Year-end review: Tax law changes, investment outlook and your financial plan

(SPEECH)
SARAH DARR: Hello and welcome. I am Sarah Darr, head of Financial Planning for U.S. Bank Wealth Management. I am so happy to be here today with some of my esteemed colleagues. Thank you for taking time out of your day to join us for our year-end review. As you can see or not see, we are experiencing some technical issues. Our videos are unavailable for the conversation today, so I sincerely apologize for the inconvenience. However, I can assure you that we are just as excited for the conversation and appreciate your understanding.

This year has been changing in ways that we haven't seen in decades, between sticky inflation, new tax legislation, evolving interest rates, tariff and trade tensions, ongoing discussions around government funding, today marking the longest shutdown in U.S. History. And yet, the U.S. Economy has shown remarkable resilience. In short, there is a range of factors that investors have to consider. And so the goal of today's discussion is to review some of those themes as we are rapidly approaching the end of 2025, and as we are looking ahead into 2026. Our goal is to help you stay positioned for those opportunities that come with the changes that we know, and those that are yet to be clarified.

So before we get started, I want to make sure to go through a few housekeeping items if you're new to the system. As you look across the screen, you see a few different options. You always have the ability to customize that screen at any point in time. You can adjust those modules by making them bigger or smaller by dragging the edge of each box.

You can hide any of the boxes by hitting the X in the upper right hand corner of each of those modules. And then the buttons at the bottom of the screen can also help you control what you see on your screen, and being used to reinstate those if you had previously hidden those. But I especially want to point out that you'll see a tab labeled Questions, and then the Disclosures are the other tab if, by chance, you don't see that.

And at the end of our conversation, we're going to be devoting quite a bit of time to our Q&A section. And so I want to encourage you to submit those questions throughout our presentation. If for some reason we don't get to your question during our time today, we will follow up with you in a response. And so please feel free to submit those throughout our conversation.

With that, I am very happy to welcome our presenters for today. First, I want to introduce Bill Merz, head of our Capital Markets Research group, with our U.S. Bank Asset Management group. In this role, Bill leads our investment team, which is responsible for providing capital market and sector-specific guidance, as well as leading portfolio construction.

Previously, Bill's helped structure loan and aviation deal for a multi-billion dollar hedge fund, and he served as a fixed income strategist for a leading middle market investment bank. And what you'll find in our conversation today is Bill brings a very client-centric approach with deep technical expertise, and brings in both a U.S. and international experience. So really great conversation and perspectives.

Our second speaker, Tara Lawson, is a Wealth Strategist with the U.S. Bank Private Wealth Management group. And in this role, Tara advises our high net worth individuals around advanced estate and wealth strategies. Tara previously started her career 18 years ago in private practice, specializing in tax, estate, business succession planning, to name a few. And what I appreciate most about Tara is she has a natural ability to take very complex topics and translate those into actionable advice. So, Bill, Tara, thank you for joining us here today.

For our agenda today, we will start with our capital markets update from Bill, who will walk us through current views and outlook of our Asset Management group. Where are those opportunities to mitigate risk? Where are those opportunities that we're seeing? And an overall landscape across the board.

Then we'll shift and talk about some of the year-end planning considerations. This is always an important time of year to be thinking about actionable items, but especially with the new tax legislation that we got mid-year with the One Big Beautiful Bill Act, there is additional clarity that you might want to consider for your situation.

And then, as I mentioned, we'll be spending quite a bit of time on our Q&A section. So we look forward to hearing from you. Feel free to submit your questions at the bottom of the screen. And so with that, I will hand it over to you, Bill, to talk through our capital markets update.

BILL MERZ: Hey, thank you, Sarah. And thank you to everyone who's taking the time to join us today. We've received a lot of questions recently about risks and opportunities in the market. And with the 24 hour news cycle inundating all of us all the time, we just wanted to take a few minutes to sort through that noise and share our views. We do have a constructive outlook for portfolios, and we do see opportunities to lean into diversified stocks, while also considering incremental positions that can help protect portfolios from the potential of somewhat higher inflation.

