



KENNEDY WEALTH AND TAX MANAGEMENT, LLC

Registered Investment Adviser

Independence • Integrity • Experience



Kennedy Wealth & Tax Management, LLC

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“I’ve had a lot of worries in my life, most of which never happened.” – Mark Twain



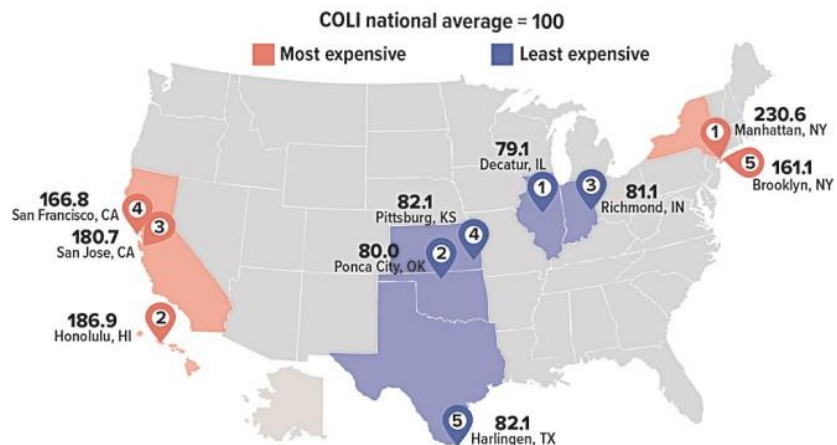
\$5,719

Average 2024 monthly rent in Manhattan, NY. In Decatur, IL, renters paid an average of \$706 per month.

Source: The Council for Community and Economic Research Cost of Living Index, 2025 (2024 data)

Cost of Living Varies Widely Across the U.S.

Residents of Manhattan, NY, live in the nation's most expensive urban neighborhoods, paying more than twice the national average to maintain a "professional/managerial" standard of living. By contrast, individuals who live in Decatur, IL, can stretch their dollars the farthest, paying less than 80% of the national average. Here are the five most and least expensive urban areas of the country, according to The Council for Community and Economic Research Cost of Living Index (COLI).



Source: The Council for Community and Economic Research Cost of Living Index, 2025 (2024 data)

Accounts for Two: A Team Approach to Retirement Savings

Almost half of U.S. families headed by a married couple include two working spouses.¹ With dual careers, many spouses accumulate assets in separate retirement accounts. Each might have funds in an employer-sponsored plan and an IRA.

Even if most of a married couple's retirement assets reside in different accounts, open communication and teamwork can help them craft a unified retirement strategy.

Working together

Tax-deferred retirement accounts such as 401(k)s, 403(b)s, and IRAs can be held in only one person's name. [A spouse is required to be the beneficiary of a 401(k), and to some extent, a 403(b), unless the spouse signs a written waiver.] Taxable investment accounts, on the other hand, may be held jointly.

Owning and managing separate portfolios allows each spouse to choose investments based on his or her individual risk tolerance. Some couples may prefer to maintain a high level of independence for this reason, especially if one spouse is more comfortable with market volatility than the other.

However, sharing plan information and coordinating investments could help some couples build more wealth over time. For example, one spouse's workplace plan may offer a broader selection of investment options, while the offerings in the other's plan might be somewhat limited. One employer may offer a better contribution match than the other.

Spouses who use a joint strategy might agree on an appropriate asset allocation for their combined savings and invest their contributions in a way that takes advantage of each plan's strengths while minimizing any weaknesses. (Asset allocation is a method to help manage investment risk; it does not guarantee a profit or protect against loss.)

In 2025, the maximum employee contribution to a 401(k) or 403(b) plan is \$23,500 (plus an extra \$7,500 for those age 50 and older or an extra \$11,250 for those age 60 to 63). Employers often match contributions up to a set percentage of salary.

