NAVIGATE FINANCIAL

Charting Your Journey

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Summer is just around the corner. It may still officially be Spring with its cool days and rain, but the days are getting longer. I love it when I see daylight after 8pm.

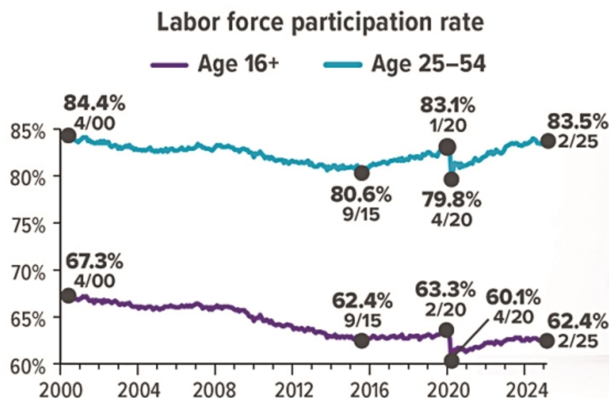
Please look for a timely and important letter that should be in your mailbox or email now or very soon. It is important information that I need you to read and take in and I wanted to be sure that you heard this subject matter from me. More information to come.

I'm excited to have two new advisors on board, Jeremy Williamson, CFP@ and Ransen Lat an inspiring CFP@. Their energy and willingness to learn and grow is refreshing. I'm excited to be their mentor and guide into the field of financial planning. I'm hoping to find office support staff for the advisors and for Tammy in the next 3-6 months. Ari, Tammy's daughter, is assisting us now, as she completes her college education in business. Her schoolwork is her first priority, and the projects she does for us is much appreciated.

Prime Workforce Stays Strong

The labor force participation rate — the percentage of Americans age 16 and older who are working or actively looking for work — peaked in early 2000, when it began to drop due to an aging population and more young people in college. Participation was rising before the pandemic but has only partially recovered, due in large part to accelerated retirement among older workers.

The rate for the prime working ages of 25 to 54 surpassed the pre-pandemic level in 2023 and was still above it as of early 2025. A solid prime workforce, combined with technology and other productivity measures, could help the U.S. economy stay strong with a smaller percentage of the total population in the workforce.



Sources: U.S. Bureau of Labor Statistics, 2025; U.S. Chamber of Commerce, December 13, 2024

Accounts for Two: A Team Approach to Retirement Savings

Almost half of U.S. families headed by a married couple include two working spouses.[1] With dual careers, many spouses accumulate assets in separate retirement accounts. Each might have funds in an employer-sponsored plan and an IRA.

Even if most of a married couple's retirement assets reside in different accounts, open communication and teamwork can help them craft a unified retirement strategy.

Working together

Tax-deferred retirement accounts such as 401(k)s, 403(b)s, and IRAs can be held in only one person's name. [A spouse is required to be the beneficiary of a 401(k), and to some extent, a 403(b), unless the spouse signs a written waiver.] Taxable investment accounts, on the other hand, may be held jointly.

Owning and managing separate portfolios allows each spouse to choose investments based on his or her individual risk tolerance. Some couples may prefer to maintain a high level of independence for this reason, especially if one spouse is more comfortable with market volatility than the other.

However, sharing plan information and coordinating investments could help some couples build more wealth over time. For example, one spouse's workplace plan may offer a broader selection of investment options, while the offerings in the other's plan might be somewhat limited. One employer may offer a better contribution match than the other.

Spouses who use a joint strategy might agree on an appropriate asset allocation for their combined savings and invest their contributions in a way that takes advantage of each plan's strengths while minimizing any weaknesses. (Asset allocation is a method to help manage investment risk; it does not guarantee a profit or protect against loss.)

In 2025, the maximum employee contribution to a 401(k) or 403(b) plan is $23,500 (plus an extra $7,500 for those age 50 and older or an extra $11,250 for those age 60 to 63). Employers often match contributions up to a set percentage of salary.