So let's kick things off on slide 6. And slide 6 really shows what we think is one of the most important factors right now, which is the somewhat surprising degree of strength in consumer spending growth. Consumer spending comprised around 70% of gross domestic product, or GDP. That's a measure of economic activity in an economy. And so it's really at the center of that growth question.

And in spite of a number of headwinds, consumer spending, retail sales, and a number of other metrics that we look at for corroboration for those other numbers are telling a story of strength and resilience. Now, unfortunately, that strength, it's not spread equally among consumer cohorts. It's really been the higher income consumers driving the majority of that spending growth and that strength, while lower to moderate income households have struggled.

They're struggling with rising prices. They're struggling with elevated debt levels and high interest rates on that debt, making debt servicing more expensive. But nonetheless, that aggregate spending figure has still been driving the economic growth and corporate earnings growth.

On slide 7, we see that consumers aren't the only ones who are spending. Corporate capital expenditures are growing at a healthy clip as well. CapEx refers to spending on things like machinery, equipment, infrastructure. That can include technology infrastructure as well. And this represents another tailwind for economic growth right now, and that spending, it generates immediate economic activity. But importantly, companies putting money back into their own businesses and reinvesting in themselves, they've been rewarded with higher profits and strong profit margins.

On slide 8, we see that consensus expectations for economic growth in the United States continues moving higher. This visual shows-- it's two lines. It shows GDP growth expectations for the fourth quarter this year. It also shows GDP growth expectations for the first quarter next year. And we can see that investor sentiment, consumer sentiment, stock prices, growth projections-- they all dropped considerably after tariff announcements in April of this year.

But since then, we've seen that resilience. We've seen some measures of sentiment come back somewhat. But more importantly, that spending persists. Corporate earnings growth persists, and that's really defied some of those gloomier expectations from earlier in the year.

On slide 9, we need to acknowledge softer job growth. The Bureau of Labor Statistics-- that's who compiles and releases nonfarm payroll reports-- they announced a downward revision a few months ago for previous data. And we've also seen weaker job growth in the last few months as well. And that's been-- when we dig into the numbers, we see that it's really been a function of weaker hiring but limited firing activity.

And so companies aren't laying people off or firing people in large numbers, especially larger companies, but they're slow to hire. And so that's an important nuance that we're tracking. This soft hiring, it really is something that we have to watch closely. But we have not seen it spill over into the aggregate spending figures that we discussed earlier.

Also, it's worth noting that since the shutdown means no official payroll report from the BLS, we also show monthly private job gains from ADP. They're a payroll processor, among other things. And we just had a new report this morning that doesn't show up in the graph that you see on the screen, but that indicated 42,000 jobs were added in the month of October.

That's better than the last couple of months. It's better than economists' expectations for the month of October, but it's still lower than what we'd like to see. So this is absolutely an area that we're putting a lot of focus on to measure at what point it starts spilling over into consumer spending in aggregate.

On slide 10, major global central banks have been cutting interest rates. That's generally a constructive thing for growth. And it hasn't just been the Fed that's been cutting rates. The Fed cut rates twice in the last two meetings, the most recent of which was last week. But they're still lagging other major central banks around the world that had already cut multiple times this year.

And now the Fed is starting to catch up, and that reduces borrowing costs. When they cut rates, it reduces borrowing costs for everybody. And that's of critical importance for that lower income consumer cohort that I mentioned that have higher debt loads and have to pay interest on that debt. Falling interest matters a lot. So we're seeing some incremental relief in the form of lower rates. We anticipate some incremental relief in the coming months, as the Fed should continue to cut rates.

Shifting to capital markets. So what does this mean for portfolios? How can we use this information to invest? On slide 11, stock market fundamentals remain strong, especially for large U.S. stocks that comprise a disproportionate share of the global market. Profits have grown at a solid pace. And our chief equity strategist Terry Salman, he tells us that third quarter results are strong as well.

