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Financial PERSPECTIVES

SUMMER 2025

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Open a Roth IRA for Kids with Summer Jobs

Summer may not officially begin until June 20, 2025, but many parents have been experiencing summer vacation since school finished well over a month ago. If you have a household of kids at home for the summer, putting them to work can have more than one advantage. Summer jobs not only provide young people with a little bit of spending money, but they can also teach them a lesson or two about creating healthy saving habits.

Having earned income, no matter how small, can create some financial planning opportunities for your teenagers or recent graduates. One of those opportunities is opening a Roth IRA. Yes, kids can have Roth IRAs, but to do so, they must be working and earning money, even if they are not the individual making the contribution.

If their summer job will provide a W-2, those wages (or taxable compensation) are the basis on which the Roth IRA contributions can be made. The amount you can contribute to a Roth IRA is limited to 100% of what the child earned or $7,000, whichever is less.

Roth IRA contributions are not tax deductible and are not reported on a federal income tax return. Benefits include the ability to withdraw contributions without tax or penalty at any time and for any reason, and tax-free distribution of earnings when you are: (1) age 59 ½ or older and (2) have had the Roth IRA for at least five years. Earnings on contributions may be taxable and subject to a 10% early withdrawal penalty if they are removed before satisfying both requirements.

If your child is working but they don't receive a regular paycheck, it's important that their wages are documented to be counted as compensation when making Roth IRA contributions. Household chores don't typically count as earned income, but money earned from steady summer jobs like mowing lawns, babysitting for someone other than a parent, or even from employing your children in your own business can be treated as earned income if the work is genuine, age appropriate and they are paid fairly.

Make sure you discuss your situation with your tax professional for guidance on what kinds of records to keep for the type of employment your child has before making contributions.

Although parents or grandparents can make contributions on behalf of the working child, if you want to teach your children the value of saving, or the basics of investing, you could have them contribute a portion while you match what they put in. For college-bound students, keep in mind that their savings in a Roth IRA are not considered an asset when applying for financial aid on the Free Application for Student Aid (FAFSA), but their personal savings are included.

Time is the best ally when using tax-advantaged savings accounts like Roth IRAs, so help your working children get a jump start on retirement by contacting your financial advisor today!

Don't Miss Our Summer Savings Strategies Blog Series

Summertime often brings a sense of ease as people take vacations, enjoy outdoor activities, and spend more time with family and friends. However, it's important to remember that while life may slow down, your finances don't. By continuing to stay on top of your goals, you can ensure that your summer is not only enjoyable but also financially secure.

As we kick off the season, Benjamin F. Edwards will begin its Summer Saving Strategies blog series, providing you with valuable ideas each week. In addition to saving for education, we will cover a variety of ways you can save for your retirement and how to make the most of the tax advantages they offer, how to save more by minimizing taxes, some lesser-known money saving tips, and how you can balance protection and growth while investing your savings.

To find our Summer Savings Strategies blogs, go to:

https://www.benjaminfedwards.com/educational-resources/ →

Pardon the Verification

"From their pervasive imposter phone calls, texts, emails, social media, and even U.S. mail ploys, scammers are relentless in their efforts to gain access to your money or personal identifying information."

-Office of the Inspector General, Social Security Administration

Edwards is equally relentless in protecting our clients' accounts. According to FTC and FBI reports, scammers use money that they've obtained fraudulently to finance illicit activities, which may include organized crimes such as drug and human trafficking. Additionally, scammers often involve unsuspecting individuals in their schemes to transfer and move funds acquired from others.

With these types of illegal activities on the rise, we ask for your forgiveness in advance if we ask for verification when you call in for personal information—and especially for withdrawal or transfer requests.

It can be uncomfortable for one of our advisors to ask for verification from a long-time client, but in this age of deep fakes and frauds galore, it has become a necessity and a serious case of "better safe than sorry."

As a result, we ask that you not be offended if this happens to you, but instead appreciate our diligence in this matter.

