

Wealth Insights

Navigating Wealth for Your Purpose



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Exciting News: SilverStar Joins Forces with LifeBridge Financial Group

As announced in May, we are thrilled that SilverStar Wealth Management has merged with LifeBridge Financial Group, a respected Houston-based firm whose team shares our values and commitment to client-first service. This merger strengthens our resources and succession planning, ensuring even greater support and continuity for you. Please know that I'm not retiring and am fully dedicated to serving you for many years to come, alongside our same trusted team at our same location. Nothing will change how we work together, other than the firm name to LifeBridge, and we will now have expanded capabilities to help you grow and preserve your wealth with purpose. To learn more, visit our website for a special video message about this exciting new chapter.

Economic & Market View



Economic indicators remain broadly positive, despite ongoing concerns around tariffs and global trade tensions. While inflation has been a primary worry tied to tariffs, price increases have not materialized significantly so far. Federal Reserve Board Chairman Jerome Powell has held off on cutting interest rates out of caution, but with recent inflation data coming in line with expectations, the Fed may be compelled to reduce rates at its September meeting if labor and inflation figures remain positive.

Upcoming corporate earnings will be crucial in determining whether the markets can sustain their recent strong performance.

2025 Performance of Capital Markets

S&P 500 - The S&P 500 (Standard & Poor's Index) is a stock market index containing the stocks of 500 American corporations with large market capitalizations that are considered to be widely held.	6.20%
S&P Mid-Cap 400 - The S&P Mid-Cap 400 is comprised of stocks in the middle capitalization range and represents about 10% of U.S. Equity securities.	0.20%
Russell 2000 - The Russell 2000 represents 2000 of the smallest companies in the Russell 3000 index.	-1.79%
MSCI EAFE - The MSCI EAFE serves as a benchmark of the performance in major international equity markets, as represented by 21 major MSCI indexes from Europe, Australia, and Southeast Asia.	19.45%
Barclays U.S. Aggregate Bond - The Barclays U.S. Aggregate Bond Index is an index of U.S. dollar-denominated, investment-grade U.S. corporate, government and mortgage-backed securities.	4.02%
10-Year Treasury Yield Rate (as of 06/30/25)	4.24% ↑

Sources: Morningstar (Performance from 1/1/2025 to 06/30/2025)
Treasury.gov (As of 06/30/2025)

Inflation Remains Under Control. The Fed’s preferred inflation gauge, the Personal Consumption Expenditures (PCE) index, offers a broad and stable measure of price changes, as it reflects shifts in consumer spending habits. The PCE rose 2.3% in May compared to the same month a year ago, nudging up just 0.1% from April, as shown in Figure 1.

Figure 1. Personal Consumption Expenditures (PCE) for May 2025

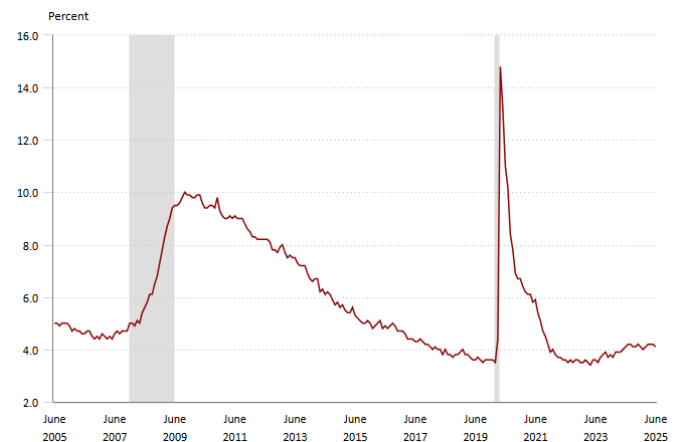
Change From Month One Year Ago	
May 2025	+2.3%
April 2025	+2.2%
March 2025	+2.3%
February 2025	+2.7%

Source: BEA.gov. June 27, 2025

Meanwhile, the U.S. Bureau of Labor Statistics reported that the Consumer Price Index (CPI) for June increased 2.7% from June of last year. Although CPI has ticked higher, Sarah House, a Senior Economist at Wells Fargo, notes that “the numbers are not a worst-case scenario because tariffs are so far only pushing up prices in a handful of goods categories and have not spread over to services.”¹ We will be watching for updated June PCE data at the end of July for a clearer picture for inflation.