We're in the middle of third quarter earnings season. He's seeing what-- we've got about 3/4, 80% of companies in the S&P 500 have reported so far for Q3. We're seeing strong sales growth, up over 8%. That's better than expected. Seeing strong profit growth, up over 11%. That's better than expected. We're seeing the big tech names projecting increases to their already significant CapEx spending, noted earlier.

And Terry mentioned that resilience remains the broad consumer theme, albeit with increasing cautiousness and pressure among the lower income consumer cohorts. So we're getting corroboration from macro data and from company fundamentals and company commentary about a lot of these themes that we're talking about-- the bifurcation among the consumer but still resilient strength in overall spending and resilience in corporate earnings growth. So we do see opportunities to lean in to diversified equity exposures as we see continued revenue growth, strong margins that translate to dollar of revenue growth, translating to a solid amount of earnings growth. So we do see those opportunities in equity markets.

In terms of bond markets, on slide 12, the yield on high quality bonds on the starting yield has a very strong relationship with what forward returns wind up looking like over the next five years or so. And so it's a good predictor of about what you can expect to earn on high quality bonds. That's starting yield. And that stability and predictability from steady known income, that plays an important role in portfolios. It helps diversify portfolios and stabilize portfolios.

And right now, starting yields are higher than at most points in the last decade. Even though rates and bond yields have come down a bit this year, we're still at a higher level than the last decade or so. And so it's a good place and a good time to allocate dollars that are potentially sitting on the sidelines. It's a good time to remain invested for those who are already allocated.

I also want to highlight for individuals that are in high tax brackets, municipal bonds offer an even more compelling opportunity to capture high tax equivalent yield. Valuations are pretty compelling, fundamentals are strong, and you can earn a very compelling tax equivalent yield without taking significant risks.

So Sarah and Tara, we do see opportunities to put money on the sidelines to work, despite the softer hiring. We see opportunities to remain invested for those who are already allocated, and we see that in spite of all of the headlines on a day to day basis, citing risks. So, Sarah, I'll turn it back over to you.

SARAH DARR: Wonderful. Thanks, Bill. I think that was a great high level overview. I know we could spend so much more time on each of those topics. But with that backdrop, I know that on a personal level, there's always that question of how do I apply this information? What do I do with that? What do I need to take action on? How do I move forward?

And we often see for investors, they are rewarded when they are staying disciplined and when they are proactively doing and engaging with financial planning. And so for the remainder of our conversation or planned conversation, we really want to shift into what are some of those year-end planning topics that we can engage with? Some of those are evergreen things that don't change year-in and year-out, and other things are new, as we saw this year with the new legislation.

And it's all about making sure that your money is working as efficiently as possible, it's aligned to your goals. And these proactive conversations are really a partnership with your wealth management team to make sure that we can maximize those opportunities. It's reevaluating your comfort level with risk because that can evolve over time. And it's adapting to new emerging needs that you might have.

And so what we want to make sure is that we are taking into consideration the knowns, the unknowns, and the new information based off of your situation to apply it to where you're going next. And so what we want to talk about now is how do we take the new information? If you recall, it doesn't feel like that long ago. But at the beginning of the year, there was a lot of uncertainty looming with the expiration of the Tax Cut and Jobs Act.

And thankfully, we received some new information with the One Big Beautiful Bill Act, which allowed us to better understand what was new information that we could take and adapt, and what were things that weren't changing. And so I'm going to hand it over now to Tara to walk through what clarity we have now, and what are some considerations as year-end approaches that you might want to consider for your situation, and some of those evergreen topics that we-- it's just good hygiene for us to be thinking about on an annual basis. So Tara, over to you.

TARA LAWSON: OK. Thank you, Sarah. We have a lot to cover. As you mentioned, the One Being Beautiful Bill Act-- I'm going to call it OB33-- passed in July of this year. The legislation is over 900 pages, so we're only going to have time for some brief comments on just a few of the new laws that may impact many individuals.