Source: [Scammers Won't Let Up. Neither Will We! | Office of the Inspector General]

Proxy Voting 101: Essential Information for Shareholders

Introduction

One of the main advantages of owning equity in a company is the ability to share in the economic value created as the company grows and generates profit over time. An additional benefit, especially over lenders (bondholders) to a company, is that shareholders have a say in how the company is run. Each year shareholders get the opportunity to shape a company's operations by electing its board of directors, voting on proposals from management and other shareholders, approving executive pay, or even deciding if a merger should be approved. Voting typically occurs annually at a shareholder meeting hosted by the company. Some meetings, such as Berkshire Hathaway's, are well attended by shareholders. However, this is not the norm. In most cases, voting in person is not feasible; instead, shareholders often elect a proxy to cast their ballot for them.

What Is Proxy Voting?

To make sure shareholders are adequately informed ahead of an annual meeting, publicly traded companies provide shareholders with a proxy statement—a document that describes the issues to be voted on during the meeting and includes information needed to make informed decisions about upcoming votes. Proxy statements typically include an annual report on the company's financial situation, a proxy statement describing the resolutions to be voted on, and a proxy card with voting instructions.

Rather than attending meetings in person, investors often elect someone else (such as a member of the company's management team) to vote on their behalf. This person is designated as a proxy and will cast votes in line with the shareholder's directions noted on their proxy card. Shareholders may submit their proxy cards by mail, phone or online any time before the designated voting deadline—usually 24 hours before the meeting. The most common voting responses are "for," "against" or "abstain."

What Is a Proxy Advisory Service?

In addition to not attending meetings in person, many shareholders find that they don't have the time or desire to review proxy materials in enough detail to comfortably cast their ballot. Over time, proxy advisory firms—specialized companies that provide research, analysis and voting recommendations to investors—have gained popularity. These firms are armed with large teams of analysts dedicated to researching the issues presented at annual meetings and providing voting recommendations to shareholders. These firms can have a significant impact on corporate governance, especially if they make a vote recommendation that contradicts a company's position on a resolution.

Why Is Proxy Voting Important?

Situations arise where shareholders grow unhappy with the performance of a company or its management team. Investors can file proposals, or resolutions, to be included on a proxy statement in an effort to get the company to change its policies or strategy. Examples would be making changes to the board of directors, shaping the company's stance on social issues or voting on management compensation. If enough shareholders agree with a resolution, then the company is often forced to make the changes that the shareholders voted for. There are several real-world examples of companies that have changed their policies or restructured their board of directors as a result of proxy votes. Investors have a direct impact on creating a more responsible and resilient financial system through voting. Proxy voting also occurs for shareholders of mutual funds for items such as board of directors, changes in investment philosophy, mergers with other funds and various other issues.

Proxy Voting at Benjamin F. Edwards

Investors who own shares in individual stocks or mutual funds in a brokerage account or an advisor-directed advisory account ("Client Portfolios" and "Private Portfolios") will receive proxy materials for the companies/funds in which they invest and are free to vote proxies as they choose.

Active and passive investment funds such as mutual funds, exchange-traded funds (ETFs) and separately managed accounts (SMAs) leave proxy voting decisions for the stocks held in the fund/account in the hands of the fund managers rather than the individual investor. There are pros and cons to allowing funds to vote on your behalf. One pro is that the fund manager is likely well informed and should vote in the shareholders' best interests. A con is that if you have a strong view on how a specific proxy should be voted, you cannot express that view.

Clients invested in Edwards-sponsored or third-party asset manager strategies traded by Edwards are provided the service of allowing them to have their proxies redirected to the investment professionals at Benjamin F. Edwards for voting. Edwards will vote the proxies in the best interest of its clients according to its proxy voting policy and guidelines (and relies on an industry-leading proxy advisory service when necessary) without our clients having to take the time to research and decide how to vote themselves.

If you do receive proxy materials, please consider reviewing them and voting as you see fit. Often investors are contacted by companies reminding them to submit their proxy before the voting deadline. Investors can sometimes find this correspondence annoying; unfortunately, the only way to avoid this contact is to vote your proxy, or assign someone to vote for you, in a timely manner. If you have questions about a program that provides the service of voting proxies for you, please contact your financial advisor.

