

PROFESSIONAL FINANCIAL SERVICES, INC.

"DESIGNING AND PRESERVING WEALTH"

ONE PLAN AT A TIME

ROBERT E. TUCKER
PRESIDENT
Tel (703) 391-0299
Fax (703) 391-0277

10913 LAWYERS ROAD
RESTON, VIRGINIA 20191
e-mail: bobtucker@pfsinc.info
website: www.pfsinc1.com

August 8, 2025

Dear Client-

I hope you're enjoying Summer and staying COOL!!!

Below is an update of many items, and I know this is a lengthy email. Please do take the time to read this carefully as there is much to discuss.

TRANSITION FROM GROVE POINT TO LPL FINANCIAL

The transition is nearly complete, and you should be receiving LPL statements. We notified you about the procedure for getting a checkbook on LPL individual and trust accounts. If you had a Corestone checkbook for your prior Pershing account, please destroy it. If you have not yet submitted paperwork to establish an LPL checkbook for your personal/trust account(s), please do contact us. The process is easy and fairly quick.

A major issue during this transition has been getting all accounts to transfer into our Albridge system, which will enable us to link everything through our website so you can see the current values of all of your assets 24/7/365. We have been working on this with Albridge and LPL each day for several weeks now, and we are very close to being finished.

Once the data transfer is accurately completed, we will advise you. There is a process we'll have to go through with you to empower you to see all of your accounts online in one place. To do so, we'll have to guide you through the steps to give you access. It's a bit tedious but will only need to be done once, and then you'll be all set. We expect to reach out to you within the next two weeks or so.

Securities offered through LPL Financial, Member FINRA/SIPC
Investment Advice offered through Professional Financial Services, Inc.,
a Registered Investment Advisor and separate entity from LPL Financial

In the meantime, please know that upon your request, we can give you a comprehensive report on each and every one of your accounts by going to the individual websites for each account. We'll certainly do so if you wish. Hopefully, the ability to get all of the data through our website will be totally operational by the end of August or before.

MARKETS

Equity markets started out the year going down but have been on the rise and exceptionally good during the 2nd and the beginning of the 3rd quarter. Here are some metrics on both Equity and Fixed Income markets to give you perspective:

	<u>1/1/25</u>	<u>Week Ending</u> <u>8/2/25</u>	<u>Change</u>
Dow	42,544	43,589	+2.45%
S&P 500	5,882	6,238	+6.05%
Nasdaq	19,310	20,650	+6.94%
90 Day T-Bill Yield	4.32%	4.24%	-0.04%
30 Year T-Bill Yield	4.80%	4.82%	+0.2%
30 Year Mortgage Rate	6.85%	6.72%	-0.13%

Source: www.leimbergservices.com

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Clearly, we all want to be in up markets, but always keep in mind that there are NO guarantees in most investments, which is why we always focus on two things:

- 1. Having enough Cash and enough Income to live the way you wish for the next 3-5 years.**
- 2. Assets in excess of those needed for item 1. should be viewed as “long term” and should reflect your Risk Tolerance.**

It's important to note that your tolerance for risk almost certainly will change over time. So, it's important to review everything from time to time to ensure that you're properly positioned.

In addition, there are always these considerations:

- Do you have the right amount and the right type of life insurance, and are the beneficiary arrangements current?**
- Have you protected against the high and increasing cost of Long-Term Care, i.e. Home Health Care, Assisted Living, Nursing Home, and Memory Care? For most there are only 2 choices- pay out of pocket or acquire Long Term Care Insurance.**
- Are your legal documents-Will/Trust/Powers of Attorney/ Advanced Medical Directive current? Do they reflect your current thinking and your current family dynamics?**

While planning is often not easy, it is critically important and should absolutely be reviewed at least bi-annually or whenever a life-changing event that occurs.

Please let us know if you need to discuss anything or if you feel it's time for a review.

REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

We wrote to you last April about your Required Minimum Distribution for 2025. The calculations for what, if anything, you MUST take by 12/31/25 have been done, and we will be glad to do any calculations needed for retirement plan assets you may have that are NOT with us if you provide the 12/31/24 statements for those accounts.

