FIRST CITIZENS WEALTH MANAGEMENT

A Team You Can **TRUST.**

SUMMER 2025

Important Dates

JUN. 19 — **OFFICE & MARKETS CLOSED**
Thursday, June 19
Observing Juneteenth

JUN. 26 — **YOUR RETIREMENT COOKBOOK WEBINAR**
Thursday, June 26 @ 4:30

JUL. 3 — **MARKETS CLOSE EARLY**
Thursday, July 3

JUL. 4 — **OFFICE & MARKETS CLOSED**
Friday, July 4
Observing Independence Day

SEP. 1 — **OFFICE & MARKETS CLOSED**
Monday, September 1
Observing Labor Day

Go Paperless!

Reduce Paper Clutter & Files of Printed Documents.

To access electronic statements:

1. Contact us and let us know you'd like to set up online access.
2. We will grant you access internally.
3. You can complete set up the next day.

Nicole Olson, JD, CFP®
Chief Wealth Management Officer

Recently, I joined community bankers from across the country in Washington D.C. to advocate for legislation that allows local community banks to serve our communities well. To be exact, I met with our legislators on May 13th, the morning after the House Ways and Means Committee began their mark-up of the proposed "Big, Beautiful Bill." The proposal lays out the Republicans' plans for extending (and expanding) the Tax Cuts and Jobs Act (TCJA), which is scheduled to expire on December 31, 2025. Please note, my attempt at summarizing the legislation is not intended to be construed as an opinion in favor or against.

The expiration of TCJA has been a discussion we have been having with our clients for years now. While we do not know where this will all pan out (and it will likely change by the time you read this), the bill passed out of the House on May 22, 2025. Here are a few key provisions we are following closely:

- Estate tax exemption. This would be raised to $15M (adjusted for inflation) per person. If you are one of the families that is concerned about the sunset, the wait and see approach may work out for you. Currently, the exemption is $13.99M. If nothing is done, it will revert to an inflation-adjusted $5M. The proposal raises the exemption and makes it permanent.
- Tax brackets. The proposal permanently extends the original TCJA's tax brackets of 10%, 12%, 22%, 24%, 32%, 35%, and 37%.
- Standard deduction. The increased standard deduction, which currently amounts to $15,000 for single, and $30,000 for joint in 2025 would be extended and increased by $1,000 for single and $2,000 for joint (adjusted for inflation). It also includes an additional bonus deduction for those age 65 and up.
- SALT. For those in higher tax states, the proposal raised the state and local tax deduction from $10,000 to $40,000 subject to an income-based phase down.
- Section 199A. TCJA created a tax deduction for pass-through business owners. Under the proposal, the deduction would be made permanent and increase from 20% to 23% of the lesser of qualified business income or total taxable income. Notably, the phase out for high income would be limited in some cases and eliminated in others.

While it is impossible to cover all the provisions, the main point is nothing is yet final. I heard directly from both House and Senate members that they are committed to getting something done by July 4th. Whether you think the legislation is beautiful or not so beautiful, if something is done this summer it would give us time to plan 2026 and beyond (at least for now as future legislation can always change the rules again). So, while fireworks on the 4th of July are beautiful, clarity will certainly be a welcome sight.

Nicole Olson

Team Celebrations

Please join us in congratulating Gaby Castelán, Keven Goepel, and Melissa Davis on reaching their one year anniversary with us. Your contributions have made a difference, and we're so glad you're part of the First Citizens Wealth Management Team. Here's to continued growth and success!

Gaby Castelán
Associate Wealth Advisor I

Keven Goepel
Wealth Assistant I

Melissa Davis
Trust Assistant I

Your Retirement Cookbook: Do you have all the recipes for success?

Your Retirement Cookbook Webinar

Thursday, June 26 @ 4:30 PM

https://app.smartsheet.com/b/form/01961121ebb67b1a9bafc2a41bc3bb3a

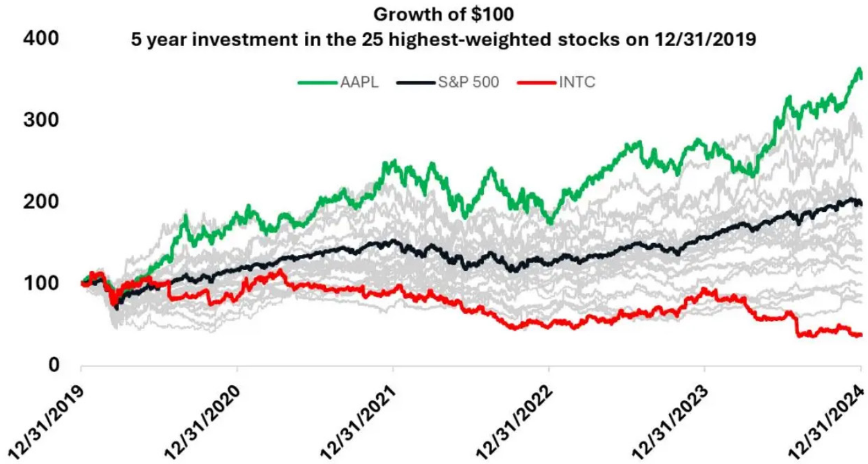
Scan the QR Code or call us at 641-422-1600 to RSVP!

Individual Equity Volatility

Brad Dummett, CFA®
VP, Senior Investment Officer

The allure of hand picking a small number of stocks is understandable. In hindsight, the decisions seem obvious and the returns can be exceptional. Recent performance from the "Magnificent 7" has once again brought this to the forefront of investors' minds. In 2023 and 2024, these seven companies accounted for 63% and 55% of total returns for the S&P 500 and beat the index by 68% and 38% respectively. Given this outstanding performance, why would you allocate anywhere else?

