturers may benefit from schedule 179 and bonus depreciation deductions
- **Reinforce the value of long-term diversification**
 - Home bias? Many portfolios may not be positioned for global broadening
 - Portfolio review with Portfolio Construction and Strategy team
- **Volatility may persist for the foreseeable future**
 - Review fixed income duration, sector selection, and credit quality
 - Securitized debt has historically provided high credit quality, low correlation to equities, and low duration

Behavioral finance

- Motivating investors to refer

What services lead to client referrals?

The psychological aspects of financial planning

- Data from the 2024 wave of the CFP Board's client impact study from respondents who reported having a financial advisor and investable assets of \$250,000 and greater
- Research investigated the relationship between services offered by financial advisors and clients' frequency of making referrals



Source: CFP Board Center for Financial Planning, "Financial Planning Longitudinal Study: 2024 Key Results," July 2024.

What services lead to client referrals?

The psychological aspects of financial planning

➤ Dependent variable

How well does the following statement describe the conversations you have with your financial professional?

“I have referred other people to them.”

- ☐ A lot
- ☐ Somewhat
- ☐ Not at all

➤ Variables of interest

How would you rate the service you receive from your financial professional in the following areas?
(Very detailed, somewhat detailed, not very detailed, not addressed at all)

- _____ Estate planning
- _____ Investment planning
- _____ Psychology of financial planning
- _____ Retirement planning
- _____ Risk management and insurance planning
- _____ Tax planning

Source: CFP Board Center for Financial Planning, “Financial Planning Longitudinal Study: 2024 Key Results,” July 2024.

What services lead to client referrals?

Results

What is the *psychology of financial planning*? “Identifying and responding to attitudes, behaviors, and situations that impact decision-making, the client-planner relationship, and the client’s well-being.”

Financial planning services:	% receiving	Frequency of making referrals (A lot vs. Not at all)	Frequency of making referrals (Somewhat vs. Not at all)
Estate planning	58.55	1.896	1.896**
Investment planning	89.61	2.441	0.624
Psychology of financial planning	58.14	2.516***	1.380
Retirement planning	89.15	2.419	2.097*
Risk management and insurance planning	71.94	1.583	1.354
Tax planning	56.18	1.153	1.404

Source: CFP Board Center for Financial Planning, “Financial Planning Longitudinal Study: 2024 Key Results,” July 2024.

Results weighted. Final sample = 938

*p<0.05, **p<0.01, ***p<0.001

Behavioral finance

Key takeaways

➤ Take time to self-reflect

- “A greater understanding of one’s own relationship with money may help keep these personal feelings in check when providing clients advice.”

➤ Take note of client tendencies

- Client’s words AND behaviors
- Be an active listener

➤ Educate clients

- Hosting a client appreciation event, in-person or virtually, on the psychology of financial planning is an easy way to reinforce the professional’s ability to address this topic
- Specialist Consulting Group can provide content