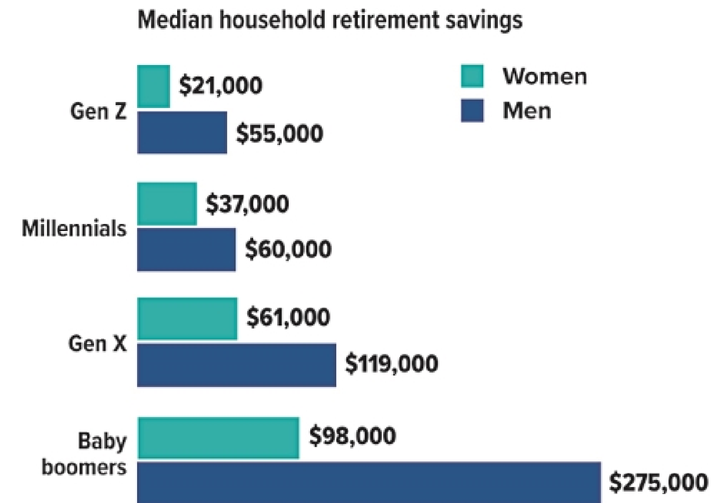
Spousal IRA opportunity

While many married couples have two wage earners, some spouses stay home to take care of children or other family members, or just to take a break from the workforce. And it's not unusual for one spouse to retire while the other continues to work. In any of these situations, it can be difficult to keep retirement savings on track.

Fortunately, a couple can contribute $7,000 to the working spouse's IRA and an additional $7,000 to the nonworking spouse's IRA (in 2024 and 2025), as long as their combined income exceeds both contributions and they file a joint tax return. An additional $1,000 catch-up contribution can be made for each spouse who is age 50 or older. All other IRA eligibility rules must be met.

Lagging Balances

Despite solid saving habits, women report lower household retirement savings than men across all age groups. This is due primarily to lower wages, more women working part-time without benefits, and more women taking time off to care for children and other family members.



Source: Transamerica Center for Retirement Studies, 2024 (2023 data)

Contributing to a spousal IRA may not only help a couple with a nonworking spouse save more towards retirement, it might also offer a potentially valuable tax deduction. That's because the IRS imposes higher income limitations for deductible contributions to spousal IRAs than for contributions made to the IRA of an active participant in an employer plan.

For married couples filing jointly, the ability to deduct contributions to the IRA of an active participant in a work-based plan is phased out at a modified adjusted gross income (MAGI) between $123,000 and $143,000 in 2024 ($126,000 and $146,000 in 2025). When the contribution is made to the IRA of a nonparticipating spouse, the phaseout limits are higher: MAGI between $230,000 and $240,000 in 2024 ($236,000 and $246,000 in 2025).

IRA contributions for the 2024 tax year can be made up to the April 15, 2025, tax filing deadline (May 1, 2025, for taxpayers affected by certain natural disasters).

Withdrawals from tax-deferred retirement plans are taxed as ordinary income and may be subject to a 10% federal tax penalty if withdrawn prior to age 59½, with certain exceptions as outlined by the IRS.

1) U.S. Bureau of Labor Statistics, 2024 (2023 data)

Debt After Death: What Happens to Debt When Someone Dies?

Losing a loved one is never easy. In addition to the emotional challenges you may face, you might also be worried about what will happen to their debts once they are gone.

Generally, with limited exceptions, when a loved one dies you will not be liable for their unpaid debts. Instead, their debts are typically addressed through the settling of their estate.

How are debts settled when someone dies?

The process of settling a deceased person's estate is called probate. During the probate process, a personal representative (known as an executor in some states) or administrator if there is no will, is appointed to manage the estate and is responsible for paying off the decedent's debts before any remaining estate assets can be distributed to the beneficiaries or heirs. Paying off a deceased individual's debts can significantly lower the value of an estate and may even involve the selling of estate assets, such as real estate or personal property.

Debts are usually paid in a specific order, with secured debts (such as a mortgage or car loan), funeral expenses, taxes, and medical bills generally having priority over unsecured debts, such as credit cards or personal loans. If the estate cannot pay the debt and no other individual shares legal responsibility for the debt (e.g., there is no cosigner or joint account holder), then the estate will be deemed insolvent and the debt will most likely go unpaid.

Estate and probate laws vary, depending on the state, so it's important to discuss your specific situation with an attorney who specializes in estate planning and probate.

What about cosigned loans and jointly held accounts?

A cosigned loan is a type of loan where the cosigner agrees to be legally responsible for the loan payments if the primary borrower fails to make them. If a decedent has an outstanding loan that was cosigned, such as a mortgage or auto loan, the surviving cosigner will be responsible for the remaining debt.

