



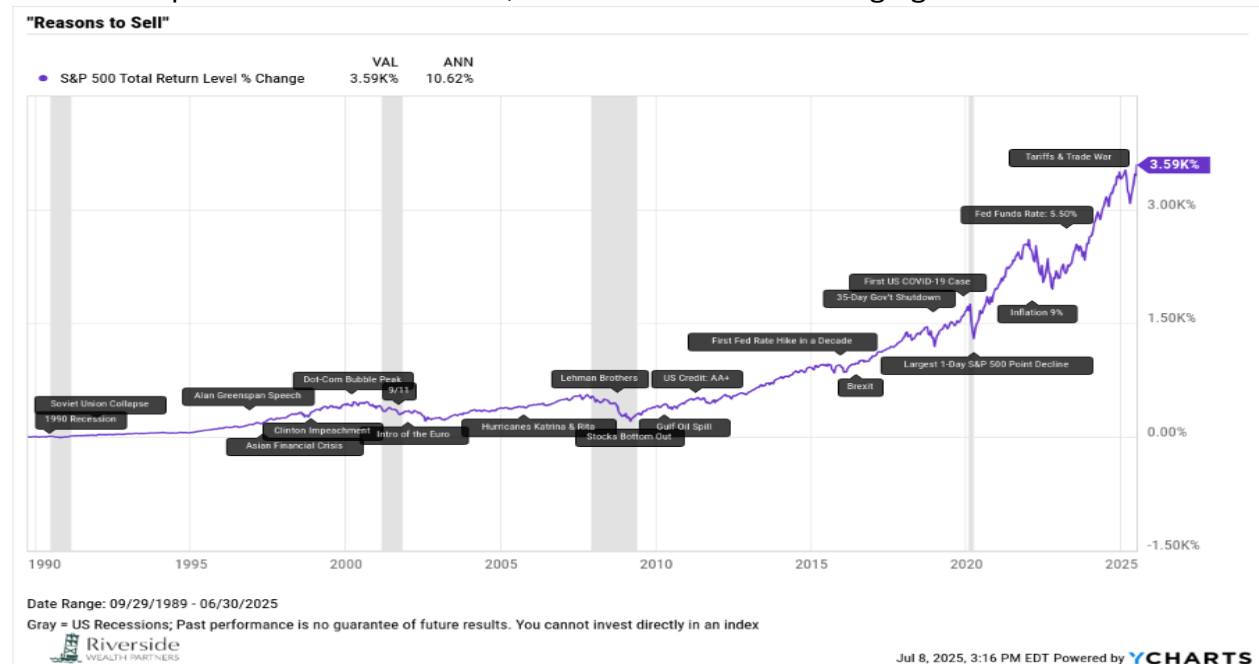
Riverside Wealth Partners 2Q25 Newsletter

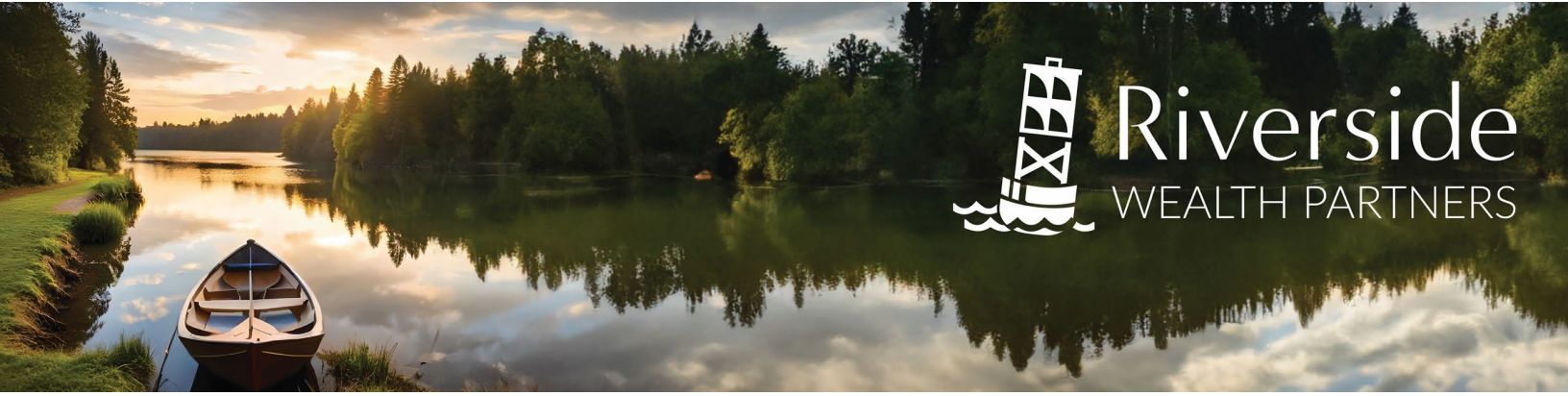
Thanks for the trust you've placed in our firm as clients. We hope this quarterly communication is valuable to you in a very eventful quarter. Importantly, we regularly update our clients through social media as well, through our [RWP LinkedIn](#) page and our [RWP Facebook](#) page with more brief news items regarding the practice and economy. We'd encourage you to follow us there!

