

# IN TOUCH

IN THIS ISSUE:

## **Finding Structure Amid Uncertainty**

The Next Generation:  
Emerging Investors

Wisconsin Act 95: How  
Does It Impact In-State  
College Admissions?



# Finding Structure Amid Uncertainty



In a world that feels perpetually uncertain, restful sleep can be elusive. Whether it's worrying about finances, health, or the broader state of the world, the lack of control can leave us restless. But while we can't predict the future, we can take steps to create stability and peace of mind, even in turbulent times.

The human brain is wired to seek patterns and predictability. When uncertainty looms, whether from economic shifts, personal challenges, or global events, it can feel like the ground beneath us is shifting. This unpredictability fuels anxiety, disrupting not only our sleep but also our overall well-being.

By establishing placemarks—mental and physical anchors—we can create a sense of stability in the face of uncertainty. Here's how:

## 1 Set Financial Foundations

Set financial foundations that will help you feel a sense of control. Consider growing your knowledge by attending EIG events or reading financial materials. Boost up your available cash and savings account so you don't worry about unexpected expenses. Building your awareness of where your money goes provides a sense of control. Plan for the long-term and work with your financial advisor to create a plan that aligns with your goals, accounting for uncertainty while focusing on growth.

## 2 Establish Daily Routines

Establish a daily routine to provide structure and reduce mental chaos. Find a few things in your life that can help establish a routine such as waking up and going to bed at the same time or dedicated time for movement, mindfulness, and self-care.

## 3 Reframe Your Mindset

Reframe "What-ifs" into "What-Is". Focus on the present moment rather than spiraling into hypothetical scenarios. Write down three things you're grateful for each day. This helps shift your focus from fear to appreciation. When you are feeling stressed, give yourself a reality check. Ask yourself, "What's the worst that could happen?" Often, even the worst-case scenario is more manageable than we fear.

## 4 Set Boundaries

Set boundaries on worry. Schedule "Worry Time" by allocating 15 minutes a day to write down concerns. When the time is up, set them aside. Limit news consumption and choose reliable sources. Overexposure to negative news amplifies anxiety.

## 5 Cultivate Community

Cultivate meaningful connections. Share your fears with trusted friends, family, or a counselor. Talking things out can provide clarity and support. Engage in community or spiritual practices to foster a sense of belonging and purpose.

Financial uncertainty is one of the biggest contributors to sleepless nights. To adjust your perception, focus on what you can control. You can't predict market fluctuations, but you can control your spending, savings, and investment habits. Adopt a Growth Mindset and view challenges as opportunities to learn and adapt. Celebrate small wins and recognize when you don't let fear control your outcomes.

While we can't eliminate life's uncertainties, we can learn to navigate them with grace. Ultimately, better sleep comes not from having all the answers, but from trusting our ability to face whatever comes. The world may be in flux, but with intentionality and structure, we can find peace in the present moment—and rest well. 🏠

*Advisors Who Guide Through Life's Seasons®*

**Julie Ellenbecker-Lipsky, CFP®, CDFA®**  
President and Senior Wealth Advisor  
Ellenbecker Investment Group



# I Can See Clearly Now:

Johnny Nash said it well, “I can see clearly now, it’s gonna be a bright, (bright), sunshiny day”.

For most of us, our vision for retirement was to get past the hurdles (savings, college, weddings, mortgages and more) and once that was behind us, we could look to the bright sunshiny days. We kept our eyes on our spending and carefully managed our cash flow knowing that keeping our eye on the ball can lead to the accumulation of substantial wealth. Yet when it comes time to enjoy the fruits of our labor, many clients find themselves trapped in the mindset of scarcity rather than abundance.

This transition from saving to spending in retirement is more than just a financial shift, it is a psychological shift as well. One of my biggest challenges is helping clients understand and feel comfortable spending in retirement. Even though having more than enough resources to support a lifestyle in retirement is often the case, transitioning from

accumulation to distribution is a challenge for many. Many retirees struggle with the fear of running out of money. This fear, often passed down from generation to generation, can be paralyzing. Fear prevents clients from fully enjoying their wealth and embracing the freedom that retirement is meant to offer.

This mindset is not uncommon. Many clients have spent years watching their spending and purposely saving. They have adopted the idea that spending, even on well-deserved pleasures, can feel reckless or irresponsible. So how do we shift gears? How do we switch our focus from accumulation to using your wealth to create a fulfilling enjoyable life? Overcoming this fear starts with a mindset shift, it involves recognizing that the same decision making that led to your wealth accumulation can also be a guide to responsible spending. Retirement should not be a time of sacrifice but instead a time to enjoy the rewards of a lifetime of hard work.