Labor Market Remains Solid. Employment continues to show resilience. Total non-farm payroll grew by 147,000 jobs in June, leaving the unemployment rate at a low of 4.1% as shown in Figure 2. While the majority were led by state governments and health care sectors, there is hope for broader sector growth in the months ahead, especially as AI data centers and related industries expand.

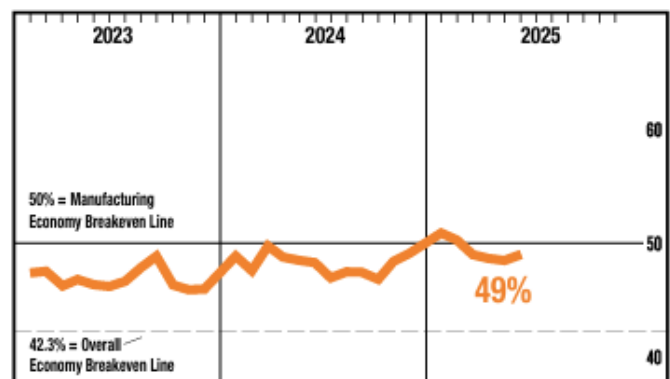
Figure 2. Unemployment for June 2025



Source: U.S. Bureau OF Labor Statistic. July 3, 2025

Manufacturing Continues to Expand. The Manufacturing Purchasing Managers Index (PMI)[®] rose slightly to 49 percent in June, up from 48.5 percent in May, representing an expansion of 0.5 percentage points. Although still under 50%, it is important to note that any reading above 42.5 percent indicates expansion of manufacturing in the overall economy.²

Figure 3. Manufacturing PMI for June 2025

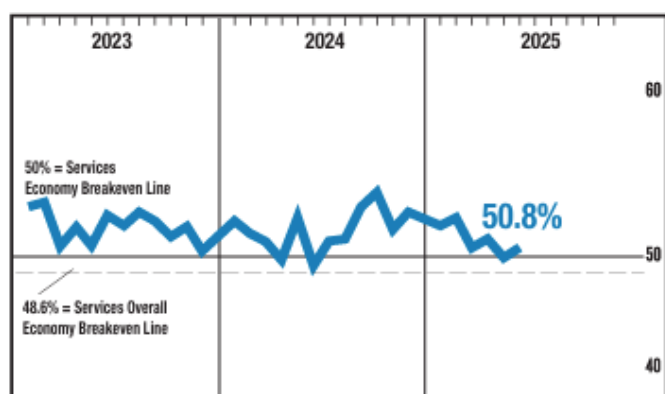


Source: Institute for Supply Management.

Services Still Strong. The Services Purchasing Manager’s Index (PMI), covering roughly 80% of the U.S. economy, remains in expansion territory at 50.8% in June after an increase of 0.9 percent from May, as shown in Figure 5. The strength of services is key to sustaining economic momentum.

1 Konrad Putzier and Nick Timiraos, “Inflation Picks Up to 2.7% as Tariffs Start to Seep Into Prices,” *Wall Street Journal*, July 15, 2025, https://www.wsj.com/economy/inflation-hit-2-7-in-june-in-line-with-expectations-8f92a8cd?mod=Searchresults_pos1&page=1, (accessed on July 15, 2025).
 2 Manufacturing ISM[®] Report on Business[®], *Institute of Supply Management*, June, 2025, (accessed July 3, 2025)

Figure 5. Services PMI for June 2025



Source: Institute for Supply Management.

Tariffs: The elephant in the room. Tariff-related uncertainty continues to loom over the markets. Originally set to expire in July, tariffs were extended by President Trump after the bond market jitters pushed the 10-year Treasury yields higher. With limited progress on trade deals, the deadline has been moved to August 1st. Some agreements have been reached, with the hope for more in the coming weeks.

Big Optimism. The recently passed One Big Beautiful Bill Act, signed into law on July 4th, is fueling renewed optimism for economic growth. In combination with accelerating investment in AI data centers, energy infrastructure, and other technology-driven sectors, the Act's new business tax incentives are expected to stimulate business activity and provide meaningful tailwinds for the broader economy.

