



# Fall 2025

Firm & Market Update



# Agenda

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- ✔ Firm Updates
- ✔ State of the Economy
- ✔ State of the Markets
- ✔ Retirement & Tax Planning Updates
- ✔ The Define Family

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- ✓✓ **Firm Updates**
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- ✓✓ Retirement & Tax Planning Updates
- ✓✓ The Define Family

# Firm Updates

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## 1. Client-Only Email Address

- ✓ team@definefinancial.com

## 2. Bank Account & Contact Info Changes

- ✓ Update us as needed 😊

## 3. Fidelity Cash Changes

- ✓ Cash will default into FCASH (~2% yield) instead of the Money Market Fund (~4%)
- ✓ Our new proactive trading system will prompt us to move excess FCASH into the higher-yielding fund
- ✓ These “transactions” may show on statements, but don't trigger fees or taxes

# Firm Updates

## 4. Josh Is ENGAGED!



## 5. Share Your Feedback!

- ✓ Write a Google Review: [www.definefinancial.com/review](https://www.definefinancial.com/review)
  - Help others who are **evaluating our firm**
  - Help us better understand what clients **value most**
  - Help us celebrate and **acknowledge** specific team members
- ✓ 2-3 sentences about your experience or how we've helped

★★★★★ 2 months ago

The Define team is wonderful. They take the stress and anxiety out of finances for us. They have earned our utmost trust and respect.

★★★★★ 2 months ago

We are very happy with the service we receive from the team at Define Financial. Knowing that we have a knowledgeable team guiding us through our retirement brings us great peace of mind.

★★★★★ 2 months ago

As my wife and I transitioned from earning and working to retirement and with all the financial changes that go along with switching gears, Define Financial is the perfect fit for us. Their knowledge of this phase in our financial life and their responsiveness to our questions really allows us to enjoy our retirement knowing that we are in very capable hands.

★★★★★ a year ago

I found Taylor Schulte through his Live Wealthy podcast which I can highly recommend! When we learned their team was accepting new clients, we quickly got in touch to see if they may be a good fit for us. We had just recently retired and we felt that our "traditional financial planner" was not meeting our needs. We met with Taylor and Tyler, and to say we were BLOWN AWAY is not strong enough! These guys have Retirement Planning dialed in!! They were very thorough, asked the right questions and came through with a complete financial plan that was easy to understand and covered many things we had yet to think about. They showed us how Roth conversions could make a huge difference in our lifetime tax bill. They uncovered the (often mysterious ) fees we were paying within our various accounts and helped us simplify the assets to make them more manageable. For MANY years we paid our advisor but did not feel we were receiving what we needed. We couldn't articulate what we were missing because you don't know what you don't know!! Taylor and Tyler turned the lights on for us and we are very grateful. I also must mention that their office manager, Karen, is WONDERFUL too! She is professional, kind, proactive, and wonderful at detail and follow-up - she plays a critical part! These are ALL-STARS, and if you are seeking a team for your financial planning needs - look no further!!

★★★★★ a week ago **NEW**

Since August 2023, we have worked with the Define Financial team regarding our financial situation post-retirement. I listened to Taylor's podcasts for over (6) months prior to our engagement to understand their approach and investment philosophy -- should have reached out earlier. A strong fiduciary approach and working with clients like us were (2) key deciding factors. Their expertise, recommendations and implemented plans have provided us with peace of mind and a clear path forward.

A special thanks to Karen, whose work regarding portfolio administration has been exceptional. High marks for attention to detail, responsiveness, and the ability to simplify the processes for our numerous requests.

We believe the Define Financial team has a genuine commitment to our financial well-being. We highly recommend their services to anyone seeking expert financial advice and guidance in retirement planning.

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- ✓ Firm Updates
- ✓ **State of the Economy**
- ✓ State of the Markets
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# State of the Economy

“The Fed Cuts Interest Rates”

**FED FUNDS**

**-0.25%** ▲

4.00-4.25%

**BREAKING NEWS**

CNBC

STREAM  **CNBC+**

The image is a news broadcast graphic from CNBC. On the left, a man in a suit and glasses is speaking. The background features an American flag and the Federal Reserve seal. The main text is on a blue background with a yellow banner at the top that says 'FED FUNDS'. Below that, it shows a decrease of '-0.25%' with an upward-pointing triangle, and the new range '4.00-4.25%'. At the bottom, a red banner says 'BREAKING NEWS'. The CNBC logo is in the bottom left, and 'STREAM CNBC+' is in the bottom right.