**“It is all about seeing clearly and knowing it is going to be a bright, (bright) sunshiny day!”**

# Freedom in Retirement

Many clients feel a responsibility to pass wealth to the next generation, sometimes at the expense of their own enjoyment. It is important to balance this desire with your own needs and the fun things that you would like to experience. A financial legacy isn’t just about the money you leave behind but also the values and lessons you pass down to your beneficiaries. It is important to know that your children are watching you, just like you watched your parents. By demonstrating how you can live a fulfilled, balanced life in retirement, you can pass on a legacy of financial wisdom and happiness, not just wealth.

The time when you are healthy and active is the best time to enjoy the wealth you have accumulated. Good health provides the ability to travel, pursue hobbies, spend time with loved ones and explore new experiences. The window of opportunity to enjoy these things is limited by our natural aging process, making it important to do it while we can. If you choose to delay doing these things in fear of running out of money it could mean missing out on the best years of your life.

At EIG we recognize that financial planning is key to

helping clients feel comfortable with this transition. Our approach is to clearly define your financial goals for both your retirement and your legacy. How much do you want to enjoy now, and how much do you want to preserve for the future? We believe that wealth left to beneficiaries should enhance their lives and without proper planning, it can have an adverse effect on them and your family unit. Doing this planning will reassure you that you have enough, and more importantly, that you can enjoy what you have worked so hard to accumulate. It is important to understand that wealth isn’t just about the numbers on your balance sheet, it’s about experiences, opportunities, and peace of mind that financial stability can provide.

In the end, the transition from saving to spending is about embracing freedom. It is about trusting the process and allowing yourself to enjoy the life you have worked so hard to build, especially while you are healthy and able to do the things you had hoped and planned to do. *It is all about seeing clearly and knowing it is going to be a bright, (bright) sunshiny day!* 🌄



**Karen J. Ellenbecker**

Founder & Senior Wealth Advisor  
Ellenbecker Investment Group



# The 2025 Housing Market: What to Expect

After each election cycle, the housing market experiences fluctuations due to various factors affecting supply and demand. As the dust settles following the election, the housing market responds to the new government's policies and economic outlook. The upcoming year, 2025, is expected to bring significant shifts in the housing market landscape. One crucial aspect post-election is the government's stance on housing policies, such as changes in regulations, tax policies, affordability, and incentives, which can significantly impact both buyers and sellers. Affordability issues are expected to still be a major challenge this year.

The National Association of Realtors (NAR) predicts a 9% increase in existing home sales and an 11% rise in new home sales in 2025, citing factors such as growing inventory and

a strong job market. Mortgage rates, projected to play a significant role, average between 6.08% and 7.44% in 2024, as per Fannie Mae.

The 2025 housing market is expected to be shaped by a blend of government policies, economic conditions, and evolving societal preferences. It is essential for buyers and sellers to stay informed and seek expert advice to navigate these changes and make well-informed decisions in the dynamic real estate environment.

If you are looking to buy or sell a home in 2025, please reach out to your EIG advisor to assist in developing a plan to meet your goals. 🏠

**Tammy Niemann**  
Wealth Advisor  
Ellenbecker Investment Group



## 2024 data highlights from the National Association of Realtors



A rising number of buyers are choosing to forgo mortgages and leverage substantial equity gains, with the average homeowner gaining

### \$147,000

in equity over the past five years.



The average age of first-time homeowners has reached an all-time high, at:

### 38 years old.



Multigenerational households have seen a surge in the past year, reaching a record high of:

### 17%



Single women buyers continue to outnumber single men buyers, holding a

### 24% share

in the home purchase market compared to single men at an

### 11% share.



The average mortgage rates for 2024 were between:

### 6.08%-7.44%

**Courtney Whitthuhn**  
Wealth Advisor Associate Coordinator  
Ellenbecker Investment Group



# THE NEXT GENERATION: EMERGING INVESTORS

As we start the new year, many of you have kids turning 18 this year, which is a big milestone in their lives and your lives. Trying to think of a gift for them that they do not already own? The best gift you can give your child is helping them obtain their power of attorney (POA) forms for healthcare and finance. This is a gift for you too!

Why is this important? Well, when a child turns 18, they are legally an adult, and a parent or guardian can no longer make healthcare or financial decisions for the child, unless legally designated.

**There are two important forms every legal adult should have:**

**1. MEDICAL OR HEALTHCARE POWER OF ATTORNEY:**

Allows someone to make decisions around your healthcare needs if you are incapacitated.

**2. FINANCIAL OR DURABLE POWER OF ATTORNEY:**

Allows someone to make decisions around your finances if you are incapacitated. You can also have them help with finances while traveling or living abroad.

Most states have free forms online for POAs. If you choose to use the free forms your state provides, typically the financial power of attorney needs to be signed in front of a notary and the healthcare document needs to be signed in front of two witnesses, not named in the documents. At Ellenbecker Investment Group, we have three notaries on staff in the Pewaukee office. Your child can reach out to your advisor and schedule time to come in and have us witness and notarize the forms on their behalf.