Overall, OB3 is largely favorable to many taxpayers. Some of the provisions are permanent-- things like the more generous tax brackets, these are both lower tax rates and larger brackets that came from that 2017 Tax Cuts and Jobs Act that Sarah mentioned, the TCJA. Those were made permanent by OB3, as was the larger standard deduction of $15,750 per person. It's estimated now that only 14% of taxpayers are going to be itemizing their deductions going forward.

Another permanent provision is the elevated estate and gift tax exclusions of the TCJA. So for this year, that's $13,000,900 per person. This will be 15 million per person starting in 2026, and will be indexed for inflation. So overall, significantly less individuals are going to be concerned about gift and estate tax.

There also are new changes to charitable deductions that are being made permanent by the OB3. But all of these are not going to start until 2026, not this year. Some of these include a win for non-itemizing taxpayers. That will be $1,000 per person deduction for cash donations to charity. So not appreciated stock, not gifts to donor advised funds or private foundations, but those cash gifts will be deductible even if you take the standard deduction.

However, charitable deductions for itemizers are going to be somewhat constrained by what I'm calling a floor and a ceiling. So the floor is that an individual must contribute half a percentage of their adjusted gross income. I'm going to call that AGI. That's income from any source. So before they can claim a deduction, they have to donate half a percent of that AGI.

So for example, a couple that has $300,000 of AGI can only deduct contributions that are in excess of $1,500 a year. So that first $1,500 of giving, in my example, just wouldn't be tax deductible. That's the floor. There's also the ceiling. Taxpayers that are in that top tax bracket of 37% can only deduct up to the 35% tax bracket. So that means they're going to receive $0.35 on the dollar deduction instead of the $0.37. Again, these don't start till 2026, so there's still some time that we can take action to mitigate that impact.

So those are some of the permanent provisions. And remember, it is always permanent until Congress changes it. But we at least have some stability for now with those provisions. Other things in the bill are temporary. I'm going to call them for limited time only. And these all have different years during which they're going to be valid.

So for seniors-- so this was talked about as a Social Security deduction. It's really going to be for seniors over age 65. They may be eligible for an additional $6,000 deduction on top of either their standard or itemized deductions. But this is only going to be for tax years 2025 through 2029, and only if that adjusted gross income-- that AGI-- is under $75,000. That's for a single individual, $150,000 for a married couple filing jointly.

There are also exclusions of $25,000 of tip income and $12,500 of overtime pay that are going to be available from now until 2028. But these also have some AGI limits that we need to be aware of. An important provision that's temporary as well is what we call the SALT deduction. So that stands for state and local tax. There was a cap that came from that TCJA back in 2017. The OB3 increases that SALT cap deduction from $10,000 to $40,000, whether you're single or you're married. This is only for 2025 through 2029. But this starts phasing out at $500,000 of AGI.

So to qualify for being able to deduct your state income taxes and property taxes, there are a couple of things that we need to take a look at. I went through a lot of provisions here. There's even more in the Resources box. If you want to click on things like Key Provisions of the OBBBA and Tax Laws and Tax Brackets 2025, that's in the Resources box down at the bottom. Those were created by a colleague and are great resources.

All of these things in the OB3 lead to some planning opportunities, and that's what we're looking at on slide 16. Year-end tax planning tips for 2025. These include all our usual suspects-- as Sarah said, the evergreen strategies that we have, plus some OB3 specific strategies.

So first, get a projection of anticipated taxable income ahead of time from your tax preparer. Knowing your AGI determines whether someone qualifies for many of those available deductions. Next, individuals may be able to reduce taxable income by making contributions to things like retirement accounts, health savings accounts, or flexible spending accounts for healthcare or dependent care. If those are good options for you, it's certainly something to take a look at.

Next, you can look at minimizing capital gains on sales of stock or business property to reduce your taxes. So there's a lot of different ideas here. But first off, capital gains are often taxed at lower tax rates than ordinary income. But they also count towards that adjusted gross income number, which is important for some of the OB3 provisions.