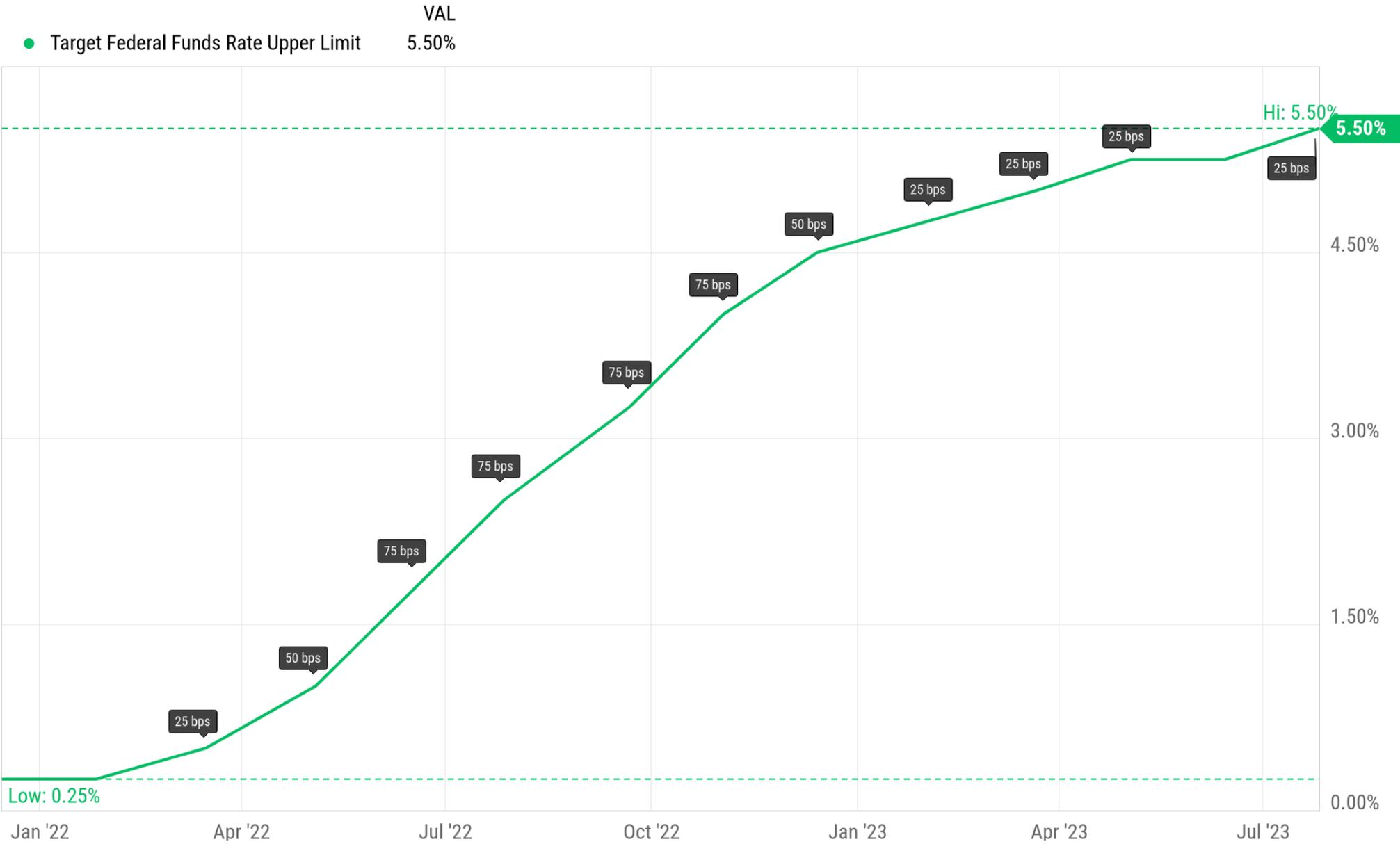
# State of the Economy

## What Is the Fed Funds Rate?

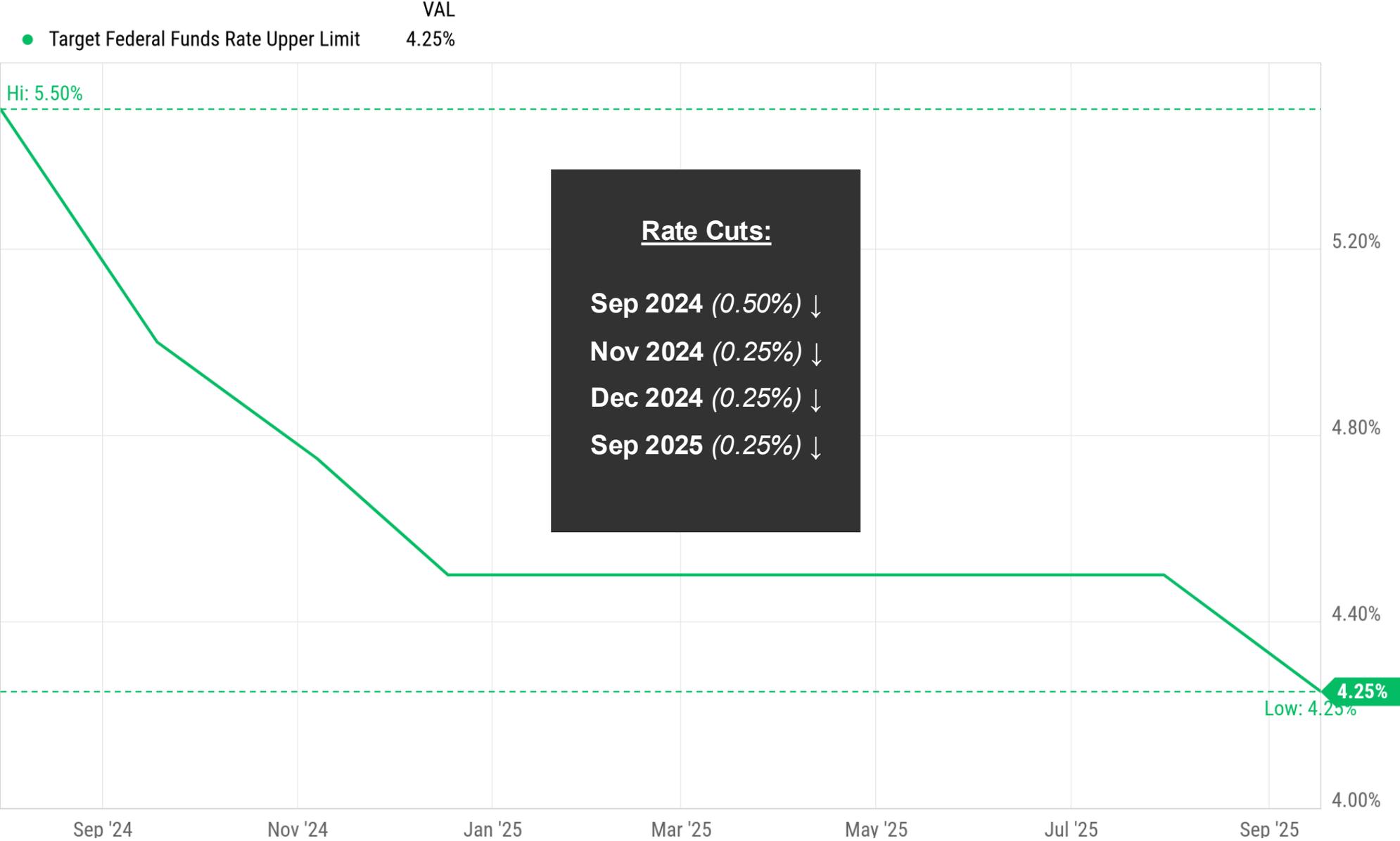
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- **Fed Funds Rate** = The interest rate banks charge each other for overnight loans
- Sets the foundation and **influences** other rates (credit cards, mortgages, car loans)
- **When Fed raises rates** → borrowing costs more → slows down spending → cools inflation
- **When Fed lowers rates** → borrowing is cheaper → boosts spending → supports jobs
-  Thermostat of the economy: **raise rates** to cool things off, **lower rates** to heat things up