Stock Market Rebound. U.S. Equity market staged a remarkable rebound this year. The S&P 500 Stock Index hit its 2025 low on February 18th, after falling 19% from the beginning of the year, just shy of the 20% decline that is defined as a bear market. Since then, the index has surged 26%, underscoring the timeless lesson, "no one can time the markets consistently."

From the beginning of the year through June 30, 2025, the S&P 500 is up 6.2%. Encouragingly,

we are seeing broad strength and gains beyond the "Magnificent 7" mega-cap tech stock that previously dominated returns.

Global equities have also performed well, with the MSCI EAFE index (which tracks international equity markets) up 19.45% for the year-to-date performance ending on June 30, 2025.

Another important reminder is that our portfolios should always remain properly allocated and diversified, with adequate exposure to global securities.

Looking Ahead. While some U.S. stock valuations remain elevated, continued economic strength, controlled inflation, and solid corporate earnings could support further growth. However, geopolitical risks and tariff uncertainties remain potential headwinds.

As always, maintaining a properly allocated, well-diversified portfolio aligned with your overall plan and risk tolerance is essential for navigating both opportunities and risks in the months ahead.

Invest wisely and manage risk!

Highlights of the One Big Beautiful Bill Act

The tax cuts enacted under the Tax Cuts and Jobs Act (TCJA) were set to expire at the end of 2025. With the One Big Beautiful Bill Act (OBBBA), signed into law on July 4, 2025, many of those tax benefits have been extended, and new provisions introduced, aiming to stimulate economic growth for individuals and businesses, even though projections indicate it will increase the national debt. The question is whether additional revenue from economic growth will outweigh the additional debt.

There are many important elements in the OBBBA. While the Act's permanent tax cuts and

projected revenue align with the unbiased view of the Tax Foundation for economic stability, it will "spend far too much money on political gimmicks and carveouts," adding complexity to the tax code.³ Below are some key provisions.

Key Individual Tax Provisions

- **Permanent Individual Tax Rates.** The TCJA's individual tax brackets—10%, 12%, 22%, 24%, 32%, 35%, and 37% are now permanent and will adjust for inflation.
- **Expanded Standard Deduction.** In 2025, the standard deduction rises to \$15,750 (single), \$23,625 (head of household), and \$31,500 (joint), with future inflation adjustments.
- **Senior Deduction.** Those aged 65 and older can claim an additional \$6,000 deduction from 2025 to 2028—the deduction phases out at \$75,000 (single) and \$150,000 (joint).
- **The Interest Deduction is Now Permanent for up to \$750,000 Home Mortgages.**
- **State and Local Tax (SALT) Deductions.** The SALT deduction cap increases from \$10,000 to \$40,000, with a phaseout for taxpayers with modified adjusted gross income over \$500,000. This higher limit sunsets in 2029, reverting to the original \$10,000, indexed for inflation.
- **Child Tax Credit.** A permanent credit of \$2,200 starting in 2025, indexed for inflation.
- **Car Loan Interest Deduction.** Both itemizers and non-itemizers can deduct up to \$10,000 in interest for U.S.-assembled vehicles from 2025 to 2028. Phaseouts start at \$150,000 (single) and \$200,000 (joint).
- **Charitable Contributions.** Non-itemizers can deduct up to \$1,000 (single) and \$2,000 (joint) beginning in 2026. For itemizers, only charitable contributions exceeding 0.5% of adjusted gross income are deductible. The ability to deduct up to 60% of the AGI limit for cash gifts to public charities is now permanent.
- **Permanent Lifetime Gift and Estate Tax Exclusion.** Everyone now has a \$15 million lifetime gift and estate tax exemption, indexed for inflation.
- **Qualified Tips Deduction.** Workers in traditional tip industries can deduct up to \$25,000 of tip income from 2025 to 2028. Phaseouts start at \$150,000 (single) and \$300,000 (joint).
- **Qualified Overtime Deduction.** Up to \$12,500 in overtime pay per individual is deducted from 2025 to 2028. It has the same phaseouts as the tips deduction.
- **Alternative Minimum Tax (AMT).** Phaseout thresholds revert to \$500,000 (single) and \$1,000,000 (joint), indexed for inflation.
- **Trump Accounts.** Available for children born from 2025 to 2028. Funded with a \$1,000 government contribution plus up to \$5,000 annually in private contributions and invested to track a stock index.