So some strategies to reduce capital gains may include, first off, spreading sales of appreciated stock over two years. So for example, if you need cash for lifestyle needs and you're really close on some of those adjusted gross income figures, you might be able to liquidate some assets in November of 2025 and then, again, do some liquidations in January of 2026 and split that capital gain between two tax years.

You can also look at transferring appreciated stock to an heir that's in a lower tax bracket. So you have a child who's in college not earning much money? Presumably, they're going to be able to sell that stock and not pay nearly as much in capital gains as you would. You can look at donating investments directly to charity to avoid the capital gain completely, and also receive an income tax deduction.

You can also see if you have any capital losses to harvest. As Bill mentioned, there may not be a lot of losses, but if there are, it's certainly something to look at to be able to realize those in this tax year. Lastly, if you have a gain situation, you can look at reinvesting those gains into a qualified opportunity zone fund. And this can potentially allow you to defer taxation on the gain.

Number four here is really important, given all the law changes that are coming up. Consider your charitable giving. Because of these changes that are going to come in 2026, it may make sense to accelerate your giving in this tax year, either directly to charity or through a donor advised fund.

Next, continue to monitor those gift and estate tax projections, and don't ignore estate planning. Remember, it's not just for tax reasons. There are a lot of very valid reasons to be looking at your estate planning always. And last but not least, always work closely with your financial professionals. So that was a very fast and furious review of some tax law changes and strategies. I'm going to turn it back to Sarah to wrap things up.

SARAH DARR: Great. Thank you, Tara and Bill, for those tremendous insights on the current landscape and planning strategies, things that we need to be taking action on now before year-end and also as we're looking forward into 2026. Proactive strategies are really the key at winning the game.

So as you can see, revisiting your plan, having these discussions with your wealth management team is even more important. In light of these times of shifting economic and market dynamics, it is really an ideal time to look for those strategies that are going to make a difference in your situation, both now and in the long term. And so I really want to thank both Tara and Bill for your insights. I know there's so much more that we can cover, but we really wanted to be intentional around what are the top things that we're hearing from clients and seeing in the news, based off of our research, based off of our insights that we thought would be relevant to you.

And now we want to spend the remainder of our time on Q&A. We're seeing a lot of great questions come in. As a reminder, you can submit those at the box at the bottom of your screen. And so first, I want to start-- it looks like Bill, we'll direct this question to you. Tariffs and inflation are likely to remain two of the biggest forces that are shaping growth and portfolio allocation positioning. Can you talk to us a bit about how investors should be thinking about tariff uncertainty and the potential for higher inflation?

BILL MERZ: Yeah. Sarah, that's a fantastic question and a timely one too. The Supreme Court just started hearing oral arguments today about the challenge to the legality of the administration's tariffs. So there's going to be more news hitting the tape on this in short order.

Tariff announcements hit in, really, in early April that prompted almost a 20% drop in stock prices. But we've already talked earlier about how resilient activity has actually been since then. In terms of the impact to inflation, we have seen some impact, but it has not been as dramatic and widespread as many had expected earlier this year. So some core goods prices have risen like furniture, clothing, things that we import a lot of.

But this is a service driven economy. And so the value of all the service activity relative to the goods activity, when we look at it as a whole, it hasn't been as significant as many expected. Broader inflation metrics have ticked a little bit higher. But again, it hasn't been to that really problematic level.

Now, an important thing that we track-- we can calculate the effective tariff rate, what's actually being experienced in the economy by dividing import tariff revenue that the Treasury receives every day by the value of imported goods which is reported every month. And that rose from-- that effective tariff rate rose from around 2.5% to 3% the last few years to 11% in September, and should be around 12% in October once we have all the final numbers in.

Places like the Yale Budget Lab expect that effective tariff rate will reach about 17% or so. So again, we were at 11 in September, then 12 in October. So the impact is still flowing through the economy. It's still rising, and so we may not be completely out of the woods yet. That's why we do think that it can make sense, from a portfolio perspective and diversification perspective, to consider some incremental inflation protection in portfolios.