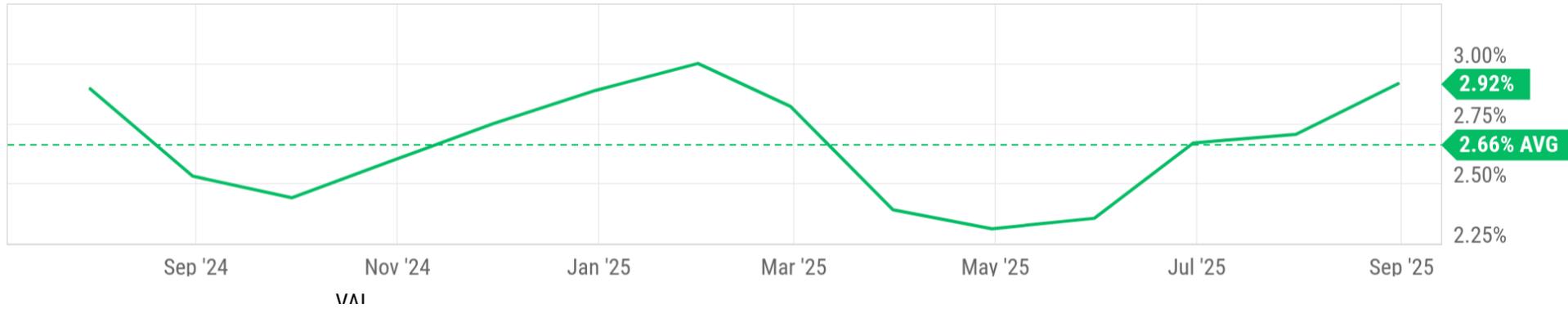
# The 11 Rate Hikes of the 2022-2023 Cycle



# Fed Rate Cuts 2024-2025



● US Consumer Price Index YoY VAL 2.92%

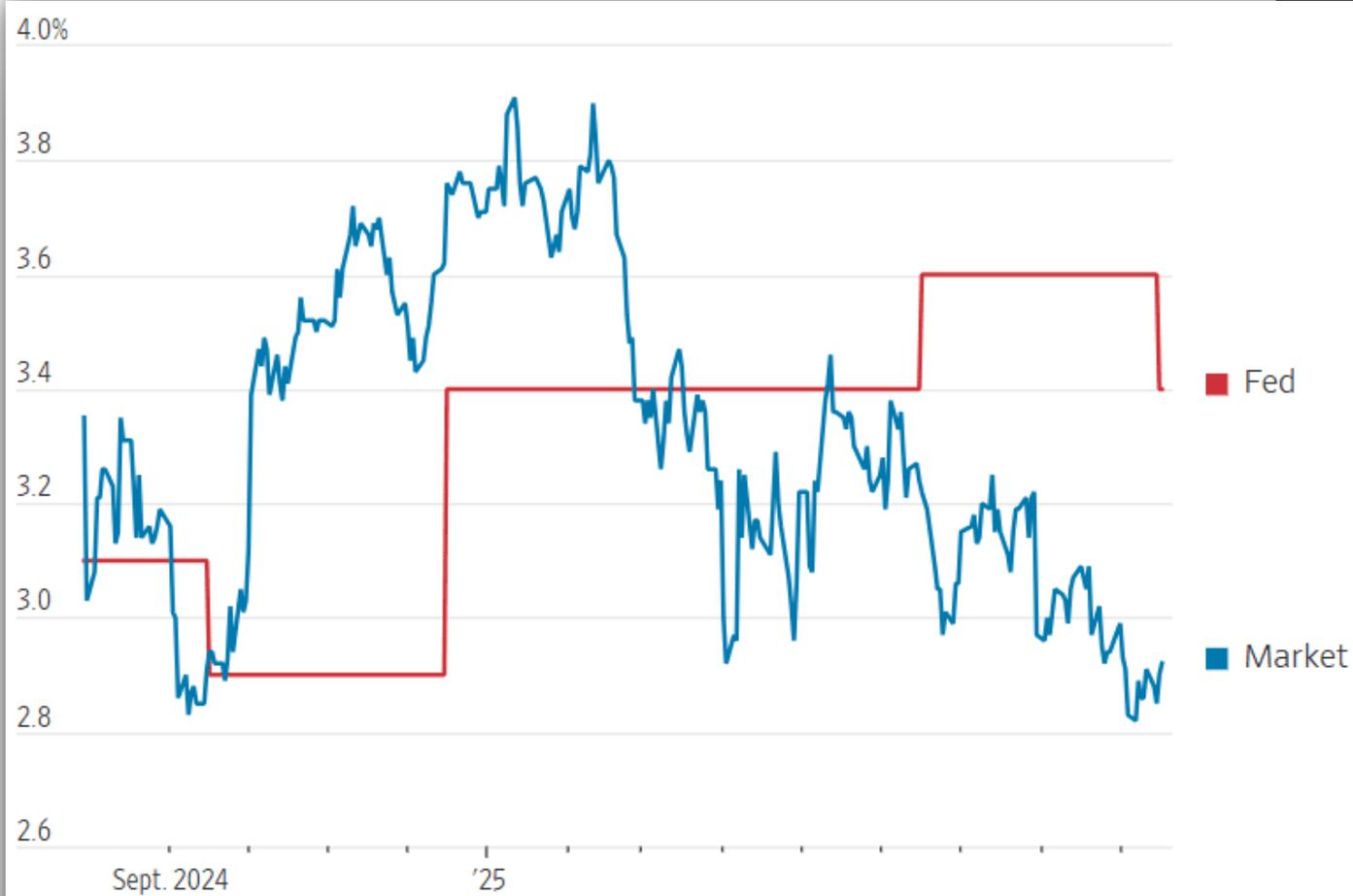


- Inflation under control and below historical average

- Getting ahead of potential employment problems

- Continuing unemployment claims around 2M (highest since Nov 2021)

# Fed Funds Rate Forecast (2026)



Note: Market forecast is based on federal funds futures. Fed forecast reflects median forecast of Fed officials at meetings with economic projections.

