May 2025

Newsletter

Market Monitor

April was a month of mixed signals for the markets as investors digested a wave of corporate earnings, inflation data, and shifting expectations around Federal Reserve policy. The S&P 500 posted **modest** gains, driven by better-than-expected tech earnings, while the Dow and Nasdaq saw more muted performance. Inflation cooled slightly but remained above the Fed's 2% target, fueling uncertainty about potential rate cuts. Energy prices stayed firm, driven by the ongoing geopolitical tensions, while real estate and utilities underperformed with continued pressure from higher borrowing costs.

For retirees, the good news is that bonds and high-yield savings continue to offer competitive returns, while diversified portfolios have held up well despite ongoing uncertainty. Overall, markets remained resilient but cautious heading into May. Staying balanced and focused on stability remains a smart approach as we head into the summer months.

Riding the Waves with Confidence

Taylor Muñoz

Why Market Volatility Doesn't Have to Disrupt Your Retirement

If you've been watching the markets lately, you've likely noticed the rollercoaster of headlines—rising interest rates, ongoing geopolitical tensions, trade tariffs, and talks of recession. It's easy to feel uneasy in times like these, especially when your retirement future is on the line.

But here's the good news: at ASC Financial Group, we plan for this.

As retirement income specialists, we work with individuals like you who are in retirement or approaching what we call the "Retirement Red Zone"—the critical five to ten years before retirement. During this time, market losses can have an outsized impact, which is why our focus has never been on chasing the next hot stock or hoping the market keeps climbing. Our focus is on **certainty**, **predictability**, and **preserving the assets you've worked a lifetime to build.**

The strategies we implement are designed not only to reduce risk but to generate stable, sustainable income regardless of what the markets do. Whether you're concerned about inflation, taxes, global unrest, or economic slowdowns, the tools and strategies we've put in place are built to weather those storms.

We like to say that **your retirement income should never be at the mercy of the evening news.** That's why so many of our clients sleep well at night—knowing they have dependable income streams that cover both their needs and their dreams.

So while the headlines may be unpredictable, your retirement doesn't have to be.

If you're ever unsure or want to review your plan in light of current events, we're here. That's what we're in your corner for—helping you retire with confidence and clarity, no matter what the market throws our way.

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Financial Advisor, Taylor Muñoz

Taxing Times

Josiah Grauso

A Vital Source of Income: What You Need to Know to Plan Accordingly

Retirement doesn't mean the end of taxes—far from it. Just because you're not working doesn't mean the IRS stops collecting. While your income may change, tax obligations continue, and understanding how they apply in retirement is key to protecting your reserve.

- **Your Income Sources Still Get Taxed**

Social Security, pensions, traditional IRA and 401(k) withdrawals, annuities, and investment income can all be taxable. Up to 85% of your Social Security benefits may be taxed depending on your total income. While Social Security provides essential financial support, it is important to understand how it could be taxed based on your total income. Tax planning for Social Security benefits can help reduce the unexpected financial burden of paying higher taxes. If you're nearing retirement, it's always a good idea to speak to a financial advisor to evaluate how your benefits might be taxed, and develop a strategy that is going to work best for you

- **Required Minimum Distributions (RMDs)**

Starting at age 73, most retirees must begin withdrawing from their traditional retirement accounts. These RMDs are taxed as standard income, now pushing you into a higher tax bracket. The years between retirement and when RMDs begin can be a strategic window. A lower income during this period might just open opportunities for tax-efficient withdrawals or Roth conversions at a lower rate.

- **Roth Accounts Offer Tax Advantages**

Unlike traditional IRA accounts, qualified withdrawals from Roth IRAs or Roth 401(k)s are tax-free. If you can, consider converting some traditional assets to Roth gradually to offset future tax liabilities. If you're converting before you retire, you'll pay taxes now, but withdrawals in retirement will be tax-free—and there are no RMDs with Roth IRAs.

- **State Taxes Vary Widely**

Some states have no income tax or exempt certain types of retirement income, while other states tax pensions, 401(k)/IRA distributions, and even your Social Security. Where you live in your retirement years can make a big difference in your overall tax burden. If a move is in your future, consider how that state's taxes could affect your bottom line.

- **You Have a Planning Window—Use It**

The years between when you stop working and when RMDs kick in (or when you start collecting Social Security) are a prime opportunity for planning. While you may have lower income, this is the ideal time to take judicious withdrawals to reduce future RMDs, harvest gains or losses in taxable accounts, or reevaluate your tax bracket and Medicare IRMAA thresholds. If you're in your retirement, tax-efficient withdrawal strategies, charitable giving, and asset location can all help reduce your tax bill. Working with a financial advisor or tax professional to help create a plan will allow you to have more options without taxes being one of them.

Taxes might not be the most exciting part of retirement planning, but they're one of the most important. Taking the time to understand how retirement income is taxed—and how to minimize it—can help your reserve last longer and reduce surprises down the road.

Financial Advisor & Vice President, Josiah Grauso

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Where we cover more topics to get you to and through retirement]