Key Business Tax Provisions

- **Qualified Business Income (QBI) Deduction.** Section 199A remains permanent, allowing pass-through businesses—sole proprietorships, partnerships, and S corporations to deduct part of qualified business income.
- **Restore the 100% Bonus Depreciation.** Businesses can immediately expense the full cost of eligible assets and qualifying structures, boosting cash flow and investment.

³ Daniel Bunn, Alex Muresianu, and William McBride, "The Good, the Bad, and the Ugly in the One Big Beautiful Bill Act," *Tax Foundation*, July 9, 2025, <https://www.taxfoundation.org/obbba-good-bad-ugly> (accessed July 12, 2025).

- **Immediate Expensing for Domestic R&D.** Companies can deduct research and development costs upfront rather than spreading them over several years, encouraging more domestic investment.
- **Expanded Interest Expense Deduction.** Businesses may include depreciation and amortization when calculating interest under Section 163(j).

Outlook and Considerations. The OBBBA's extended tax cuts offer certainty for near-term planning for individuals and businesses. However, they come at a cost. According to the Congressional Budget Office (CBO), the OBBBA is projected to add \$3.9 trillion to the national debt.⁴ While there is consensus that the Act will boost economic output, estimates vary widely—from low estimates of 0.4% annual gross domestic production over the next decade (Joint Committee on Taxation) to as high as 4.6% to 4.9% over the next four years and 2.4% to 2.7% by 2034 (Council of Economic Advisors).⁵ We cannot predict tomorrow, but we can plan today. Consider these planning steps:

- **Invest Tax-Efficiently.** Avoid creating “tax bombs” later in our retirement years by accumulating only pre-tax investments. Consider diversifying across different assets and account types for tax planning flexibility, given long-term debt concerns.
- **Review Your Plan.** Regular reviews and updates are crucial to ensure we are on track and create sustainable retirement income while minimizing risks and taxes.
- **Explore Charitable Gifting Strategies.** With the new 0.5% floor for deductible gifts, strategies such as bunching donations, Qualified Charitable Distributions (QCDs), Donor Advised Funds (DAFs), and gifting of appreciated

assets may provide greater impact and tax benefits.

Proactive planning today helps ensure we are prepared for whatever the future holds!

Business Owners Blueprints: Today's Planning for Tomorrow's Value

Choosing a business structure is an essential first step for any entrepreneur. However, the ultimate value of a business depends largely on early, comprehensive planning that integrates personal objectives, business growth and value strategies, tax efficiency, and risk management. Planning for life's uncertainties, often called the “3 D's”: death, disability, and disengagement due to retirement or eventual sale, is essential for protecting employees, customers, and family. A striking 76% of business owners plan to exit their business within the next ten years, yet 58% lack a formal plan for doing so.⁶ This leaves their most important asset and family's future at risk. Here are four key planning areas that may help secure better outcomes:

1. Choose the Right Business Structure. The choice of business structure, whether a sole proprietorship, partnership, LLC, S-Corp, or C-Corp, affects liability protection, taxation, and the ease of ownership transfers.

- **Liability Protection.** Corporations and LLCs can shield personal assets from business liabilities, unlike sole proprietorships or partnerships.

⁴ Committee for a Responsible Federal Budget, “CBO Score Shows Senate OBBBA Adds Over \$3.9 Trillion to Debt,” June 28, 2025, <https://www.crfb.org/blogs/cbo-score-shows-senate-obbba-adds-over-39-trillion-debt>, (accessed on July 13, 2025).

⁵ William McBride, “Will the Big Beautiful Bill Lead to an Economic Boom or Just Modestly Higher Growth?,” *Tax Foundation*, June 26, 2025, <https://taxfoundation.org/blog/big-beautiful-bill-impact-deficit-economy/>, (accessed on July 13, 2025).

⁶ Exit Planning Institute. 2023. State of Owner Readiness Report

- **Tax Treatment.** Each entity structure carries different tax consequences during ownership and upon the sale or exit.
- **Marketability.** Buyers and investors often prefer entities that offer clear legal and financial separation from their owners.

While selecting the right entity is important, it's just the beginning. True value comes from how well business and personal strategies are thoughtfully integrated.

2. Plan for the Expected and Unexpected.

Many business owners focus intensely on growing their businesses while overlooking personal planning, resulting in significant portions of their net worth being tied up in a single company, which can have serious consequences. Every owner should plan for scenarios like premature death, disability, the loss of a key employee, retirement, and an eventual sale.