Sources: LSEG (market); Federal Reserve (Fed)

- **2025:**
  - Fed forecasting 2 more rate cuts this year (Oct & Nov)
  - Fed Funds Rate to 3.50 – 3.75% by year-end
- **2026:**
  - Fed forecasting 1 rate cut
  - Market predicting 2-3 cuts

# State of the Economy

## What Do Rate Cuts for Consumers and the Markets?

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- **Consumers**

- Lower mortgage rates (current Fed Funds Rate equates to ~6.35%—not going to ignite the housing market)
- Lower yields on cash → Need to take more risk to achieve desired returns

- **Financial Markets**

- **Bond Market-**

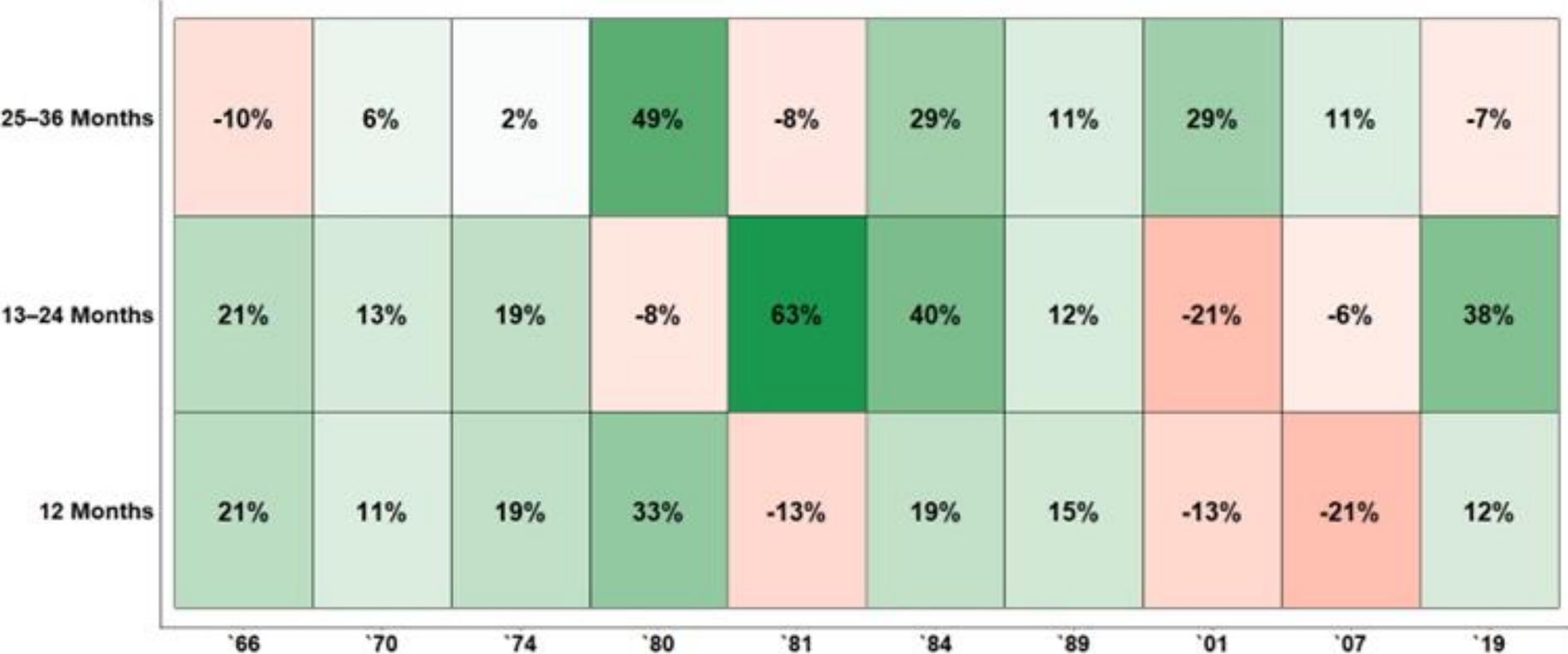
- **Short Term:** Higher bond prices/returns
- **Long Term:** Lower yields and lower future (expected) returns

- **Stock Market-**

- 8 out of the 10 previous rate cut cycles ended in a recession
- **Long-Term:** S&P 500 average return of 11.5% since interest rates peaked in 1981
- **Short-Term:** Stock market extremely mixed throughout all rate cut periods

# State of the Economy

## Stock Market Returns After Historical Rate Cuts



Source: <https://blogs.cfainstitute.org/investor/2025/09/17/when-the-fed-cuts-lessons-from-past-cycles-for-investors/>

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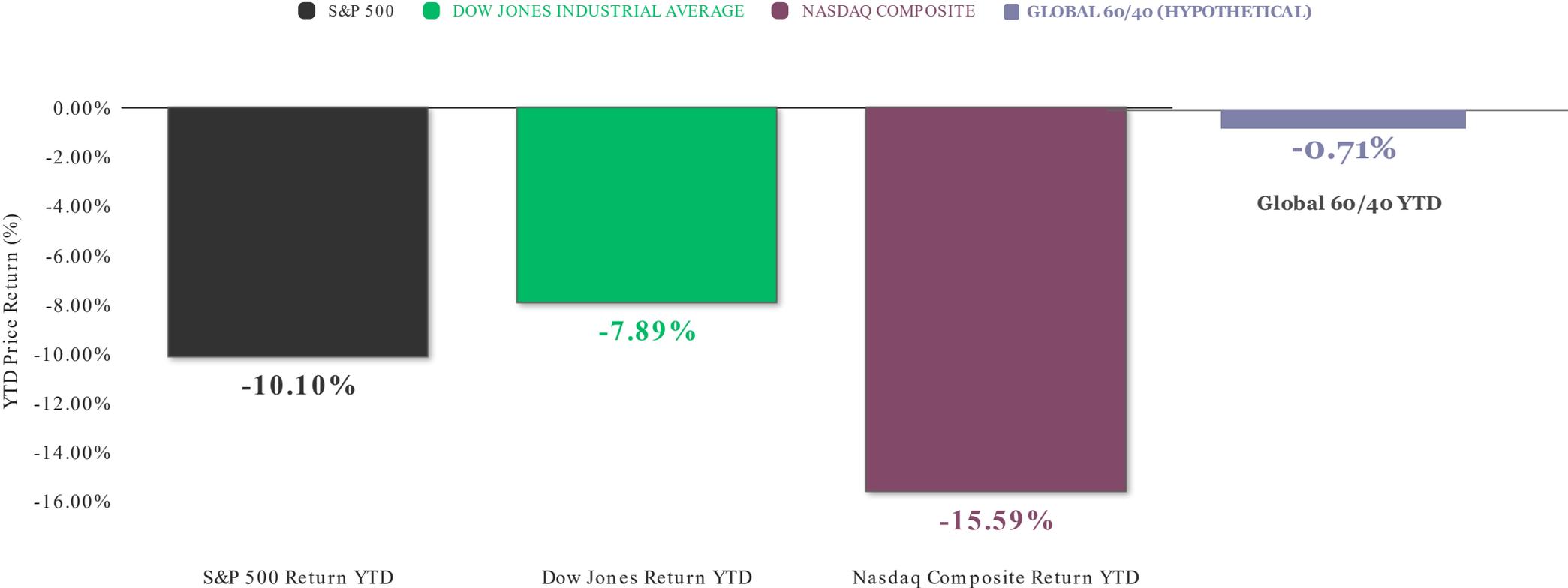
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# Major U.S. Index Performance This Year