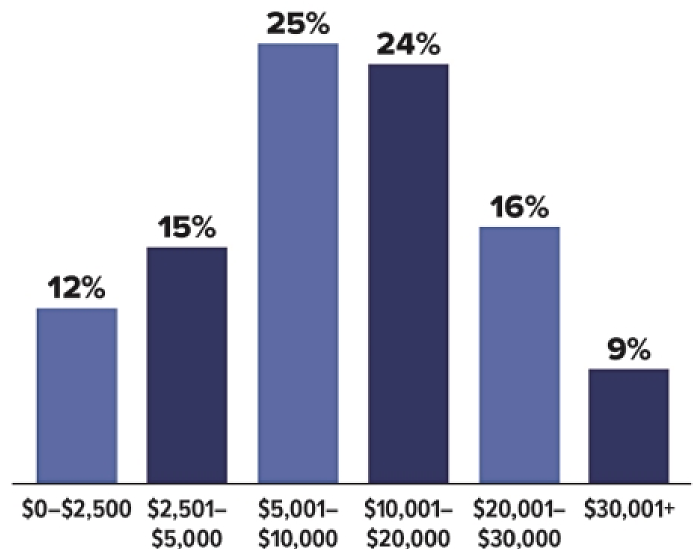
For cosigned private student loans, the surviving cosigner is usually responsible for the remaining loan balance, but this can vary depending on the lender and terms of the loan agreement.

If a decedent had credit cards or other accounts that were jointly held with another individual, the surviving account holder will be responsible for the remaining debt. Authorized users on credit card accounts will not be liable for any unpaid debt.

Are there special rules for community property states?

If the decedent was married and lived in a community property state, the surviving spouse is responsible for their spouse's debt as long as the debt was incurred during the marriage. The surviving spouse is responsible even if he or she was unaware that the deceased spouse incurred the debt.

How much debt Americans expect to leave behind when they die



Source: Debt.com Death and Debt Survey, 2024

What if you inherit a home with a mortgage?

Generally, when you inherit a home with a mortgage, you will become responsible for the mortgage payments. However, the specific rules will vary depending on your state's probate laws, the type of mortgage, and the terms set by the lender.

Can you be contacted by debt collectors?

If you are appointed the personal representative or administrator of your loved one' s estate, a debt collector is allowed to contact you regarding outstanding debts. However, if you are not legally responsible for a debt it is illegal for a debt collector to use deceptive practices to suggest or imply that you are. Even if you are legally responsible for a debt, under the Fair Debt Collection Practices Act (FDCPA), debt collectors are not allowed to unduly harass you.

Finally, beware of scam artists who may pose as debt collectors and try to coerce or pressure you for payment of your loved one's unpaid bills.

The Lock-In Effect: Will It Ever Let Go of the Housing Market?

Since 2022, many homeowners have been reluctant to sell and move because they would have to finance their next homes at much higher rates than they pay on their current mortgages. According to a federal analysis, this widespread conundrum — known as the *lock-in effect* — has contributed to a nationwide housing shortage and a steep rise in home prices. Geographies with high home values, and affluent borrowers with larger mortgages, appear to be more sensitive to the lock-in effect.[1]

In the second quarter of 2024, the average mortgage had a fixed rate that was 2.54 percentage points lower than the current market rate for similar loans. This was below the peak of 3.06 percentage points reached near the end of 2023 but still much greater than the 0.86 percentage-point difference in Q2 2022.[2]

Here's a look at several market trends that may influence the decisions of homeowners and buyers in the coming months.

Home prices

In 2024, the median price of an existing single-family home increased 6.0%, mainly because the supply of homes for sale was below normal levels.[3] Home prices have risen more than 35% nationwide since the beginning of 2021.[4]

Mortgage rates

The Federal Reserve began to cut the benchmark federal funds rate in September 2024, a long-awaited shift that many people hoped would usher in lower mortgage rates. But the rates for 30-year fixed mortgages (which tend to track the yield on the 10-year Treasury note) are influenced by a mix of complex factors that includes Fed policies, longer-term inflation expectations, and government bond market dynamics, so they could stay elevated for some time. The average rate for a 30-year fixed mortgage was still hovering above 6.5% in February 2025.[5]

Supply shift

Housing inventory is still tight in many markets, but October 2024 marked the 12th straight month of growth. In December 2024, the supply of homes for sale was up 16.2% from a year earlier.[6] If this trend continues in 2025, qualified borrowers and downsizing or move-up buyers with plenty of cash may find more desirable options to choose from in their target price range and in some cases may wield more negotiating power.

The lock-in effect has already begun to ease because some households want or need to sell regardless of current rates. Although the lock-in effect may linger to some degree for years to come, it could fade more quickly if mortgage rates fall significantly.

1–2) Federal Housing Finance Agency, 2024; 3, 6) National Association of Realtors, 2025; 4) Dow Jones Indices, 2025; 5) Freddie Mac, February 2025

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