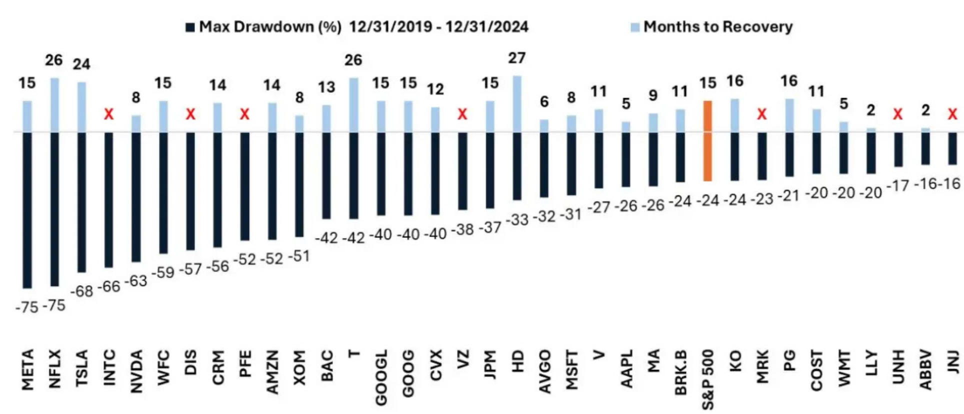
While the recent performance of the Magnificent 7 highlights the benefits of concentrated equity positions, it also highlights the risk. What if your portfolio did not include these companies? Given their performance in 2022 (-22%) it would have been easy to ignore at least some of these companies, which would have had a significant negative impact on your total portfolio. Performance for the S&P 500 ex Mag 7 underperformed the S&P 500 by 16% in 2023 and 13% in 2024.



The Mag 7 is a recent example, but certainly not the only. Looking at the top 25 highest weighted stocks in the S&P 500 from 2019-2024 shows a similar story. Only 9 companies outperformed the index, while a handful experienced negative total returns as the overall index grew by 97%.

The volatility of individual equities also exceeds that of the index. Concentrating your investing in only a select few names requires the ability to withstand significant temporary losses in order to ultimately achieve success. Many of the Magnificent 7 companies have seen losses exceeding 60% of company value, at times reaching as high as 75%, making staying invested a difficult proposition.

Avoiding concentrated positions is likely to benefit long term performance, while reducing volatility and preventing missing out on unexpected changes in the market. If 2025 has taught us anything, it is you never know how things may change (and change, and change again.)



WEALTH ADVISORY UPDATE

Your Retirement Cookbook

Mike Castle, CFP®
VP, Senior
Wealth Advisor

Our team is dedicated to providing our clients with valuable education to help them plan for the future. This spring, we hosted a retirement planning workshop for many of the employees and their spouses that are part of retirement plans we administer. It was a great evening and the feedback was so positive that we decided to offer the event as a webinar this summer. If you are nearing retirement, we encourage you to sign up.

FIDUCIARY UPDATE

Why People Put Off Estate Planning

Chelsea Frederick, CTFA
AVP, Trust Officer

Summer brings sunshine, warmth, and plans with family and friends. But one plan that is often avoided - personal estate planning. Why do people put off developing a plan?

1. **Individuals are uncomfortable thinking about their own mortality.**
   Thinking about and planning for your own death is uncomfortable. That is normal. However, this discomfort can lead to serious consequences down the road for your loved ones. Being prepared and having a plan in place lessens the burden for your loved ones.

2. **Some may believe they do not have enough assets to justify a plan.**
   Developing an estate plan is not simply about money. Having a proper estate plan can name a guardian for a minor and determine asset management for the child, no matter how small. Without it, a court will decide who should raise that child and how assets should be managed.

3. **Estate planning is too complicated and time consuming.**
   Estate planning can be complex and have many different legal concepts. It is important to have a trusted advisor and attorney guide you through this process. Take it step by step and ask questions that you have.

4. **Believing they're too young to need a plan.**
   Life is unpredictable and tragedies occur at any age. Ensure your assets and loved ones are protected, as you never know what the future holds.

OPERATIONS UPDATE

Changes Coming

Amanda Berding, ATOP
AVP, Trust Operations Officer

Behind the scenes, we are working on some major projects this summer. For our team, this means changes, troubleshooting, and a lot of problem-solving. For our clients, this means better service.

- We are undergoing a conversion to a new Client Relationship Management tool that will allow our entire team to serve our clients even better.
- We are working with our vendor on an update to the client portal. When we are ready to go live with the new portal, we will send further details. For now, just know that we are working to improve the portal and when it is ready, your current log in information will continue to work. As always, if you need help with getting into the portal or want to sign up, contact us.

"Nothing is certain except death and taxes."
– Mark Twain

FIRST CITIZENS WEALTH MANAGEMENT

CONTACT US

641-422-1600 | myfcb.bank/wealth
wealth@myfcb.bank

New Team Members

Richie Holt
Trust Operations Specialist II

Richie has joined our team as a Trust Operations Specialist II. Richie brings experience in procedure, training, and compliance analysis.

Madison Rumeliote
Wealth Assistant I

Madison has joined our team as a Wealth Assistant I. Madison brings supervisory experience in team settings, and also has former bank teller experience.

Ryan Cole
Paraplanner

Ryan has joined our team as a Paraplanner. Ryan graduated in May from Morningside University with a degree in Business Administration and an emphasis in Finance.

We want your feedback - Email us at wealth@myfcb.bank with comments/questions/suggestions about this newsletter.

641-422-1600 | myfcb.bank/wealth | wealth@myfcb.bank