Year-to-Date Price Return (Spring 2025: 4/22/25)



Source: © Exhibit A, FactSet Research Systems Inc., Standard & Poor's | Latest: 2025-04-22

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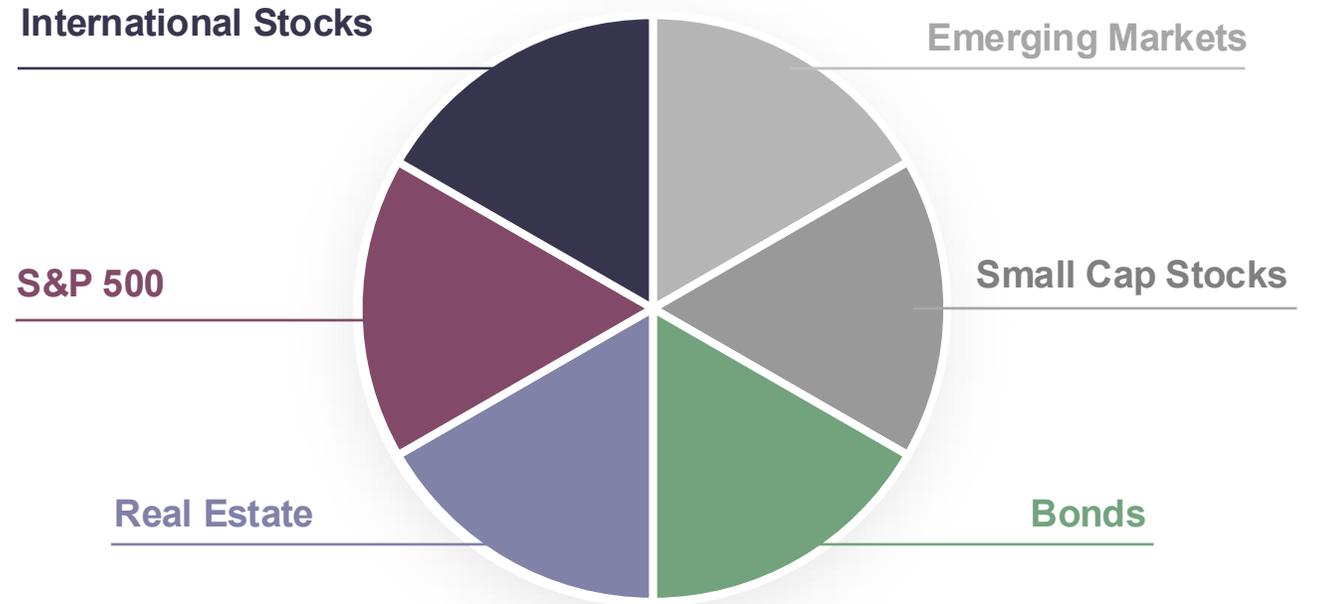
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# A Single Market Index

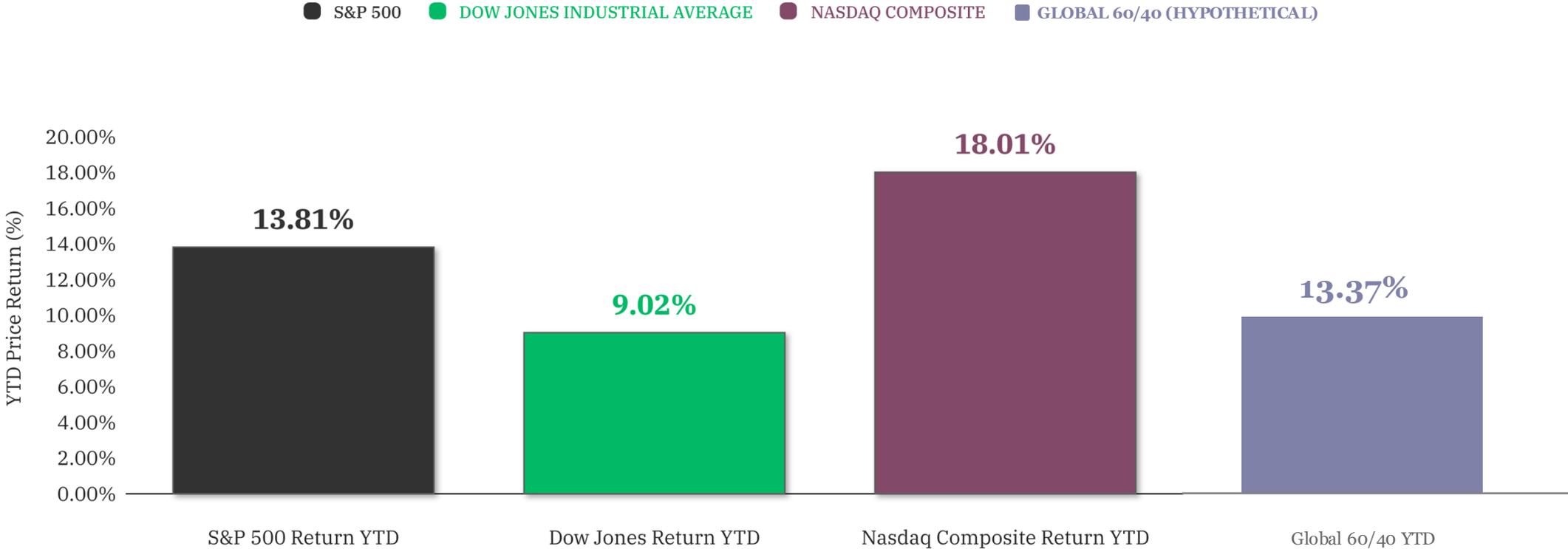


# Your (Diversified) Portfolio



# Major U.S. Index Performance This Year

Year-to-Date Price Return (Fall 2025: 9/22/25)