Spousal IRA opportunity

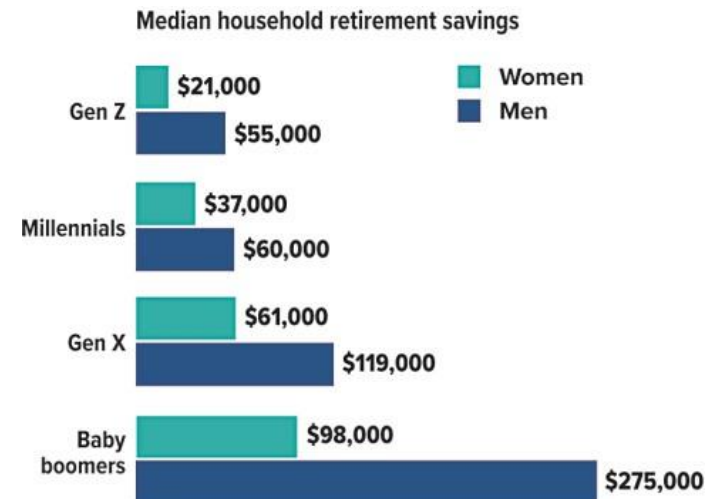
While many married couples have two wage earners, some spouses stay home to take care of children or other family members, or just to take a break from the workforce. And it's not unusual for one spouse to retire while the other continues to work. In any of these situations, it can be difficult to keep retirement savings on track.

Fortunately, a couple can contribute \$7,000 to the working spouse's IRA and an additional \$7,000 to the nonworking spouse's IRA (in 2024 and 2025), as long as their combined income exceeds both contributions

and they file a joint tax return. An additional \$1,000 catch-up contribution can be made for each spouse who is age 50 or older. All other IRA eligibility rules must be met.

Lagging Balances

Despite solid saving habits, women report lower household retirement savings than men across all age groups. This is due primarily to lower wages, more women working part-time without benefits, and more women taking time off to care for children and other family members.



Source: Transamerica Center for Retirement Studies, 2024 (2023 data)

Contributing to a spousal IRA may not only help a couple with a nonworking spouse save more towards retirement, it might also offer a potentially valuable tax deduction. That's because the IRS imposes higher income limitations for deductible contributions to spousal IRAs than for contributions made to the IRA of an active participant in an employer plan.

For married couples filing jointly, the ability to deduct contributions to the IRA of an active participant in a work-based plan is phased out at a modified adjusted gross income (MAGI) between \$123,000 and \$143,000 in 2024 (\$126,000 and \$146,000 in 2025). When the contribution is made to the IRA of a nonparticipating spouse, the phaseout limits are higher: MAGI between \$230,000 and \$240,000 in 2024 (\$236,000 and \$246,000 in 2025).

IRA contributions for the 2024 tax year can be made up to the April 15, 2025, tax filing deadline (May 1, 2025, for taxpayers affected by certain natural disasters).

Withdrawals from tax-deferred retirement plans are taxed as ordinary income and may be subject to a 10% federal tax penalty if withdrawn prior to age 59½, with certain exceptions as outlined by the IRS.

1) U.S. Bureau of Labor Statistics, 2024 (2023 data)

Catch Up for a More Comfortable Retirement

A 2024 survey found that only a third of U.S. workers age 50 and older feel that their savings contributions have them on track to enjoy a comfortable retirement.¹

If your retirement account balance is lagging — or even if your nest egg seems robust — you can give your savings a boost by taking advantage of catch-up contributions that are available to those age 50 or older. This is often a time when salaries are highest, and you may thank yourself later if you put your current income to work for the future.

This opportunity is available for IRAs and employer-sponsored retirement plans — and there is a new opportunity in 2025 for some workers to make even bigger contributions to employer plans. You might be surprised by how much your savings could grow late in your working career.

Employer plans

Employer plans offer the most generous tax-advantaged contribution limits, and employers often match employee contributions up to a certain percentage of salary. Employer plan contributions for a given tax year must be made by December 31 of that year, but employers will generally allow you to adjust your contributions during the year.

For 2025, the individual contribution limit for 401(k), 403(b), and government 457(b) plans is \$23,500, with an additional \$7,500 catch-up contribution for those age 50 and older, for a total of \$31,000. However, beginning in 2025, workers age 60 to 63 can make a larger catch-up contribution of \$11,250 for a total of \$34,750. Like all catch-up contributions, the age limit for this "super catch-up" is based on age at the end of the calendar year. It is not prorated, so you are eligible to make the full \$11,250 contribution if you are age 60 to 63 at any time during 2025 and do not turn 64 by the end of the year.

SIMPLE retirement plans have lower but still generous limits: \$16,500 in 2025 plus an additional \$3,500 catch-up contribution for employees age 50 and older or an additional \$5,250 for employees age 60 to 63. (Some plans have higher standard and age-50 catch-up limits: \$17,600 and \$3,850, along with the \$5,250 super catch-up.)