If you have a relationship with an estate planning attorney, you can reach out to them to have them draft documents for your child. I recommend reaching out ahead of time to inquire on their specific process and fees.

This is an exciting time for your child, and making sure they are protected is important. As they continue to advance, EIG is here for them to answer questions on saving, student loans, their first job and making sure they are taking advantage of all the right benefits. Everyone needs some form of financial planning no matter their age. If your child has any financial questions, have them reach out to your advisor. We have many people on staff experienced with working with the next generation of investors.



# The Tax Cuts and Jobs Act (TCJA)

Election season is over. Now we will watch as the government moves forward on some of the key campaign issues promoted by President Trump. For at least the next two years, the same political party has control of the Presidency, House, and Senate - giving the president significant authority to follow through on those important issues discussed during the campaign.

One of the major tax-related themes of the presidential campaign was the extension of the Tax Cuts and Jobs Act (TCJA), which is currently scheduled to sunset at the end of 2025. The president has indicated that extending the tax provisions of the TCJA is a high priority. We will be watching closely this year as discussions unfold about the new 2026 tax provisions.

**Key features of the TCJA most taxpayers are familiar with include:**

- Lowered personal and corporate tax rates
- Increased standard deduction for individuals; repealed or limited itemized deductions
- Doubled child tax credit

These are just some of the features set to expire at the end of 2025 that the newly elected president pledged to extend or make permanent. According to the

Congressional Budget Office, extending the TCJA would add \$4.6 trillion in debt over a 10-year budget window. The growing deficit combined with the cost of extending the TCJA is a concern for many lawmakers and will likely drive the final outcome of the likely extension.

The Inflation Reduction Act (IRA) of 2022 also contains tax provisions that perhaps don't receive as much attention as the TCJA but will also likely be affected by the election. This legislation included funding to the IRS of \$80B over ten years – to be used for enforcement, system modernization, and improvements to taxpayer services. This was reduced to \$20B in 2024 and may be reduced further with the new Congress. Energy tax credits including the residential solar energy, energy efficient home improvement, and clean vehicle tax credits, could also see a partial repeal by the incoming administration. These cuts would likely be used to balance the budget shortfall caused by the extension of the TCJA.

Your EIG Tax Team will be watching developments carefully as we plan tax strategies with you for the new year and into 2026. We continually stay abreast of potential and upcoming tax law changes through research and continuing education to ensure we are optimizing tax efficiency and leveraging all available tax opportunities for our clients.

**Catherine Watson**  
Tax Planning Advisor  
Ellenbecker Investment Group



*Advisors Who Inspire Growth®*





# THE NEW GAP YEAR

**Let's talk about the NEW Gap Year....a time to figure out how you will spend your time in retirement.**

I didn't take a gap year after high school or college. I didn't even think about it or consider it. Maybe because financially it just wouldn't have been plausible. However, I have started thinking about introducing the idea to my clients. Wouldn't it be fun to have a gap year as an adult?? Maybe 55 is the new 22!!!

I can help my client prepare financially for retirement. But anyone who is nearing (or new to) retirement knows firsthand there is a lot more than finances to consider - retirement planning goes well beyond just being financially prepared. I'm referring to being emotionally prepared for retirement.

The biggest fear some retirees have, believe it or not, is boredom. The most common reason for this fear is: loss of routine, missing a sense of purpose, and reduced social interaction. Retirees often underestimate the amount of free time they have. Initially retirees are enjoying an unstructured calendar. However, without hobbies, projects or new pursuits, some retirees experience a sense of boredom.

Now, no need to fear, take a gap year! So, what is a gap year? This is a year for you to explore your personal interests, create a travel bucket list, pursue volunteering, learn a new skill, or focus on your personal health and wellness.

Planning out your retirement prior to retiring allows you to self-reflect and assess your goals, to be very intentional about what you want to do in the next phase of your life.

So, start planning your gap year and think about your golden years.

**1. Redefine your identity.** Your identity is no longer your job title. Your new identity may be a volunteer, hobbyist, writer, artist (this is my dream), comedian (me again, I attended Comedy College, a real thing!) or you may pursue a dream of starting a new business.

**2. Find meaningful activities.** "Test out" your hobbies and volunteer organizations to make sure there is a good fit.

**3. Take a class at your local college.** Keep learning and pursuing your interests.

**4. Visualize retirement.** If you have not created your vision board, reach out to your Financial Advisor to get the supplies to do this.

I recently met a client that shared her "pillars" for retirement. This resonated so well with me that I am going to share it with you.

About two years prior to retirement, she started to think about how she was going to live her life, and created the 5 Pillars of Retirement:

1. Education
2. Exploration
3. Social
4. Fitness
5. Community

She is now retired and still uses the Pillars as her "compass". Your pillars may be very different, and may change over time as you journey through life. It is important to define a purpose in retirement and be very intentional on how you fill a day.