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# A Diversified Portfolio Can Work

... Even If It Doesn't Feel Good Sometimes

A perfect market for "S&P Envy" during the last 20+ years

Years	S&P 500 Index	Diversified portfolio
2000-2002*	-41.8%	-17.4%
2003-2007	+79.2%	+83.4%
2008	-37.8%	-27.4%
2009-2019	+342.8%	+211.9%
Q1 2020†	-30.6%	-23.3%
Q2 2020-2021‡	+117.7%	+65.3%
<b>Total return</b>	<b>+334.4%</b>	<b>+335.2%</b>

Growth of

\$100,000

\$434,387

\$435,178



"I lost money"



"Diversification worked"



"I lost money"



"I didn't make as much"



"I lost money"



"I didn't make as much"

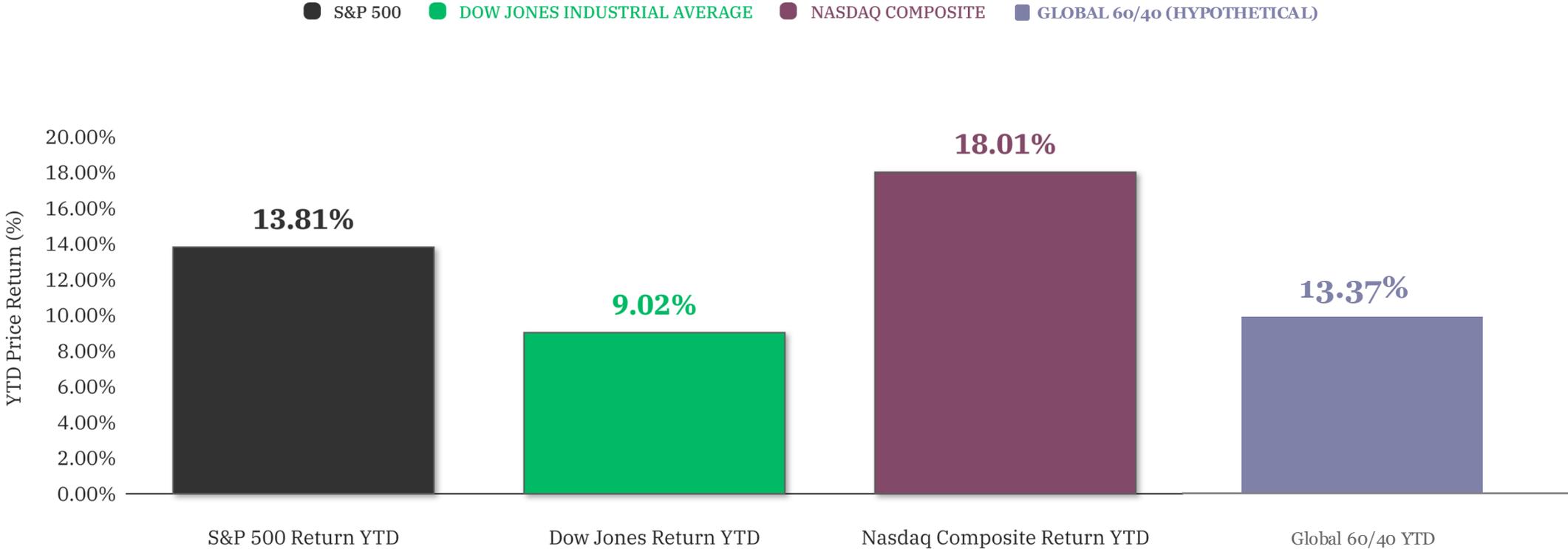


"Diversification can work even when it feels like it's losing"

Source: Morningstar as of 12/31/21. \*Performance is from 9/30/00 to 12/31/02. †Performance is from 1/1/20 to 3/23/20. ‡Performance is from 3/24/20 to 12/31/21. **Diversified Portfolio** is represented by 25% S&P 500 Index, 19% Russell Mid Cap Index, 7% MSCI EAFE Index, 5% Russell 2000 Index, 4% FTSE Emerging Stock Index, 25% Bloomberg US Aggregate Bond Index, and 15% Bloomberg US Corporate High Yield Index. **Past performance does not guarantee or indicate future results.** Index performance is for illustrative purposes only. You cannot invest directly in the index. Diversification does not guarantee a profit or protect against a loss in a declining market.

# Major U.S. Index Performance This Year

Year-to-Date Price Return (Fall 2025: 9/22/25)