Specifically, we think about things like global infrastructure, where contracts can reprice-- the revenue generated by these companies can reprice from time to time and help track inflation, or Treasury inflation protected bonds. So again, there are ways that we can implement some hedges, some protection in our portfolio in the event that we do continue to see more tariff influences on inflation in the coming months.

SARAH DARR: That's great. Thanks, Bill. We had a lot of related questions around tax exempt bonds and investment strategy or vehicles to do that. So you hit on multiple questions with that response, so thank you. Tara, I'm going to direct this next question to you.

With year-end approaching and some of the strategies that you were talking about with OB3, what are some specific planning strategies that clients may want to consider if some of those techniques they want to take advantage of yet this year? Some of the techniques that we've maybe talked about with other clients, but now in thinking about how that might apply to their situation, what are some vehicles that they could use in their specific situation?

TARA LAWSON: Sure, Sarah. There's going to be several options. Of course, all this depends upon the specific situation. I'd say the topic I'm getting the most questions about is that there's been a lot of confusion surrounding the changes to charitable deductions that start in 2026.

For many individuals, it may make sense to accelerate contributions into 2025 before that floor and that ceiling deduction limitation come into play in 2026. Among the options that are common for individuals who are charitably inclined is using a donor advised fund or a DAF. In this, you make a single-bunch donation into one year, and you can take the higher itemized deduction in that year in 2025 while instructing the fund to spread the contributions to the charities of your choice over a period of several years. You would then take the standard deduction if that's what you would do otherwise in the years where your donor advised fund is making the contributions to charity.

The nice thing about this is you can receive that full tax deduction for the year in which you make the gift to the DAF, even if the distributions aren't made in that tax year. So you can do that in 2025 before the OB3 haircuts come into play. You get even more of a tax benefit if you contribute appreciated stock directly to that DAF, which is a tax exempt charity, and it avoids the capital gains when they go to sell the stock.

So important on the charitable side as well is going to be a great strategy that's not impacted by the OB3, is the qualified charitable distributions, also called QCDs. And these are made directly from IRAs to charity, but only if you're over age 70 and a half. So to do one of these, instead of taking all of your required minimum distributions as taxable income, you can funnel some or all of that distribution up to 108,000 in 2025. That's going to be 115,000 in 2026. And that goes directly to a charitable organization. That way, you will be able to enjoy the higher standard deduction, and have that donated distribution taken directly off the top of your taxable income.

So very powerful if you're over age 70 and a half. If you're in that brief time period where you're over 70 and a half and not taking required minimum distributions, you can still make QCDs to charity and reduce future required distributions from your IRAs. So that's something a lot of people can consider.

SARAH DARR: That's great. Thanks, Tara. And to your point, fourth quarter is often a time when we see individuals are very focused on charitable contributions. So if there's causes or organizations that they want to make an impact, and there's also a tax benefit where they can take advantage of some of these strategies like the donor advised fund or the QCDs, that it's a great way to maximize and have dual benefit, if you will. And so talking with your team of how you can take advantage of those and really either accelerate or frontload, or really think about and be strategic in nature can really go a long way for being proactive.

So this next question-- Bill, I know we are having a lot of conversations around AI, artificial intelligence, the tech sector, and valuations, and would love to hear more about what you think investors should be thinking about and any actions that they should be taking, if any.

BILL MERZ: Sure, that's another fantastic question. I see there's a ton of questions asking about valuations, are we in a bubble, et cetera, in the Q&A in the question box. So we've all heard headline upon headline questioning whether stock prices and especially AI related stocks or artificial intelligence related stocks are in a bubble. I'll share a couple reasons why, number one, we do think it's important to maintain exposure to broad equities, including those large caps and including some of those AI names, but also in a way that is diversified and doesn't rely solely on those high flyers.