So, if you are about a year or two away from retirement, I hope this preparation will help you approach retirement with the confidence and optimism to make these years the best years filled with happy memories and experiences. 🍷

**Jean Range, CFP®**  
Senior Wealth Advisor  
Ellenbecker Investment Group



# Wisconsin Act 95: How Does It Impact In-State College Admissions?

If you're a high school student or parent in Wisconsin, you might have heard about Wisconsin Act 95 and wondered what it means for college admissions. Let's break it down in straightforward terms so it's easier to understand how this law could affect you.

## THE BASICS OF WISCONSIN ACT 95

This law is all about making sure high school students have a clear path to college, specifically within the University of Wisconsin (UW) System. It requires high schools — including public, charter, private, and tribal schools — to prepare class rankings for their students. These rankings play a key role in facilitating guaranteed admissions to UW System schools.

## CLASS RANKINGS: WHO'S IN THE TOP?

Here's how the class ranking part works:

- High schools with at least 15 students in a given class

must rank their students by GPA at the end of 11th grade.

- These rankings will identify the top five percent and the top 10 percent of students in each class.

In short, your GPA determines where you stand in your class ranking, which could have a big impact on your college options.

## GUARANTEED ADMISSION TO UW SCHOOLS

So, what does this mean for college admissions? Wisconsin Act 95 creates a system of guaranteed admissions to UW schools based on these rankings (and some other criteria for students in unique situations). Here's how it breaks down:

### FOR MOST UW SYSTEM SCHOOLS (EXCEPT UW-MADISON):

- You're guaranteed admission if you rank in the top 10 percent of your high school class.
- If you're homeschooled or attend a virtual private school, you'll need an ACT score in the 90th national percentile or higher.
- National Merit Scholarship finalists also qualify for guaranteed admission.

### FOR UW-MADISON:

- Admission is guaranteed if you rank in the top five percent of your high school class.

- Homeschooled or virtual school students need an ACT score in the 98th national percentile or higher.
- National Merit Scholarship finalists also qualify.

## KEY DATES TO KNOW

Wisconsin Act 95 officially takes effect on February 22, 2024. However, the provisions for class rankings start with the 2024-25 school year, and the guaranteed admissions part applies to college admissions for the 2025-26 academic year.

## WHAT DOES THIS MEAN FOR YOU?

If you're aiming for a UW System school, your class rank or test scores could now carry even more weight. Start paying attention to your GPA and make sure you understand where you stand in your class. For homeschooled students, focusing on a strong ACT score might be your best ticket to guaranteed admission. And if you're aiming for UW-Madison, know that the bar is set higher.

Wisconsin Act 95 is designed to make college admissions more predictable for top-performing students. Whether you're a student, parent, or educator, now's the time to get familiar with how this new system works so you can make the most of it. 🎓

**Join Robin Gullborg of Beyond College Consulting on January 21st at 6 pm for an EIG Webinar discussing current college admission trends and all steps of the process. To learn more and register, visit [ellenbecker.com/events](https://ellenbecker.com/events).**



Presented by Ellenbecker Investment Group, this unique radio show features non-profit organizations each week and explores ways for listeners to have an impact in our local community and the world.

Hosted by Jill Economou, EIG's Director of Community Relations, on Sundays at 10:00 AM on WISN AM 1130. Listen to past shows at [ellenbecker.com/radio](https://ellenbecker.com/radio).



## The Heart of Milwaukee Philanthropy®

### Guests from Q4 2024

- |   |                                     |
|---|-------------------------------------|
| 100 Women Who Care                          | Love in a Shoebox                   |
| Beat Childhood Cancer Foundation            | Make-A-Wish Wisconsin               |
| Charles E Kubly Foundation                  | Margo Fieseler Ministries           |
| Christian Life Resources                    | Mercy's Light Family                |
| Christmas Clearing House of Waukesha        | New Beginnings - A Home for Mothers |
| Family Service of Waukesha                  | Purevant Living                     |
| Feed My Starving Children                   | Soles for Jesus                     |
| Food for the Poor                           | Street Angels                       |
| Housing First Milwaukee                     | The Salvation Army                  |
| Jewish Family Services                      | WasteCap Resource Solutions         |
| Join the Movement to Stop Human Trafficking | Wisconsin Humane Society            |
| Lost Dogs of Wisconsin                      | Women's Care Center                 |



**Robin Gullborg**  
Owner, Beyond College Consulting

# Tax-Efficient Charitable Giving



When you give to nonprofit organizations, you give because of what is in your heart, what you are passionate about and where you want to make a difference. When that giving also reduces taxes, it leaves more money to spend as you wish. There are many different tax strategies for tax efficient giving.