Tad's Top Five Summer Reads

Summer is a great time to catch up on reading or dive into a new book. If you don't have a reading list in mind or are looking for more suggestions, we asked our own Tad Edwards to share with us some of his top recommendations. While he said he could provide "hundreds," here are five:

The Art of Being Unreasonable: Lessons in Unconventional Thinking by Eli Broad

Setting the Table: The Transforming Power of Hospitality in Business by Danny Meyer

Elon Musk by Walter Isaacson

The Purpose Driven Life: What on Earth Am I Here For? by Rick Warren

The Hiding Place by Corrie Ten Boom

MARKET RECAP

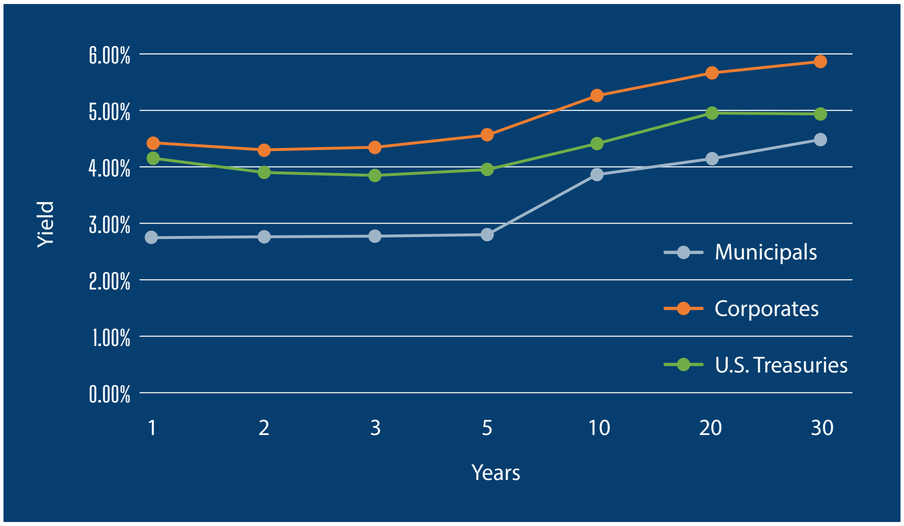
Market Summary

Fixed Income

- The U.S. bond market, as represented by the U.S. Treasury bond and notes, has seen an increase in yield or lowering in price over the last quarter. Price and yield work in an inverse relationship. The announcement of tariffs and the continuation of deficit spending by the U.S. government has caused investors to demand a larger yield. Due to the uncertainty, as it relates to inflation, in the new tariff environment, the Federal Open Market Committee rightfully is taking a wait-and-see approach to adjustments in the short-term overnight lending rate. Most economic metrics have been consistent, indicating continuing and steady growth. The next couple of months of inflation data will be of significant interest to market participants.

Fixed Income Yield Curves

As of June 1, 2025



Source: Bloomberg BVAL AAA Curve, Bloomberg US Corporate (A) Fair Value Index, Bloomberg US Treasury Actives Curve

- The corporate bond market witnessed significant volatility over the quarter, as the market digested the implications of tariffs on global trade partners. Credit spreads widened 35-45 basis points (bps) on investment-grade issuers in the 10-year maturity range and approximately 75 bps on below-investment-grade debt. That instance of widening has reversed course and has settled back into the yields we had been witnessing at the end of the year—approximately 100-bps spread for investment-grade and 200-bps spread for below-investment-grade.

- The municipal bond market has been a tale of maturities. The short-to-intermediate end of the market has seen strong and consistent demand, with the AAA Bloomberg BVAL curve seeing minimal to no change in yield in the four- to seven-year maturity range. The 10-year maturity is yielding 16 bps more yield than a quarter ago, and 30-year debt is yielding an additional 36 bps. This is primarily due to increased supply but also an increase in the term premium* that we witnessed in the Treasury bond market.

