



THE LIGHT

HELPING INDIVIDUALS NAVIGATE THEIR FINANCIAL LIVES

SEASON'S CHANGE, MARKETS CHANGE?



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Somehow, another three months have come and gone. A lot happens from January 1 to March 31, and if you're not paying close attention, it's as if the transition from winter to spring is quite abrupt. We've gone from the bitter cold of winter (a few days of -10 to -20 degrees with wind-chill) to some brief windows of summer weather with temperatures north of 70 degrees in the second week of March. That's a 90-degree difference in the span of a couple of months as the earth tilts on its axis closer to the sun. Many of us are acutely aware of the daylight we gain this time of year as we're all desperate for more vitamin D. In Ohio, the sunset was at 5:18 pm on January 1. Fast forward to March 31, sunset was 7:56 pm. Warmer temps, longer days, and everything is in bloom again. Who doesn't love this time of year? I haven't even mentioned March Madness or the Masters!

As winter evolves into spring, the investing world is also in a state of transition. The stock market has been digesting a plethora of information. Tariffs, inflation, artificial intelligence, policy changes, and geopolitical issues dominated the headlines in the news cycle for the first quarter. On any given day, if you just read the headlines, you might surmise that the market is facing another Black Monday, like in 1987 when the Dow dropped 22% in a single day. At times, it's easy to forget about the element of sensationalism that exists in the news, no matter the

network. Should you be informed? Absolutely. Should you let the news dictate how you're investing? Probably not, but call us, and we can talk about it first to ensure you're not making a rash decision. So, with everything that happened in the first few months of 2025, and there was quite a bit, what did the Dow Jones do? It was down -1.2%, pretty benign. This is a good reminder to keep the news at arm's length. It's tempting to act on certain information. Still, it's usually best to stay out of the way and try to override that inherent need to control that we have.

The market did reach an all-time high in February. The S&P 500 climbed 4.5% to reach 6,144 on February 19, only to retreat to 5,500 on March 13, officially experiencing a "correction" (a pullback of 10% or more). Tariff talks have played a part in the market volatility recently, and maybe more specifically, the uncertainty around them and their impact on inflation. Although February's U.S. CPI (Consumer Price Index) showed some slight moderation in price increases, the anticipated effects of tariffs continue to weigh on consumer sentiment. One-year inflation expectations jumped to an annual rate of 4.9%. Combine this with the fact that we've had a really strong market for the better part of the last 15 years, and it wouldn't be a surprise to see bouts of continued volatility. The key for all investors is to remember that panicking is not a strategy. Market volatility is the cost we pay to invest. I think it's helpful to remember that it's a normal part of the market cycle. While it's not easy to go through, it doesn't last forever. Eventually, there is a recovery, like moving from winter to spring.

Market Recap

DOW JONES INDUSTRIAL AVERAGE

1Q 2025: -1.2%

S & P 500 COMPOSITE

1Q 2025: -4.6%

RUSSELL 2000

1Q 2025: -9.7%

BARCLAYS AGGREGATE BOND

1Q 2025: 2.1%

NASDAQ COMPOSITE

1Q 2025: -10.4%

**All indices are reported Total Return which includes Dividends*

UNRAVELING THE MEDICARE MAZE: HOW IRMAA IMPACTS YOUR PREMIUMS



TIM ROWSEY, CPA

INVESTMENT ADVISOR REPRESENTATIVE

Health Insurance in retirement can be one of the key planning issues. For individuals who have paid into the Medicare system, turning 65 opens up a new, generally lower-cost option for health care. The basic monthly cost for Medicare for an individual in 2025 is \$185.00 per month. However, there is a tax trap that individuals need to be aware of, which is called IRMAA.

IRMAA stands for Income-Related Monthly Adjustment Amount. It is an additional premium added to Medicare Part B and Part D premiums based on a taxpayer's income. This premium is calculated from the Modified Adjusted Gross Income (MAGI) on the tax return information from two years prior. For example, the 2025 IRMAA calculation is based on tax returns filed in 2023. MAGI is calculated by taking Adjusted Gross Income and adding back things like tax-exempt interest. The additional premium adjustments can be significant. The chart below indicates all of the breakpoints and monthly amounts.

ANNUAL INCOME

2025 MONTHLY PREMIUM

INDIVIDUALS	COUPLES	Part B Premium	Part D Premium
= or < \$106,000	= or < \$212,000	\$185.00/month	Plan Premium
\$106,001 - \$133,000	\$212,001 - \$266,000	\$259.00/month	\$13.70/month + Plan Premium
\$133,001 - \$167,000	\$266,001 - \$334,000	\$370.00/month	\$35.30/month + Plan Premium
\$167,001 - \$200,000	\$334,001 - \$400,000	\$480.90/month	\$57.00/month + Plan Premium
\$200,001 - \$499,999	\$400,001 - \$749,999	\$591.90/month	\$78.60/month + Plan Premium
\$500,000 and above	\$750,000 and above	\$628.90/month	\$85.80/month + Plan Premium

There is one major caveat for taxpayers who file with a married filing separate status. If either of these taxpayer's income goes over \$106,000, then Medicare premiums jump from \$185.00 per month to \$591.90 per month under the IRMAA rules! That is a substantial penalty to avoid, if possible.

There is also an additional charge for individuals who have Prescription Drug Coverage (Part D) at the same income breakpoints. The IRMAA income limits increase each year for inflation with the last few years' adjustments in the 3% to 7% range.

Because capital gains are included in income calculations, an unexpected large gain from the sale of an investment or property can sometimes push an individual into a higher IRMAA bracket, resulting in higher Medicare premiums two years later. This can be a planning opportunity in cases where capital gains can be managed. Utilizing tax-advantaged investments such as Exchange Traded Funds (ETFs) versus Mutual Funds can sometimes help.

In some cases, taxpayers will find that their normal annual income falls in the higher IRMAA tax bracket, and they may not be able to avoid the higher premiums. The use of QCDs (Qualified Charitable Distributions) may be another way to reduce Modified Adjusted Gross income for taxpayers who have Required Minimum Distributions (RMDs) and who are also charitable-minded. We typically try to closely monitor clients' taxable situation to keep IRMAA surprises to a minimum.



COFFEE & DONUTS

Get ready to perk up your **Friday, April 4** with coffee and donuts! The Goldberry Coffee trailer will be in our parking lot from 8:30 a.m. to 12:30 p.m., serving its signature coffee. As an added bonus, we will also be serving donuts from Brew'd. Enjoy a coffee and a donut on us as a token of our gratitude and as we celebrate the end of another tax season. We look forward to seeing you on the 4th!





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