## Giving from your tax-deferred IRA:

Traditional individual retirement accounts (IRA) are assets that have never been taxed. While you are working, you add funds to your retirement accounts for a tax deduction then in retirement, any withdrawals get taxed as income. There is a provision that allows you to make a qualified charitable distribution (QCD) – this is where, after age 70.5, you may donate to charity directly from your IRA and not pay taxes on that withdrawal. You must wait until you are actually past your 70 year and 6-month mark, and the check must go directly to the nonprofit from the account so be sure to work with your advisor on the specific process. As you probably know, upon reaching age 73 (or 75 if born 1960 or later), the IRS requires a portion of the account be withdrawn (and taxed) each year; this is called your required minimum distribution (RMD). If you do any QCDs, the withdrawal counts towards your RMD. So, after age 70.5, instead of donating money from your checking account that has already been taxed, give from your IRA

and you will have never paid tax on those dollars.

## Giving highly appreciated securities:

When you hold investments in a taxable or brokerage account, you are taxed on any profits made on those assets. For example, if you buy a stock or mutual fund for \$100 and it grows to \$150, if you sell it, you will pay tax on the \$50 profit. But if you give that mutual fund to a nonprofit without selling it, you have no profit, so no tax on the sale. Plus, if you itemize your tax deductions, the gift would be a deduction and increase your tax savings. Nonprofit organizations do not pay taxes so when they sell the donated mutual fund, they don't pay taxes either. For clients who have investment securities you've held for a long time with a large gain, consider using it for your charitable giving goals. Considering long-term upward market trends, your taxable account may have a lot of profits yet to be taxed. Donating the investment before selling avoids that tax. The donation also counts towards your itemized deductions. Most nonprofits have brokerage accounts set up to accept donated securities, but it is important to check with the organization for their details.

A charitable giving strategy can lead to bigger tax savings while meeting your giving goals so be sure to reach out to your advisor and tax professional to get started. 🏠



Philanthropy is one of EIG's Core Values and this is demonstrated in a variety of ways. From collecting items for designated quarterly charities, to volunteer activities, to our team member work anniversary donation program, where each employee is given \$1000 to donate to up to two charities of their choice. The nonprofits who received these donations represent a wide range of causes, reflecting the individual values of our team members.

- Alliance of Hope for Suicide Loss Survivors**
- Bell Tower Memorial**
- Bernie Powers Band Foundation**
- Doxology - The Lutheran Center for Spiritual Care and Counsel**
- Epilepsy Foundation**
- Fishing for the Heart**
- Fondy Food Center**
- Franklin Middle School Band Program - Janesville, WI**
- Furever Friends Sanctuary**
- Golf Fore Wolfe & A Cure**
- HAWS Waukesha**
- Hoovers Huse All Dog Rescue**
- Jacarrie Kicks for Kids**
- K-Love**
- Life's Connection - Mukwonago Center, Inc.**
- Light the Night - Leukemia & Lymphoma Society**
- Little Lambs Academy at Peace Lutheran Church**
- Little Warrior Foundation**
- Lost Dogs of Wisconsin**
- Midwest Australian Shepherd Rescue**
- National Education Alliance for Borderline Personality Disorder**
- Patriot K9s of Wisconsin**
- Pillows With Wings**
- Preemie Power of WI (PPOW)**
- Project Street Vet**
- RCW Foundation**
- Resilience Racing Foundation**
- Rides and Reins**
- Samaritan's Purse**
- Soles for Jesus**
- The Women's Center**
- Variety- Children's Charity of Wisconsin**
- Wings of Rescue**
- Wisconsin Humane Society**



**Heather Deaton**  
**CFP \*, CSRIC™**  
 Wealth Advisor  
 Ellenbecker Investment Group

*You Deserve Advisors Who Listen®*

EIG supports our employees and welcomes diversity of thought and opinions. The missions of these organizations do not necessarily reflect the opinions of all Ellenbecker Investment Group employees and leaders.