IRAs

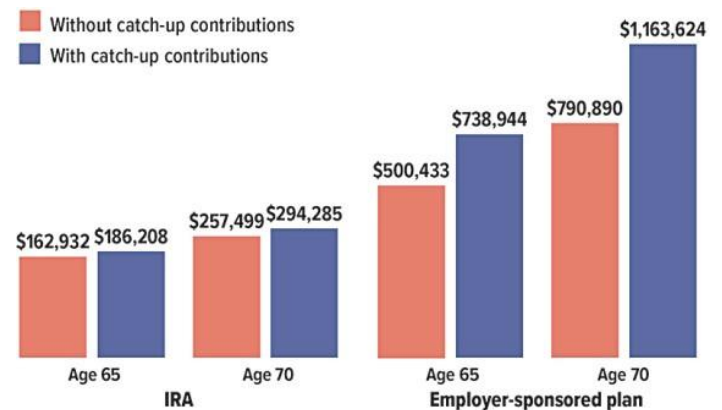
Unlike contributions to employer plans, IRA contributions can be made for the previous year up to the April tax filing deadline. So you can make contributions for 2024 up to April 15, 2025, and contributions for 2025 up to April 15, 2026. Make sure your IRA administrator knows which year the contributions are for.

The federal contribution limit in 2024 and 2025 for all IRAs combined is \$7,000, plus a \$1,000 catch-up

contribution for those 50 and older — for a total of \$8,000 each year. An extra \$1,000 might not seem like much, but it could make a big difference by the time you're ready to retire. If only one spouse is working, a married couple filing a joint return can contribute to an IRA for each spouse as long as the working spouse has earned income that is at least equivalent to both contributions.

Savings Boost

Additional amounts that might be accrued between age 50 and age 65 or 70, based on making maximum annual contributions at current limits to an IRA or an employer-sponsored plan (includes additional catch-up for ages 60 to 63)



Assumes a 6% average annual return. If annual inflation adjustments to maximum contribution amounts were included, actual totals could be higher. This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent any specific investment. It assumes contributions are made at end of the calendar year. Rates of return vary over time, particularly for long-term investments. Fees and expenses are not considered and would reduce the performance shown if they were included. Actual results will vary.

IRA MAGI limits

IRA contributions up to the combined limit can be traditional, Roth, or both. If an individual is an active participant in an employer-sponsored retirement plan, the ability to deduct traditional IRA contributions phases out in 2025 at a modified adjusted gross income (MAGI) of \$79,000–\$89,000 for single filers or \$126,000–\$146,000 for joint filers (\$77,000–\$87,000 and \$123,000–\$143,000 in 2024). If one spouse is an active participant in an employer-sponsored plan and the other is not, deductions for the nonparticipant phase out from \$236,000–\$246,000 in 2025 (\$230,000–\$240,000 in 2024).

The ability to contribute to a Roth IRA phases out in 2025 at a MAGI of \$150,000–\$165,000 for single filers and \$236,000–\$246,000 for joint filers (\$146,000–\$161,000 and \$230,000–\$240,000 in 2024).

1) AARP Financial Security Trends Survey, 2024

Have You Checked Your Social Security Statement Lately?

The Social Security Administration (SSA) provides personalized Social Security Statements to help Americans age 18 and older better understand the benefits that Social Security offers. Your Statement contains a detailed record of your earnings and estimates of retirement, disability, and survivor benefits — information that can help you plan for your financial future.

You can view your Social Security Statement online at any time by creating a *my* Social Security account at the SSA's website, ssa.gov/myaccount. If you're not registered for an online account and are not yet receiving benefits, you'll receive a Statement in the mail every year, starting at age 60.

Monthly benefit estimates

Your Social Security Statement tells you whether you've earned enough credits by working and paying Social Security taxes to qualify for retirement and disability benefits and, if you qualify, how much you might receive. Generally, monthly retirement benefits are projected for up to nine claiming ages from 62 to 70. If you qualify, you can also see how much your survivors might receive each month in the event of your death.

The amounts listed are estimates based on your average earnings in the past and a projection of future earnings. Actual benefits you receive may be different if your earnings increase or decrease in the future.

Amounts may also be affected by other factors, including cost-of-living increases (estimates are in today's dollars) and other income you receive. Estimates are based on current law, which may change.



Because estimates change over time, check your Social Security Statement annually to stay on top of future benefits you or your family members might receive.

Annual earnings record

In addition to benefit information, your Social Security Statement contains a year-by-year record of your earnings. This record is updated when your employer reports your earnings (or if you're self-employed, when you report your own earnings). Earnings are generally reported annually, so your most recent earnings may not yet be on your Statement.

Because Social Security benefits are based on average lifetime earnings, it's important to make sure your earnings have been reported correctly. Compare your earnings record against past tax returns or W-2s. If you find errors, let the Social Security Administration know right away by calling (800) 772-1213.

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