As you will recall, you can elect to take any or all of the RMDs at any time prior to 12/31/25. We cannot advise you as to “when” to take the RMD. If markets go up, you should continue to wait. If markets go down, you should do so now. The issue is what will markets do? We can never predict. So, you decide when you wish to take your RMD, and we’ll guide you through the process. If you haven’t done so by 10/31/25, we will begin reaching out to you in November.

Please remember RMDs are Required MINIMUM distributions. So, if you should need more than just your RMD, you can take more if you wish. Also, remember that distributions are taxed as 100% ordinary income because you were not taxed on the deposits you made to these accounts. They have been invested on a tax-deferred basis, and they are only taxed once you take them out.

HELPING CHILDREN AND GRANDCHILDREN

Many parents start savings/investment plans for their children and/or grandchildren. What are the options available for you to do so?

- 1. Attached is a list of 6 different ways to establish accounts for children of any age.**
- 2. Also attached is a 7th way, the Trump Account for Newborns under the new tax bill just enacted in July 2025. It only applies to children born 1/1/25-12/31/28 who are U.S. citizens. Interestingly, the government funds it with \$1,000. It is both generous in some ways and yet has specific rules, which are discussed in the attachment. Please read the attachment carefully.**

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These are ways to help your offspring in a cost effective manner. Doing so can give them a wonderful foundation for both having and learning to be financially successful.

Please let us know if you'd like to explore any of them.

FALL 2025

We just placed the order for Monthly Schedule Planner calendars for 2026. As is customary, we will be mailing the calendar to you in our Fall mailing- probably late September or early October. We receive many requests for the calendar, and we hope you find it of value. However, if you don't use it, please feel free to give it to another family member, friend, or colleague.

We continue to send our American Lifestyle magazine on a quarterly basis. You should have just received one, and the last one for 2025 will be in December. The magazine focuses on trips, activities, charities, recipes, and the like. We receive a lot of compliments on it, and recently one of our clients brought us some goodies baked using a recipe it contained. Feel free to keep us on YOUR goodie list, and we encourage you to share the magazine with others.

CONCLUSION

As always, THANK YOU for the continued opportunity to be of service, and please, never hesitate to reach out to us any time you feel we might be able to help. Our entire existence is solely to serve our clients, and we highly value our relationship with you.

All our best wishes,

A handwritten signature in black ink, appearing to read "Rob Tucker", written in a cursive style.

Robert E. Tucker, CLU
Chartered Financial Consultant

Disclosure: The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. All performance referenced is historical and is no guarantee of future results. All indices are unmanaged and may not be invested into directly.

You said:

savings plans for children

ChatGPT said:

There are several savings plans available for children, each with its own advantages depending on your goals (education, general savings, or wealth transfer). Here's a breakdown of the most popular options in the U.S.:

1. 529 College Savings Plan

- **Purpose:** Save for education (K–12 tuition and higher education).
 - **Tax Benefits:** Contributions grow tax-free; withdrawals are tax-free when used for qualified education expenses.
 - **Ownership:** Usually owned by a parent or grandparent.
 - **Flexibility:** Can be transferred to another beneficiary (e.g., sibling) if unused.
 - **Bonus:** Up to \$35,000 can now be rolled into a Roth IRA (as of 2024) under specific conditions.
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2. Custodial Account (UGMA/UTMA)

- **Purpose:** General savings for the child (not limited to education).
 - **Tax Benefits:** First \$1,300 of unearned income is tax-free; next \$1,300 is taxed at the child's rate.
 - **Ownership:** Managed by an adult until the child reaches age of majority (usually 18 or 21).
 - **Flexibility:** Funds can be used for anything that benefits the child.
 - **Caution:** Becomes the child's property at legal age—no restrictions on how they spend it.
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3. Roth IRA for Kids

- **Purpose:** Long-term retirement savings for a child.
- **Tax Benefits:** Contributions are after-tax, but earnings grow tax-free and withdrawals are tax-free in retirement.
- **Requirements:** Child must have **earned income** (e.g., from a part-time job).
- **Contribution Limit (2025):** \$7,000/year or the amount earned—whichever is less.
- **Powerful Tool:** Starting young allows for massive compound growth.

4. Savings Bonds (e.g., Series EE or I Bonds)

- **Purpose:** Conservative, government-backed savings option.
- **Tax Benefits:** Tax-deferred until redemption; may be tax-free if used for education.
- **Risk:** Very low.
- **Returns:** Relatively modest, but protected against inflation (I Bonds).