# Setting our 2025 Bond Market Strategy

**Richard Schiller, CFA®, CPA**  
Portfolio Manager & Wealth Advisor, Pavlic Investment Advisors, Inc.

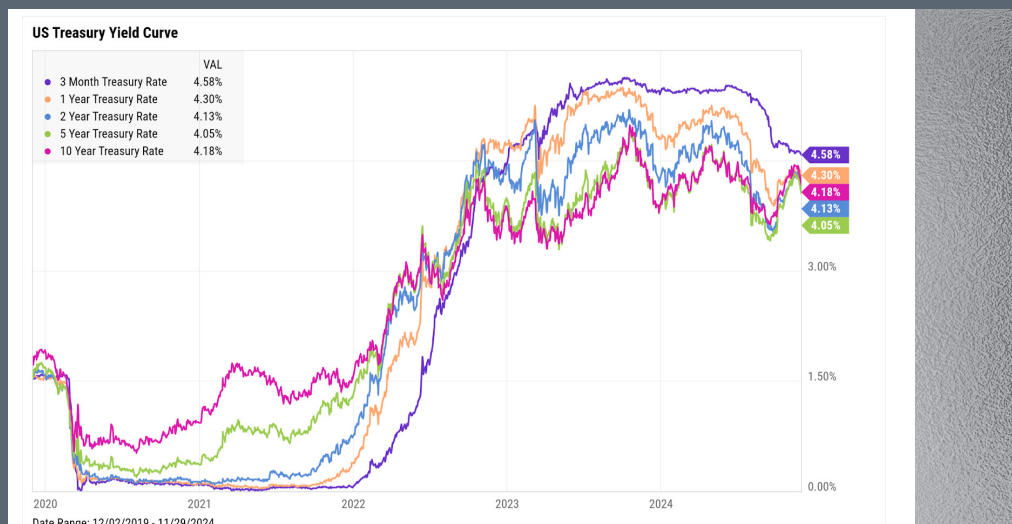
As we usher in the new year, we pontificate on what we are expecting for the fixed income markets in 2025. The conversation should always start with Federal Reserve rate expectations—seemingly daunting in an environment of heightened uncertainty with new inflation and employment data coming in monthly. The Fed has stayed consistent with its message of being data dependent—adjusting its policy stance on a meeting-by-meeting basis. At the time of this writing, the Fed has delivered 75-basis points of cuts from 5.25%-5.50% to a range of 4.50%-4.75% with the final Fed meeting for the year in mid-December where another 25-basis point cut is a toss-up. What does appear clear is the path of least resistance is for a lower Federal Funds Rate by the end of next year, with the question being “how low can the Fed go?” to ease restrictions on the economy (slow inflation), while also not causing a spike in unemployment. Market forecasters are betting on an additional 75 basis points of cuts next year to ~3.75% while the Fed would like to reduce short term interest rates to ~3.00% by the end of next year.

While the Fed Funds Rate focuses on the short end of the yield curve, the long end of the yield curve will be influenced by next year’s fiscal policy (tax rates), economic growth, and inflation readings. On the fiscal side, we predict an extension of most of the Tax Cuts and Jobs Act of 2017 beyond 2025 with the SALT cap being the most contentious issue. While this will likely spur higher

economic growth in the near term, this fiscal stance we believe will continue to add to our national deficit over the coming decade. Tax cuts, accelerating growth, and deficit spending all lead us to believe inflation won’t fall much below the Fed’s 2.0% target, and should remain more stubbornly above the Fed’s stated target. So, what does this mean for our fixed income playbook?

1. Extend duration out of cash. We expect yields on savings accounts and money market fund products to continue to fall in 2025. We recommend clients set enough cash aside for an emergency fund and near-term liabilities and look to lock in higher rates for longer. If able to stash cash away for 5 – 10 years out, consider investment grade bonds at over 5.0% annualized yields. As the yield curve continues to normalize to a sleeper slope, we believe reinvestment rate risk is the bigger risk today for cash and short duration bonds.

2. Our focus remains on adding higher coupon interest bonds. As rates have risen, we have focused on adding higher coupon bonds in the outer years of the traditional 10-year ladder. This means bond prices are closer to par and investors make more of their money from bond coupons as opposed to buying bonds at a steep discount and holding to maturity.
3. Review your overall asset allocation. If you’ve owned large cap growth and/or US technology stocks over the last two years, congratulations—your returns in this subset of your portfolio have likely been over 50% in the last two years. Just as we rebalance in down markets, rebalancing in up markets is just as important to mitigate risk. Look to rebalance into other sectors of stocks that haven’t participated in the rally, add to foreign exposure, or consider investment grade bonds to keep your appropriate risk/return profile.



# The U.S. Economy and The Election



**Barry Mendelson**  
CEO  
Capital Market Consultants, Inc.

As we move to the end of the fourth quarter of 2024, the U.S. economy appears to be in good shape. Economic growth remains strong (2.8% for Q3), the jobs market in aggregate remains resilient, after-inflation real wage growth is higher than the inflation rate, consumer spending is solid, and consumer sentiment has been on the rise (particularly post-election). Most of the economy is clicking right along. Two areas of the economy remain in the relative doldrums however: housing and manufacturing. These latter two could improve if interest rates continue to decline.

Now that uncertainty has been lifted about the winners and losers post-election, a forward-looking view of the impact from the policy proposals made on the campaign trail is on many people’s minds.

The return of Republican control to Congress and the White House for the first time since 2017–2018 opens the door to potential policy changes that will impact the U.S. economy. There is a lot of uncertainty about what will be enacted over the course of the next four years under President-elect Trump and this Congress. Below are some of the main policy areas that will have an impact on the U.S. economy.