2Q25 Market Overview by Bill Laird, CFA, CFP®

The volatility and risk of equity market was on full display in the 2nd quarter of 2025. The market's concerns regarding tariffs that were announced by the Trump administration in early April were met with concern and confusion. The S&P 500 fell nearly 20% during the week that followed.

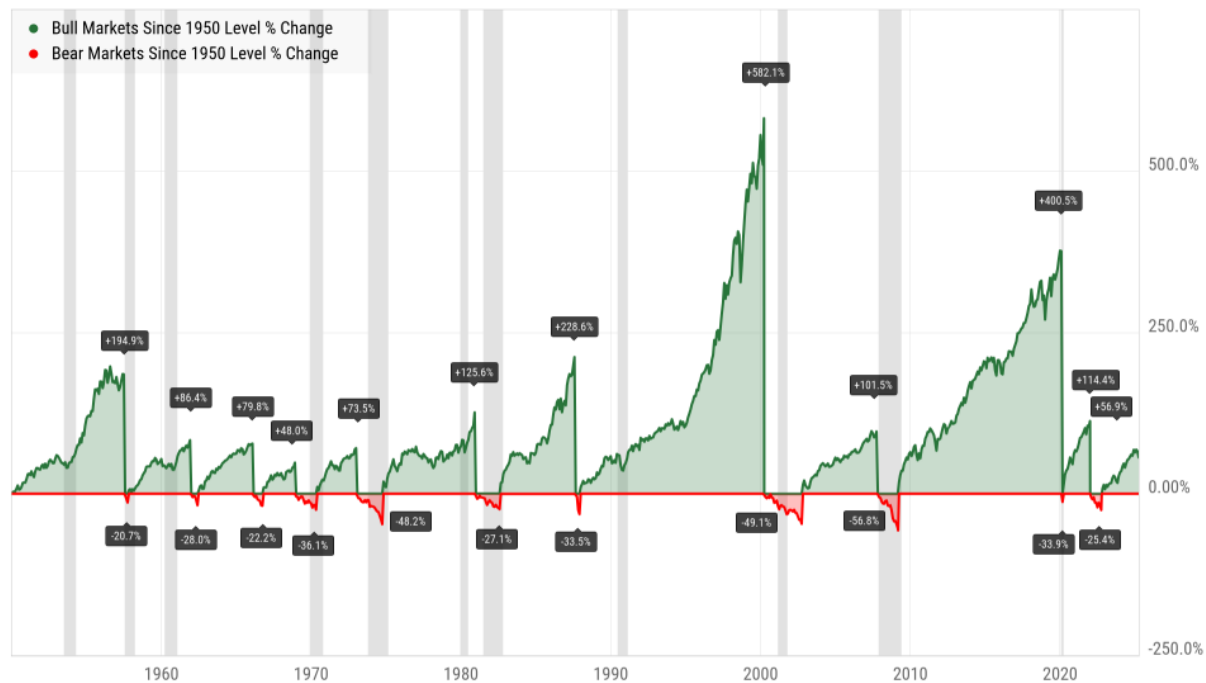
Diversification provided benefit during this period with international stocks falling less than US stocks during the upheaval and the safest of bonds providing positive returns. This period proved significant in terms of the swiftness of negative returns and certainly will make its debut on numerous charts touting both the risk and resilience of markets. The chart below shows the many "reasons to sell" we've seen since 1990, since when the US market has provided a 3500% return, with annual returns averaging over 10%.