So first, we looked at about 30 AI related companies in the S&P 500 and combined them together. And these companies are generating almost triple the net income per employee versus the rest of the S&P. They're investing quadruple in capital expenditures and research and development per employee. So they're reinvesting in their company.

They've had about 24% per year annualized growth in their earnings over the last five years. 24% annualized every year, which is about double the broader market. And they've had about double the earnings margins. And so for every dollar of revenue, they make twice as much in profits than the rest of companies in the S&P.

So the point here is that the fundamentals are real. The growth is real. The revenue is real. The income is real. However, to the point brought up by the questions, the valuations are about double the rest of the S&P 500, so twice as expensive.

So is that too expensive? Is that a bubble? Based on the fundamentals being there, being real, it's certainly expensive. And what it does mean is these companies have to keep growing so that they can grow into those valuations. So again, that's one reason why we emphasize diversification when leaning into stocks, to ensure that the portfolio isn't entirely dependent on these names, but certainly has exposure to these names because the fundamentals are so strong.

SARAH DARR: That's great. Thanks, Bill. Great reminder that AI is here likely for the long haul, but we don't want to lose sight of our diversification and the strategies that we have in place. Tara, this next question-- are there any other tax considerations or changes that impact certain individuals, whether it be in some states or other income levels that might be looking for tax efficiencies?

TARA LAWSON: Yes, absolutely. One thing I am going to focus on is revisiting that SALT deduction. So SALT stands for state and local tax. This is the total tax that individuals pay on state income taxes and state and local property taxes. Individuals in states with higher income taxes or higher property values and/or tax rates obviously have more SALT that they would like to deduct. Since 2017, taxpayers have been limited to deducting just $10,000 a year, which is a lot lower than most people in those higher tax states are paying in that tax. So the increase to $40,000 will potentially be exciting to people living in those states.

It's important to note that this higher deduction is only available until 2029, and it's reduced once a person or a married couple reaches $500,000 in adjusted gross income, and it's capped at $10,000 once that AGI reaches $600,000. So if you're in a higher income and/or property tax state, it's a good reason to be aware of where your AGI is sitting, and potentially strategize some ways to manage the taxable income in the coming years while that higher deduction is still available. That probably perked up Bill's ears, so do you have anything to add there?

BILL MERZ: Yeah. Thanks, Tara. I would just add that along the lines of the prior comments I shared about municipals being really compelling for investors in high tax brackets-- well, that's even more so the case for investors that are also in high tax states, where those 10% or even more top marginal brackets at the state level can mean an even bigger benefit for municipal bond investors. So it just reinforces that view on the importance of municipal bonds for investors subject to tax.

SARAH DARR: Wonderful. Well, we have so many questions. And unfortunately, we need to wrap up our call today. But I want to thank you for all your engagement. We will follow up on your questions following our webinar today. And want to make sure to remind you and really call out that a recap of today's conversation will be available in the next 24 hours so that you can access a replay of the webinar on our website at usbank.com.

And in the meantime, if you go to the Resources tab on the bottom of the screen, there are other links to insights. Particularly, I want to call out our market news. So Bill and his Asset Management group colleagues are constantly posting new publications and articles.

And if it's something that you're not familiar with, I want to call out there are weekly market analyzes. There are quarterly investment outlooks, CIO commentary, and they are posting new articles almost daily. And so there's great content on interest rates, inflation, the Fed, administration. And so I encourage you to check that out and to bookmark that, and really pay attention to what they're posting. Incredible insights that are available to you.

And I also want to encourage you to connect with your Wealth Management teams on any of these topics that we discussed today for any specific questions about your situation or if you want additional information. If you're not a Wealth Management client, but you want to find out more about how these insights apply to your situation or get a second opinion, please feel free to connect with us. We would love that opportunity.

You can reach out to us. You can go out to usbank.com/advisor. Or you can fill out a Contact Me, and we would be happy to reach out to you as well.

So with that, thank you for spending time with us today. Bill and Tara, thank you for your expertise and insights. And please enjoy the rest of your day. Take care.

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