Retirement income planning

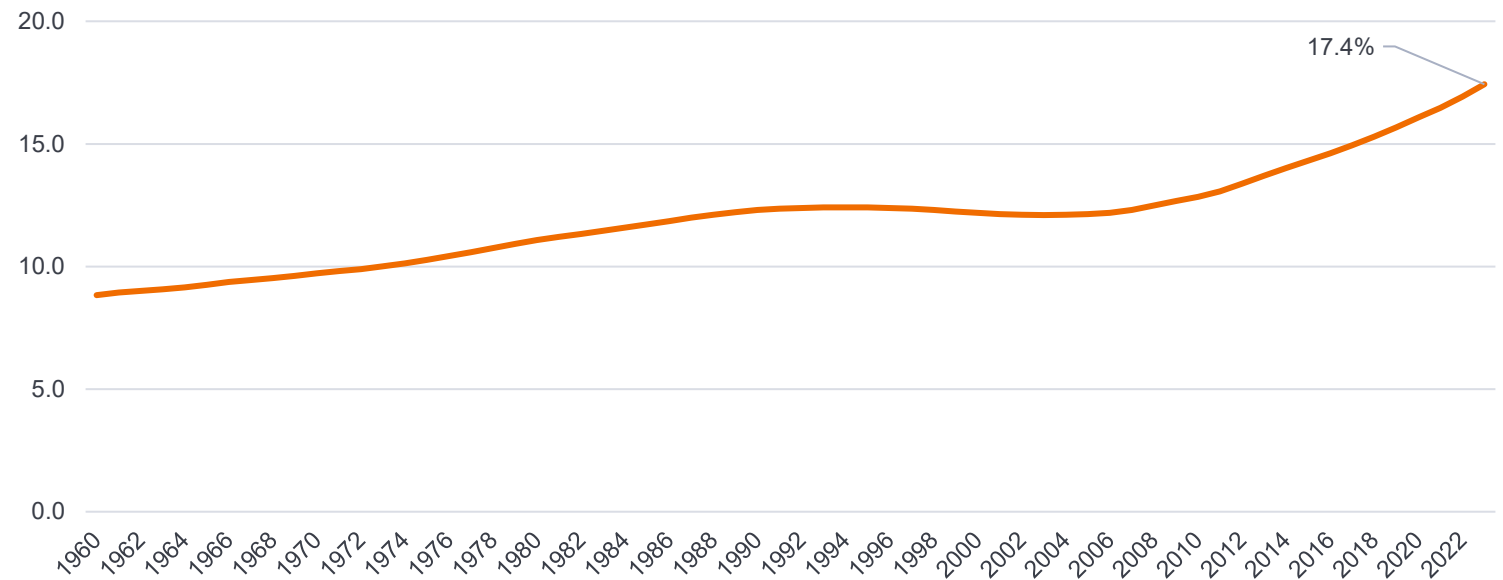
- Silver tsunami

Silver tsunami

The number of Americans turning 65 has never been higher

**12,000 Americans
turn 65 every day**

**Percentage of population ages 65 and above
for the United States**



Source: U.S. Census Bureau, Federal Reserve Economic Data, Federal Reserve Bank of St. Louis

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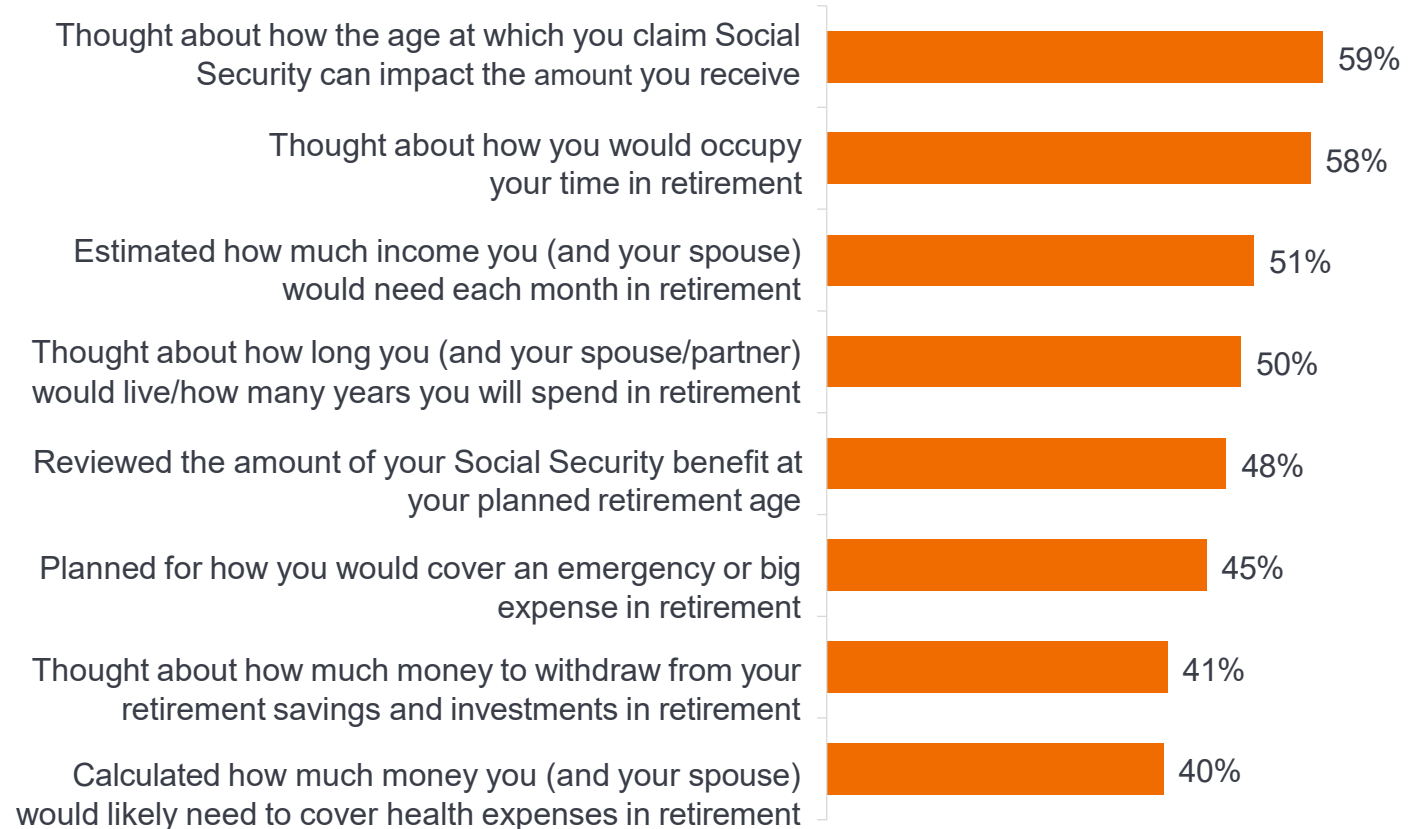
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Retirement income considerations

2024 survey of 2,521 Americans (1,266 retirees)

- > Withdrawal strategy: **41%**
- > Social Security: **48%**
- > Income needs: **51%**

Have you taken any of these steps to prepare for retirement? (Yes responses)



Source: 2024 Retirement Confidence Survey, EBRI, Greenwald Research

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Savings vs. spending

80% of lifetime income is consumed vs. 50% of available savings

➤ Why?