- **Premature Death.** Without properly documented plans, an owner's death can create operational and financial chaos for partners, employees, clients, and family members who may lack the skills or desire to continue the business. Buy-sell agreements funded through life insurance may facilitate a smooth transfer of ownership and provide liquidity for your family.
- **Disability.** An owner's disability can disrupt cash flow, leadership continuity, and employee confidence. Planning for business overhead expenses and identifying who can temporarily manage operations is critical.
- **Retirement.** Retirement is more than just stepping away—it's about converting years of hard work into financial security while maintaining business stability. Early planning helps optimize timing, tax considerations, risks, and value extraction strategies.

- **Eventual Sale.** Many owners underestimate the time and preparation required for a successful sale. Effective preparation often involves maximizing value, cleaning up financial records, formalizing and documenting processes, listing intellectual property, and identifying potential buyers well in advance.

3. Understand the Importance of Tax Planning.

Taxes can substantially reduce the value realized from business ownership. Proactive tax planning may enhance both personal and business wealth accumulation, offering greater flexibility during transitions and in retirement.

Some key considerations include:

- **Asset vs. Stock Sale.** Buyers typically prefer asset sales for tax deductions and liability protection. Sellers often prefer stock sales for simpler transactions and potential capital gains treatment.
- **Goodwill Allocation.** In closely held businesses, personal goodwill (value tied directly to the owner) can sometimes be allocated separately to reduce tax liability. Goodwill must be well-documented and defensible.
- **Section 1202 Gains Exclusion.** Owners of qualifying small C-corporations may exclude up to \$10 million (or more) of gain from federal taxes under certain conditions if they have held stock for at least five years.
- **Charitable Tax Planning.** Charitable planning strategies may reduce taxes arising from a business sale while supporting important causes, especially when implemented well in advance.

4. Align Personal and Business Planning.

Integrating personal financial planning with business strategies is essential for business owners. Coordinating these areas can

significantly improve wealth protection for family and legacy.

Key planning areas include:

- **Retirement and Income Planning.** Develop tax-efficient personal wealth accumulation separate from business assets and design sustainable retirement income strategies.
- **Investment Planning.** Diversifying personal net worth beyond the business helps reduce concentration risk.
- **Estate Planning.** A business interest often represents an owner's largest and most complex asset. Tools like trusts, gifting strategies, and family partnerships may facilitate tax-efficient ownership transfers and help avoid family disputes, especially when equalizing inheritances.
- **Insurance and Risk Management.** Adequate life, disability, long-term care, and liability insurance protect both personal and business interests. Key-person insurance may mitigate financial risks if a critical individual becomes disabled or dies unexpectedly.
- **Family and Legacy Goals.** Open communication about family members' interest in the business is crucial. Clear succession planning helps prevent conflicts and ensure that an owner's wishes are carried out.

By engaging in thoughtful personal and business planning early, business owners gain the time, flexibility, and strategic advantages needed to grow the business, reduce taxes, manage risks, and preserve the significant value they've worked hard to build.

Plan with confidence and live with purpose!

Wealth Navigator Tips

Have you ever logged into your Wealth Navigator site and discovered an error message that says *"Connections - Attention Needed?"* There is a simple fix that you can perform to clear the error. If you are logging in on a weekend, a holiday or outside of our regular business hours, the connection can be resolved with just a few simple clicks.

1. The **Attention Needed** card will appear in **RED** on your Home page.
2. The **Actions** dropdown is available on every connection and helps you to manage the connection and resolve errors.
3. Click **Repair** to view instructions on how to resolve the error. A pop-up window appears with steps to resolve the issue.
4. Click **Refresh** to get the most recent account values.

Please visit our website at www.silverstarwealth.com/Resources/NavigatorTraining/TroubleshootingAccounts for a handy downloadable tutorial to learn how easy it is to remedy connection errors in your Wealth Navigator Portal!

By Jamie Borman

Humor Matters

A robber jumps out at a man one night and screams "Give me all your money!"

"You'll never get away with this," the man replies smugly. "I'm a United States congressman!"

"In that case," the robber replies, "give me all my money!"

Source: marriagekidsandmoney.com

Please send us your best joke and if we use it, we will send you a gift certificate to your favorite restaurant.

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