Speaking of resilience, on the date of this writing in early July, the market has fully erased the decline from early April with a number of indices reaching all time highs. Some of the factors contributing the recovery were continued strength in the real economy, an easing of tariff rhetoric, and the passage the tax bill which is growth friendly. Taking a longer term view below shows the ferocious yet short term bear markets (20% decline) represented in red, compared with the durable and lengthy bull markets.

Bull and Bear Markets Since 1950



Date Range: 01/03/1950 - 03/31/2025

Gray = US Recessions; Past performance is no guarantee of future results. You cannot invest directly in an index



Jul 8, 2025, 3:08 PM EDT Powered by YCHARTS

We've been proactive with client portfolios in recent weeks, while maintaining calm during the April storm. We've been rebalancing back to target during market highs to ensure we maintain profits that we've made in the bull market that began in 2022. We'll begin adjusting bond portfolios in the coming quarter to funds that provide additional yield while still maintaining a moderate risk bond portfolio overall.

A Brief on the 2025 Tax Bill

As we focus on the big picture for our clients, controlling what we can control in the tax world is extremely important. Our review of the provisions will continue, and we'll dedicate some topical briefs on provisions we think are most relevant. We will be sure that each of our clients take advantage of the provisions that are most relevant to them. On the whole, I'd expect a modest reduction in taxation for most clients. Those who are able to best take advantage of the higher max deduction for property and local taxes will benefit the most, with the cap increasing from \$10,000 to \$40,000. 100% bonus depreciation will provide benefits to our clients who are business owners or real estate investors. The below illustration provides the most significant changes from a tax perspective that that bill has introduced.

Provision	Current Law	One, Big, Beautiful Bill
Individual Rates	2017 preferential tax rates (highest at 37%); set to expire 2025	Made permanent
Pass-Thru (199A) Deduction	Deduction of up to 20% of Qualified Business Income (QBI)	Made permanent at 20% (not 23%, as proposed in the House)
Estate Tax Exemption	\$12.9MM exemption for single/\$25.8MM for married filers	\$15MM for single/\$30MM for married filers; made permanent
SALT	\$10K SALT deduction; expires 2025	\$40K SALT for <\$500K income, w/phase-out at \$600K; reverts in 2029
Standard deduction	\$15,000 (single) \$30,000 (married)	\$16,000 (single) \$32,000 (married)
Child Tax Credit	\$2K/child, set to expire in 2025; refundable up to \$1.4K/child	Increase to \$2.2K/child; made permanent; refundable up to \$1.4K/child
No Taxes on Tips	Taxed as ordinary income	Deduction up to \$25K for incomes <\$150K; expires end of 2028
No Taxes on Overtime	Taxed as ordinary income	Deduction up to \$25K for incomes <\$150K; expires end of 2028
Tax Deduction for Seniors	\$1.6K deduction for ages 65+	Additional \$6K deduction for ages 65+ through 2028
No Taxes on Auto Loan Interest	N/A	Up to \$10K deduction for "made in USA" cars through 2028
Remittances	N/A	1% tax surcharge
Endowment Tax	Top rate of 1.4%	Top rate of 8%
Bonus Depreciation	40% bonus depreciation	100% bonus depreciation from Jan. 19, 2025; made permanent
R&D	5-year amortization for domestic R&D	Full expensing restored; made permanent
Expensing for structures	N/A	100% for manufacturing structures starting Jan. 19, 2025
Not in bill	N/A	Section 899 ("revenge tax"); PTET elimination