**Tax Policy:** An extension of the expiring provisions of the 2017 Tax Cuts and Jobs Act (TCJA) seems quite likely. The outlook for tax policy changes beyond TCJA extension is uncertain. Some additional tax cuts seem probable, although how large they are, when they might be enacted, and what specific taxes are cut is difficult to say. Without budgetary offsets, these could prove to increase the deficit and U.S. debt as they have in the past.

**Trade Policy:** President-elect Trump has proposed a 10% across-the-board tariff on America’s trading partners with a 60% tariff levied on China. If implemented shortly after Inauguration Day on January 20,

these tariffs would likely impart a modest stagflationary shock to the U.S. economy in 2025. Of course, President-elect Trump may decide not to impose tariffs that are so high, and he may not do it so quickly upon taking office. In addition, countries we tariff, will likely retaliate in some as yet unknown ways. Raising tariffs and prices for imported goods, in and of themselves, could have an inflationary impact.

**Federal Reserve:** The Federal Reserve is expected to cut its target range for the federal funds rate, currently at 4.75%-5.00%, to 3.00%-3.25% by the end of next year. However, the Fed may not want to ease policy that much if new tax cuts and tariffs cause inflation to move higher over the next couple of years. Thus, there is a probability that there will be less easing next year than previously forecast.

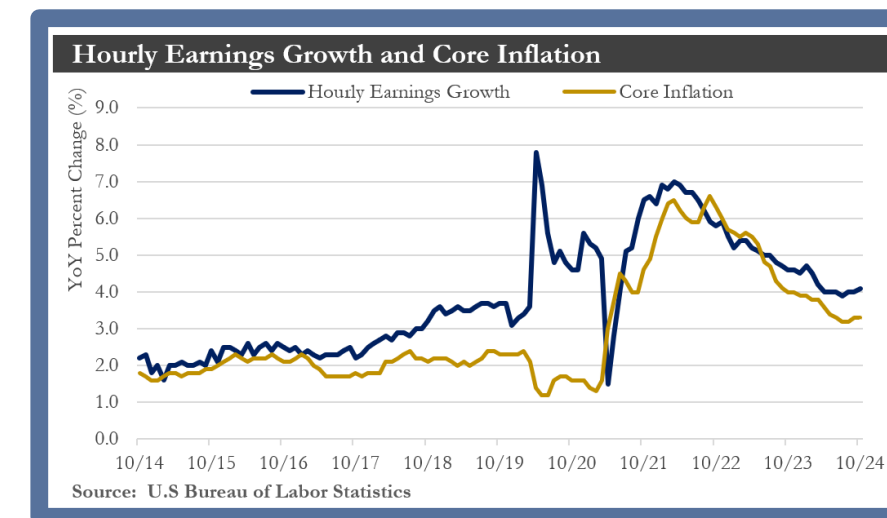
The Fed’s reaction to higher inflation from tax cuts than from tariffs function likely would be more hawkish. Tighter monetary policy is an effective method for slowing demand growth, but it cannot do much to combat inflationary pressure from a supply shock such as tariffs.

**Immigration Policy:** President-elect Trump would like to secure the nation’s borders

and to deport undocumented immigrants believed to be close to 11 million individuals.

The American labor force grew at an annual average rate of 1.6% in 2022–2023, the strongest growth rate in more than 20 years. More than half of this supercharged growth rate was due to “foreign born” workers, some of whom undoubtedly are undocumented. Labor force growth is one of the primary determinants of a country’s long-term potential rate of economic growth. Therefore, policies restricting immigration and/or large-scale deportations would likely lead to slower labor force growth and, by extension, slower potential economic growth, everything else equal. Should the economy lose a significant number of workers from this policy it could also put upward pressure on wage growth and inflation as companies scramble to replace lost employees.

With all the uncertainty the election results bring, the outcome did not produce a Super Majority in Congress, the result of which, as the Founders wanted, there will likely need to be compromises to move legislation.



# WELCOME: New Team Members



**Shelly Jones** joined Ellenbecker Investment Group in October 2024 as a Director of IT Systems Integration and Optimization. Shelly held various IT leadership roles for the past 25 years focusing on business process improvements, reporting and analytics, data governance, data integration, and system automation. She resides in Wauwatosa where she was born and raised and enjoys walking, reading, cooking, and pickleball.

## ICYMI (IN CASE YOU MISSED IT)

**Do you follow EIG on Facebook and/or LinkedIn? If not, you don't want to miss this!**

In November, EIG proudly hosted our inaugural Holiday Mercantile, an event that brought together local businesses, the community, and a festive spirit to kick off the holiday season. This special occasion also served as a platform for some of our clients and friends to showcase their inspiring retirement ventures. The event drew over 250 enthusiastic shoppers, and 60 delighted children (and kids at heart!) captured memorable moments with Santa and Mrs. Claus.

