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Something For Everybody

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REQUIRED MINIMUM DISTRIBUTIONS

It's that time of the year again! If you are over the age of 73 and hold an IRA or any other tax-deferred account, or if you inherited an IRA from a parent or grandparent, chances are you have a Required Minimum Distribution for 2025 that you will need to take before year's end. We will be calling everyone who has an RMD throughout the month of November to help get that money distributed in a manner that makes the most sense for you.

Some important things to keep in mind:

1. The RMD will be taxed as regular income when taken. Think of it like receiving a paycheck from your old employer(s) and just like that paycheck, we can withhold the taxes from that disbursement. Speak to your accountant if you are unsure of what percentage of Federal and State income taxes they recommend you withhold for this year to keep from having to pay when it's time to file your taxes.

2. If you inherited an account after 2020, there is an additional rule in place that requires you to have taken all the money out of the account in 10 years. We will be talking with all clients in this situation to help you disburse this money in the way that works best for you.

3. If you are over the age of 70 and a half and have a charity you would like to or plan on donating to before year's end, you can make a Qualified Charitable Distribution that covers your RMD and reduce your taxable income by the amount donated. If you feel you are interested in setting up a QCD for the end of the year, please let us know! We'd love to walk you through how they work and whether it's a good fit for you!

MORTGAGE RATES

The Fed has finally cut interest rates, but does this mean mortgage rates will come down? The answer is a resounding … "Maybe." The issue is that the Fed's Federal Funds rate isn't the only factor in terms of determining mortgage rates, meaning it's not as clear-cut an effect that a change in one has on the other.

Think of interest rates like a stream of water. The Federal Reserve controls the spring at the top of the hill. Products closer to the top of the hill will be affected quicker and in a more impactful way by the Fed opening and closing the tap, while products further down the hill will be less affected or see a delayed reaction to any change in the flow. Products with short-term rates sit at the top of the hill, products with longer-term rates tend to be further on down. A 3-Month T-Bill, for example, is far more sensitive to the Fed cutting rates than a 15- or 30-year mortgage.

Current interest rates aren't the only, or sometimes even the biggest, determining factor for a longer-term interest paying product. A portion of their value is made up of expectations and predictions of the direction of the economy, meaning that broad-market optimism for the future can play a significant role in making homes more attainable, as well as the overall supply and the expected supply (and demand) of homes available on the market.

Expectations are that Mortgages will continue to trickle down, but as long as interest rate announcements are driving the drop, those rates will drop slowly and with much meandering.

COLLEGE FOOTBALL

Colleges have spent over $150 Million this season alone buying out head football coaches, and there is a serious chance that number crosses $200 Million before it's all over. Since college coaches are contracted employees, if a school is not satisfied with the performance on-field, they can "buy out" their coach's contract, often for millions or even tens of millions of dollars, before that contract's duration is completed so that the school might be able to hire somebody that can turn things around. Which means the (currently $150M+) question is: "Will we see these sky-high buyouts go down anytime soon?"

Based on current reports from athletic departments across the country, chances are pretty slim. There's simply too much money in the system and too much scarcity in terms of job availability to see a reduction on the horizon. There are less than 1,000 Collegiate Head Coaching positions in the entire country. Out of those, less than 100 of those jobs are for the major programs commanding the biggest salaries and the biggest expectations. Add in the amount of money coming into programs through NIL and actual, literal business investments directly towards program success and we see an economic adage play out in real life: *Money plus scarcity make prices move vertically*. Buyouts will likely remain high and schools will probably seem more willing than ever to continue to pay coaches to never work (for them) again.

HALLMARK MOVIES

Hallmark is cutting back on the number of Christmas movies for this season to (only) 24 new films, down from last year's all-time high of 47. In fact, it is the lowest number of Christmas movies produced for and aired on the Hallmark network of properties since 2015! From 1997 through the end of 2025, Hallmark and affiliated programs will have aired by my best guess (*most official sources are unclear exactly how many there actually are*) 483 Christmas and 14 Hanukkah movies for a grand total of 497 Holiday themed motion pictures that account for over one-third of Hallmark's entire gross profits.

Jokes about the number of distinct plots across those nearly 500 films aside, why has Hallmark halved production on its biggest moneymaker of the year? The best guess is that Hallmark is working to restructure its entire network and pivot towards streaming, leading to less money being put towards producing a heaping helping of holiday home entertainment and the expectation that viewers will be able to watch old and new movies whenever they'd like. All meaning Hallmark can save money and produce less this year.

So, if you're a fan of the Countdown to Christmas, you might want to be prepared for potential cutbacks from years past and changes coming in the future. However, I wouldn't worry yet about Scrooges or Grinches roaming the halls of Hallmark studios, cancelling Christmas one movie at a time.

If you'd like to dive further into any of these four topics or would like a review before year's end, give us a call at (251) 626-1140. We're here as a resource for you.

Please remember to notify us if you have had any material changes in your financial circumstances.