Source: Bloomberg, EY, Senate Finance Committee, As of July 2025

Disclosure: *Riverside Wealth Partners and its representatives do not provide tax or legal advice. Tax-law is subject to frequent change; therefore, it is important to coordinate with your tax advisor for the latest IRS rulings and specific tax advice, prior to undertaking an investment plan. Any tax or legal information provided here is merely a summary of our understanding and interpretation of some of the current income tax regulations and is not exhaustive. Investors must consult their tax advisor or legal counsel for advice and information concerning their particular situation.*

Quarterly Financial Planning Insights by Brooke Stanford, CRPC®
Maximizing Your Roth: Smart Moves, Smart Taxes

Why Every Roth Move = A Tax Decision

Every step you take in financial planning has a tax impact-especially Roth Conversions and Backdoor Roth IRAs. Done right, they're powerful ways to create tax-free income for you and your family's future and reduce future taxes.

Why Consider a Roth Conversion?

1. **Lock In lower tax brackets:** Convert during lower income years or market downturns to pay less tax now and enjoy tax-free growth later
2. **Reduce future taxable income:** Roth Conversions will lower required minimum distributions (RMDs) in retirement. Less taxable income can mean less tax on Social Security and lower Medicare premiums.
3. **Turn downturns into opportunity:** Converting Traditional IRA dollars to Roth IRAs dollars when the market drop means when the market rebounds, all the gains grow tax free.

Caveats to Know:

True tax impact: A Roth conversion can increase your adjusted gross income, conversions can potentially affect tax credits, tax deductions, and taxation of social security.

5-year rules: Conversion principal can be tapped penalty-free after 5 years if needed if you're under 59.5 otherwise you will incur taxes. To access the earnings without tax or penalty, you need to be over the age 59.5 and the Roth IRA needs to have been open for at least 5 years.

Future tax laws: Rates and rules may change, so careful planning is key.

Who It Benefits Most?

Accumulators (20s, 30s, 40s)-Convert when income will be lower than it will be in the future. E.g. pre-large promotions, career gaps, bear markets.

Retirees-Fill lower tax brackets during early retirement years before Social Security and RMDs kick in.

Retirees with High Earning Heirs- Fill lower tax brackets in the 10%-20% ranges. Example, if children are expected to be in their peak earning years and career highpoints at the time of inheritance resulting in potentially 30%+ tax if in a traditional IRA. Roth inheritance would be tax-free.



The Backdoor Roth: A tool for High Earners

Many high-income earners can't contribute directly to a Roth IRA. What is the work around?

1. Make a non-deductible Traditional IRA contribution.
2. Convert to Roth IRA.

What are the reasons to contribute to a traditional IRA for our high earner clients out there? In my opinion, none unless it's for this purpose. High earners don't get the tax deduction for contributing to a traditional IRA. The only thing you would get is funds locked away until 59.5 (unless you want to pay a 10% penalty) and taxes.

Watch out for the IRS's "pro-rata rule" which means all your pre-tax IRA money gets counted. If you have other pre-tax IRA, SEP, or SIMPLE IRA balances, part of your conversion will be taxable.

Who Benefits the Most?

High Earners. You get around the Roth IRA income limits, the funds are withdrawn tax-free in retirement if appropriate criteria is met, no required minimum distributions (RMDs), and heirs inherit it tax-free.

You can build a tax-free bucket with annual backdoor Roths while maxing out other pre-tax accounts for the deductions.

Caveats to Know:

- Taxes may apply to backdoor Roth IRA if the contributions were made pre-tax and/or there was growth on the contributions or if the funds are withdrawn without meeting the 5-year rule criteria.
- You will want to be sure when filing taxes that the reporting on the conversion is correct to avoid paying extra taxes.

Deadline to make a nondeductible IRA contribution is April 15th of the following year (example 2024 IRA contribution deadline was April 2025).

The goal for Roth Conversions and Backdoor Roths is to keep as much money in your and your family's pocket as possible.