5. High-Yield Savings Account

- **Purpose:** Simple savings with no investment risk.
- **Use:** For short-term goals (e.g., school trips, summer camps).
- **FDIC Insured:** Safe, but low interest compared to investments.
- **Best For:** Teaching kids about saving/spending.

6. Coverdell Education Savings Account (ESA)

- **Purpose:** Education savings (tuition, supplies, etc.).
- **Contribution Limit:** \$2,000/year per child.
- **Tax Benefits:** Similar to a 529 but with lower contribution caps and income limits.
- **Must Use Funds By Age 30.**

Here's what policy experts and parents need to know about the “**Trump Accounts**” for newborns under the **One Big Beautiful Bill Act**, signed into law on **July 4, 2025**:

What Are Trump Accounts?

- A \$1,000 **government-seeded investment account** is automatically provided at birth to every eligible child born between **January 1, 2025 and December 31, 2028** [The Washington Post+15Investopedia+15Investopedia+15](#).
 - Eligibility requires the child to be a **U.S. citizen with a Social Security Number**, and **at least one parent must also have a valid SSN** [The Sun+1Kiplinger+1](#).
 - If parents do not open the account, the government **auto-enrolls the child** under Treasury's discretion [Kiplinger+1Kiplinger+1](#).
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Contribution & Growth Rules

- Contributors—including parents, relatives, and employers—can deposit up to **\$5,000 per year** until the child turns 18 (inflation-adjusted after 2027) [PBS+15Investopedia+15Fox Business+15](#).
 - **Employer contributions** up to \$2,500 annually are **non-taxable**; other contributions are after-tax and grow tax-deferred until withdrawal [hrblock.com](#).
 - Funds must be invested in **low-cost U.S. index mutual funds or ETFs** (e.g., S&P 500) [Fox Business+1The Sun+1](#).
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Withdrawal Rules & Usage

- Money cannot be withdrawn before the child turns **18**. From age 18 to 30, withdrawals are allowed for **education, job training, home purchase, or starting a business**.
 - After age **30**, funds become fully unrestricted.
 - Withdrawals before 18 face penalties, and distributions for qualified purposes are taxed at the **capital gains rate**, while other uses are taxed at **ordinary income rates** [The Washington Post+1Indiatimes+1IndiatimesPBS](#).
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Timeline & Phases

- Accounts are seeded upon birth for eligible children born **2025–2028** [waysandmeans.house.gov+15Wikipedia+15Fox Business+15](#).

- Auto-enrollment begins in **mid-2026**, as Treasury implements guidance (IRS details expected by roughly mid-2026) [InvestopediaKiplinger](#).

Financial Projections & Criticisms

- Even with no additional contributions, the initial \$1,000 deposit may grow to **\$3,000–\$13,800** by age 18.
- If contributions max out (\$5,000/year), the account could reach **\$600,000–\$1.9 million** by age 28 under optimistic market returns [Fox Business](#).
- Critics call the program a symbolic gesture with low real impact for low-income families. Experts warn better alternatives exist: **529 plans, custodial Roth IRAs, and whole life insurance** may offer more flexibility and security [theguardian.com](#).

Summary Table

Feature	Details
Account seed	\$1,000 at birth (2025–2028 births)
Contribution limit	\$5,000/year (after-tax), employer: \$2,500 non-taxable
Investment type	Low-cost U.S. stock index mutual funds / ETFs
Withdrawal age	No withdrawals before age 18
Permitted uses (18–30)	Education, home purchase, business start
Full access	Age 30+
Tax treatment	Qualified distributions taxed at capital gains; others at ordinary income
Cost to government	~\$3 billion/year based on birth rates; bipartisan controversy over fiscal impact

Final Thoughts

The **Trump Accounts** represent an ambitious pilot federal savings program aimed at giving every U.S. newborn a head start in long-term investing. While the automatic \$1,000 seed and tax-deferred growth could benefit middle- and upper-income families, critics warn of limited value for lower-income households—especially when other vital programs are facing deep cuts. Nonetheless, it's Free Money in the name of building generational capital, albeit with restrictions and mixed expert reviews.

Further reading: [Big Beautiful Bill and Trump Accounts](#)

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