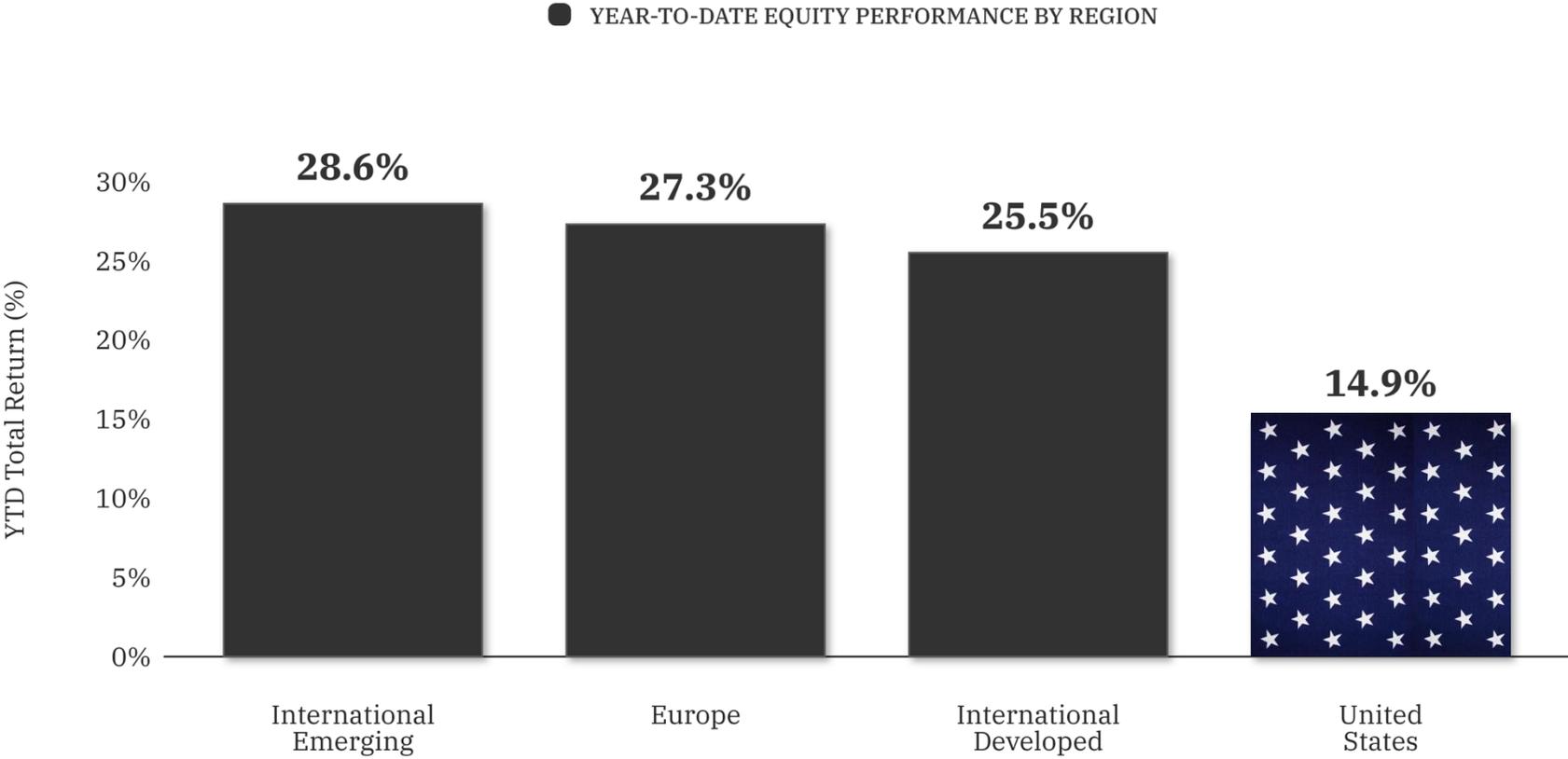


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# Global Equity Performance in 2025

## Year-to-Date Equity Total Return (%)



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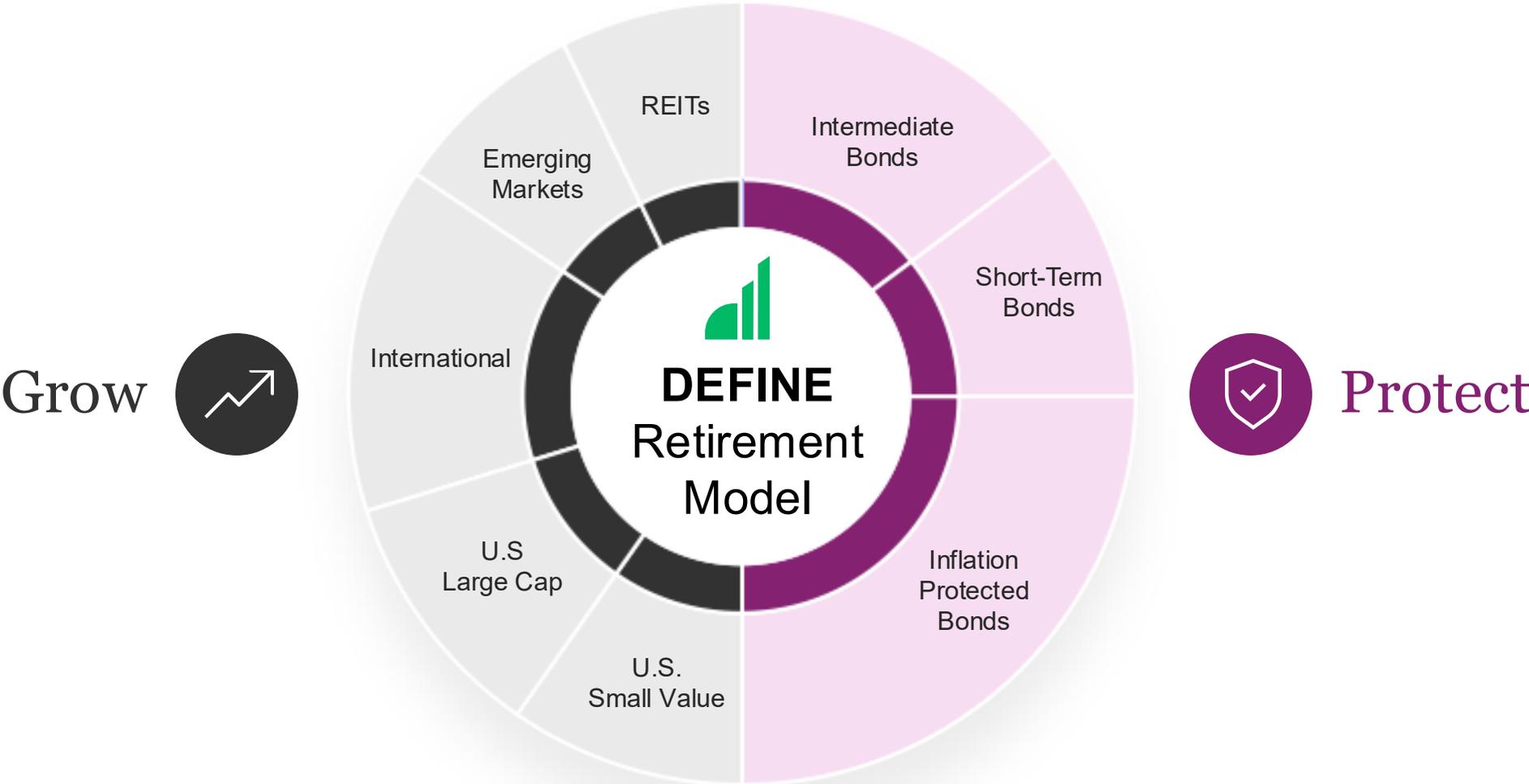
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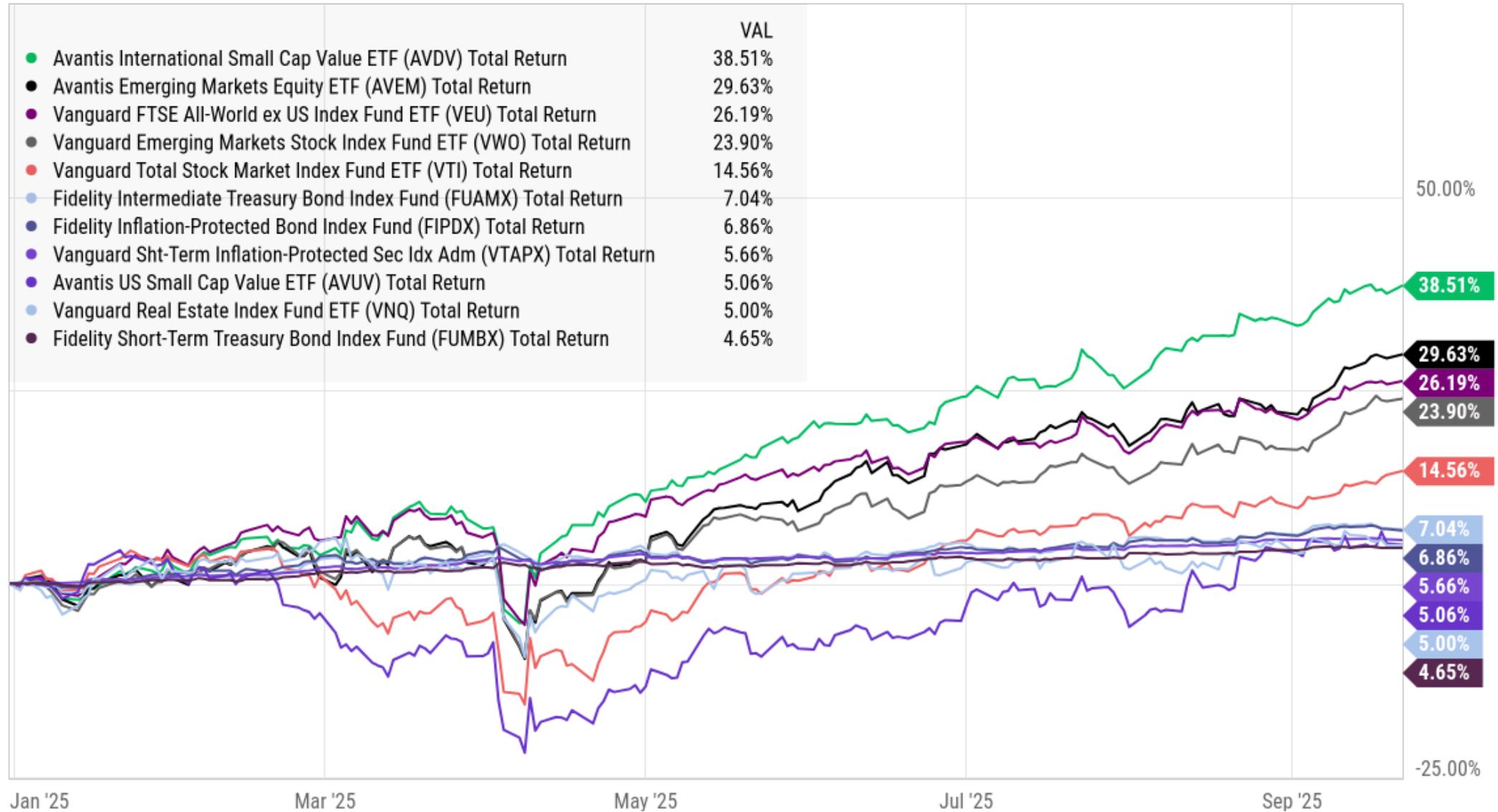
# Define Financial