**Stay up to date on EIG's upcoming events, radio shows, and other important news by following us on social media.**

 [facebook.com/EllenbeckerInvestmentGroup](https://facebook.com/EllenbeckerInvestmentGroup)

 [linkedin.com/Ellenbecker-investment-group](https://linkedin.com/Ellenbecker-investment-group)



## CALENDAR OF EVENTS

To register and view the most current list of events, visit: [ellenbecker.com/events](https://ellenbecker.com/events)

To receive our weekly emails, please email: [info@ellenbecker.com](mailto:info@ellenbecker.com)

**JANUARY**

				4
5				11
12		15		18
19	21		23	25
26		29	30	

**EVERY SUNDAY**

Money Sense on WISN AM1130	12:00 PM
Milwaukee's Philanthropic Community on WISN AM 1130	10:00 AM

**FEBRUARY**

				1
2				8
9		12		15
16				22
23		26	27	

**EVERY SATURDAY**

Money Sense on WISN AM1130	2:00 PM
----------------------------	---------

**MARCH**

				1
2				8
9		12		15
16		19		22
23		26		29
30				

**JANUARY**

15	Wisconsin Widows Connected (WWC)	5:30 PM
21	Webinar: College Application Process	6:00 PM
23	Workshop: Intuit Tax Portal 1:1 Training	1:00 PM
29	Women's Bible Study	5:30 PM
30	Social Security Webinar	1:00 PM

**FEBRUARY**

12	Women's Bible Study	5:30 PM
26	Women's Bible Study	5:30 PM
27	Financial Planning 101 Webinar	12:00 PM

**MARCH**

12	Women's Bible Study	5:30 PM
19	Wisconsin Widows Connected (WWC)	5:30 PM
26	Women's Bible Study	5:30 PM

### Quarterly Charity Partner

Friends With Food is a non-profit food pantry serving the residents of Southeastern Wisconsin. Started in March of 2020 when COVID hit our communities, they now help over 300 families each week!

EIG is collecting healthy food and drink items (unopened & expired) during the months of January, February, and March:



## HR UPDATE

### Employees of the Month

Congratulations to these employees for going above and beyond and being chosen as EIG's Employee of the Month!

- Debbie Just
- Ashley Olson
- Pam Peterson

### Employee Anniversaries

#### October

- Heather Deaton - 8 years
- Breanna Jones - 2 years
- Janet Otten - 1 year
- Tammy Niemann - 2 years

#### November

- Debbie Just - 6 years
- Amy Andre - 3 years
- Marina Ziolkowski - 3 years

#### December

- Ryan Fritz - 3 years
- Kate Murphy - 7 years
- Karen Ellenbecker - 28 years
- Julie Ellenbecker-Lipsky - 28 years

### Anniversary Donations

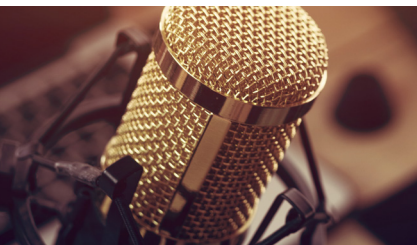
- Bernie Powers Band Foundation
- Fondy Food Center
- Franklin Middle School Band Program
- HAWS
- Hoovers Hause All Dog Rescue
- JJ Watt Foundation
- Little Lambs Academy
- Midwest Australian Shepherd Rescue
- Patriot K9s of Wisconsin
- Pillows with Wings
- Resilience Racing
- Rides and Reins
- Robert Connor Dawes Foundation
- Sales for Jesus
- WI Hero Outdoor
- Wings of Rescue
- Women's Center



**Ellenbecker**  
Investment Group

(262) 691-3200

N21 W23350 Ridgeview Parkway  
Waukesha, WI 53188



# TUNE IN TO HEAR US ON THE RADIO

The Voice of EIG®



## Saturdays at 2:00pm, Sundays at Noon | WISN AM1130

Tune in as Ellenbecker Investment Group Wealth Advisors share their unique financial perspective as they interview local and global economists, attorneys, tax professionals and other interesting guests.



## Sundays at 10:00am | WISN AM1130

Presented by Ellenbecker Investment Group, this unique show features non-profit organizations each week and explores ways for listeners to have an impact in our local community and the world.



## Listen to past shows at [ellenbecker.com/radio](https://ellenbecker.com/radio)

Advisory services offered through Ellenbecker Investment Group (EIG), a Registered Investment Advisor. Registration does not imply a certain level of skill or training. EIG does not provide tax or legal advice; please consult your tax or legal advisor regarding your particular situation. Diversification and asset allocation do not guarantee positive results.

Some of the content in this newsletter may be generated by an AI language model and is for educational purposes only. While efforts have been made to ensure the quality and reliability of the content, we cannot guarantee the accuracy of the information provided. Readers are encouraged to independently verify the content and consult with professionals for specific advice or information where necessary.