- Shortfall risk
- Limited financial knowledge
- Unknown lifespan
- Array of financial resources
- Mental accounting

Assumed spend rates from assets for households with \$100,000 or more of financial assets

Age	Single		Married	
	Qualified	Nonqualified	Qualified	Nonqualified
60	3.67%	3.13%	1.36%	1.73%
65	3.91%	3.24%	1.98%	2.11%
70	4.14%	3.35%	2.60%	2.49%
75	4.38%	3.46%	3.22%	2.87%
80	4.62%	3.57%	3.84%	3.25%

Source: 2020 Health and Retirement Study, accessed March 22, 2024, Blanchett and Finke

A license to spend

Guaranteed income could result in 2x equivalent spending

Potential improvement in consumption

➤ Considerations

- Bequest intentions
- Risk tolerance
- Risk transfer
- Conflicts of interest

Age	Single		Married		Average
	Qualified	Nonqualified	Qualified	Nonqualified	
60	5%	23%	184%	123%	84%
65	9%	32%	115%	102%	64%
70	16%	43%	83%	92%	59%
75	26%	59%	67%	87%	60%
80	39%	80%	56%	84%	65%
Ave.	19%	47%	101%	97%	

Source: Source: Blanchett and Finke

Inherited IRAs

Intra-10-year rule RMDs not required until 2025

- The SECURE Act of 2019 effectively eliminated the life expectancy option for many IRA beneficiaries, and instead requires inherited accounts to be distributed within 10 years
- IRS Notice 2024-35 effectively waived the annual “stretch” required minimum distributions (RMD) requirement during the 10-year rule (for affected beneficiaries) for 2024
- Thanks to a collection of Notices, the intra-10-year-rule annual RMDs required under the Final Regulations (for non-eligible designated beneficiaries inheriting from an owner who died on/after their required beginning date) don't apply until 2025
- To the extent that an intra-10-year-rule distribution was not taken in 2021–2024, **there is no penalty and no need to go back to make up the distribution in a future year**

Source: IRS

Super catch-up contributions

Effective January 1, 2025

- The SECURE 2.0 provision providing retirement plan participants with the ability to make "super catch-up" contributions takes effect in 2025
- The super catch-up is an optional plan feature, and employers can decide whether or not to implement it
 - If a plan offers catch-up contributions, they must also offer the super catch-up
- Available to participants ages 60-63 that are part of a 401(k), 403(b), or governmental 457(b) plan
- Once an individual turns 64, they return to the regular catch-up limit
- For 2025, the super catch-up limit is \$11,250

Retirement income

Key takeaways

➤ Retirement income plans

- Review amounts being spent from income vs. savings
- Review investment portfolio to create greater fulfillment in retirement

➤ Planning for IRA distributions

- Roth conversions
- Beneficiary review

➤ Review savings options within retirement plans and accounts

- Super catch-ups
- Beginning in 2026, “highly compensated” employees must make any catch-up contributions to a Roth-style account in their employer plans

Source: 2024 Retirement Confidence Survey, EBRI, Greenwald Research

Resources

Specialist consulting group

Advisors at the center

With more than **18 dedicated specialists and consultants**, we strive to help you tackle challenges and implement solutions across key practice areas.

At Janus Henderson, “**world-class service**” is more than a buzzword.

It is central to our mission as a firm and that of our growing team of experts focused on helping you build and manage your practice.



Wealth strategists

About our contributors and specialists



Jeff Brooks, JD | Senior Wealth Strategist

Jeff brings a wealth of experience as an estate attorney and financial services industry veteran, with a history of working closely with financial professionals and their high-net worth and ultra-high-net-worth clients. He joined Janus Henderson in 2023, having previously spent 24 years in similar roles at Capital Group, UBS, and Merrill/Bank of America. Before entering financial services, he was a partner in a St. Louis-based boutique estate planning firm and spent five years clerking for the judge of a probate court.



Ben Rizzuto, CFP®, CRPS®, CPWA® | Wealth Strategist

Ben has spent nearly two decades helping financial professionals and their high-net-worth clients identify solutions to today's increasingly difficult retirement, wealth transfer, and financial planning issues. He is a regular contributor to Janus Henderson's Insights, and his work has been cited in numerous financial industry publications. Prior to joining Janus in 2014, he worked as a business development consultant for Jackson National Life, where he helped financial professionals grow their fee-based practices.

Contact us

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