*The term premium is the difference in the returns an investor expects to earn from (i) buying and holding long-term debt such as a 10-year Treasury bond and (ii) buying short-term debt and reinvesting it once it reaches maturity, such as buying 1-year bonds and rolling them over into new 1-year bonds every year for 10 years. In other words, it's the amount of compensation investors demand for the risks inherent in investing in longer-term vs. shorter-term debt. (Source: Federal Reserve Bank of St. Louis)

MARKET RECAP

Market Summary

Equities

- Stocks continued to experience elevated volatility in 2025. Fast-changing trade/tariff policy and growing concern about the national debt have kept investors on their toes.

- Domestic stocks have seen a historic rebound in both pace and magnitude in the first two months of the second quarter as investors expect trade tensions to cool. The Nasdaq Composite is the strongest performer of the major indexes, notching a two-month gain of 10.5%. Small-cap stocks have also moved off recent lows but continue to lag behind large-caps. The Russell 2000 is up just 2.7% quarter-to-date. Meanwhile, international developed stocks have continued their impressive performance, with the MSCI EAFE Index adding another 8.3% in the second quarter.

- Year-to-date, international stocks, both developed and emerging, have outperformed domestic indexes by a wide margin. International equities are reaping the benefits of attractive valuations relative to domestic markets and fiscal support from larger economies such as Germany MSCI EAFE and Emerging Markets indexes, which are up 15.0% and 7.6%, respectively, while the S&P 500 has managed a gain of just 0.5%.

- Over the next few months, we plan to keep a close eye on inflation, the domestic labor market and trade policy as we expect these three factors to be the major drivers for markets.

Index (Price Only, Not Total Return)	**Month End Close**	**Q2 to Date**	**YTD**	**Trailing 1-year**	**2024**
Dow Jones Ind. Avg.	42,270	0.6%	-0.6%	9.3%	12.9%
S&P 500	5,912	5.3%	0.5%	12.0%	23.3%
NASDAQ Composite	19,114	10.5%	-1.0%	14.2%	28.6%
Russell 2000	2,066	2.7%	-7.3%	-0.2%	10.0%
MSCI EAFE	2,600	8.3%	15.0%	10.4%	1.1%

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Diversification does not guarantee a profit or protect against loss.

Investing in securities entails certain risks, including the potential loss of all or a portion of the proceeds invested. Individuals should consider their specific financial needs, investment objectives and risk tolerance before making an investment.

Equity investments refer to buying stocks of U.S. companies as well as companies outside of the U.S. The market capitalization of U.S. companies is used to group large, medium (mid) and small companies. The investment return to the owner of stock (shareholder) is in the form of dividends and/or capital appreciation. Shareholders share in both the upside potential and the downside risk. Dividends are not guaranteed and are subject to change or elimination.

Mutual funds and ETFs are sold by prospectus. Investors should carefully consider investment objectives, risks, charges and expenses. This and other important information is contained in the fund prospectuses and summary prospectuses, which can be obtained from your financial advisor and should be read carefully before investing.

There are special risks associated with an investment in real estate, including credit risk, interest rate fluctuations and the impact of varied economic conditions. Distributions from REIT investments are taxed at the owner's tax bracket.

An investment in a 529 plan will fluctuate such that an investor's shares, when redeemed, may be worth more or less than the original investment. Investors should carefully consider a 529 plan's investment objectives, risks, charges and expenses before investing. This and other important information can be found in the 529 plan issuer's official statement, which should be read carefully before investing.

The return of principal for bond funds and funds with significant underlying bond holdings is not guaranteed. Fund shares are subject to the same interest rate, inflation and credit risks associated with the underlying bond holdings. Lower rated bonds are subject to greater fluctuations in value and risk of loss of income and principal than higher rated bonds.

Bond prices fluctuate inversely to changes in interest rates. Therefore, a general rise in interest rates can result in the decline of the value in your investment.

An index is not managed and is unavailable for direct investment. The Dow Jones Industrial Average (DJIA) is an index that shows how 30 large, publicly owned companies based in the United States have traded during a standard trading session in the stock market. The Nasdaq Composite Index measures over 5,000 NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The Russell 2000 is a stock-market index measuring the performance of 2000 small-capitalization stocks. The S&P 500 Index covers 500 industrial, utility, transportation and financial companies in the U.S. markets. S&P®, Standard & Poor's® and S&P 500® are registered trademarks of the Standard & Poor's Financial Services LLC.

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