## Asset Class Investment Model (2025)



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## Asset Class Returns (2025)



# Ongoing Actions

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## 1. Leverage Investment and Research Partners

- ✓ Fidelity Institutional
- ✓ Dimensional, Avantis, Vanguard
- ✓ YCharts, Orion Risk Intelligence

## 2. Review Model Allocations and Funds

- ✓ Consider strategic allocation changes
- ✓ Identify changes to management, fees, tax efficiency, and/or fund structure
- ✓ Ensure the best solutions at the best price are being used to implement our portfolios

## 3. Optimize Portfolio Management

- ✓ Systematic rebalancing, asset location, cash flow management
- ✓ Stress testing, concentration risk management
- ✓ Tax-loss and tax-gain harvesting

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- ✓ Retirement & Tax Planning Updates**
- ✓ The Define Family

# Retirement & Tax Planning Updates

## The One Big Beautiful Bill (OBBB)

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1. Tax Cuts Extended + Higher Standard Deductions
2. NEW Senior Bonus Deduction of \$6,000 (Age 65+)
3. SALT Cap Temporarily Increased
4. Charitable Deduction Changes
5. Car Loan Interest, Estate Tax Exemptions, Trump Accounts, and More!

### - Resources -

 **Article:** [www.definefinancial.com/obbb](http://www.definefinancial.com/obbb)

 **Podcast:** [www.youstaywealthy.com/246](http://www.youstaywealthy.com/246)

# Retirement & Tax Planning Updates

## Medicare Open Enrollment

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### 1. Open Enrollment October 15<sup>th</sup> – December 7<sup>th</sup>

### 2. Significant Changes Expected in 2026

- ✓ United Healthcare dropping plans affecting 600,000 people
- ✓ Higher Part B and Part D Premiums and Deductibles (capped at \$615)
- ✓ Medicare Advantage Plans increasing premiums and reducing benefits (“back to basics”)
- ✓ Lower negotiated drug prices and insulin costs

### 3. Actions to Take

- ✓ Contact Define Financial!
- ✓ Review “Annual Notice of Change”
- ✓ Medicare Plan Finder ([medicare.gov/plan-compare](https://www.medicare.gov/plan-compare))
- ✓ Stay Wealthy Podcast Episode: *Medicare Pitfalls and Upcoming 2026 Changes*
- ✓ Consider Original Medicare + Medigap

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# Thank You + Questions

# Disclosures

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Portfolio Visualizer - <https://www.portfoliovisualizer.com/backtest-portfolio>