

Digest

NEWS AND PERSPECTIVE FOR GROWING
AND PRESERVING YOUR WEALTH

BAIRD

Fall 2025

Shaping What's Next

Preparing You for Tomorrow's
Opportunities



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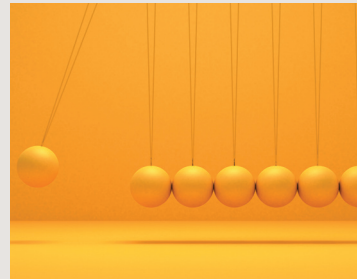
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Supporting You Through Every Change

We focus on helping you make sense of what's new, so you can focus on what matters most.

THIS SUMMER'S One Big Beautiful Bill Act – a comprehensive piece of legislation with sweeping changes to our tax code – may have you wondering about its effect on your financial plans. While uncertainty will often accompany new laws, our focus remains exactly where it has always been – on you.

For more than 100 years, we've guided clients through shifting political landscapes and evolving tax codes. Our role isn't to label legislation as "good" or "bad," but to uncover both the planning opportunities and potential risks it presents. We cut through the broader political noise and apply our expertise closer to home – what this means for you and your family.

You'll see that approach in action in this Fall issue of *Digest*, featuring insights from Baird's experts across all areas of wealth management. From a recap of the legislation's tax changes, to how it could impact your year-end planning, to what to expect for the larger policy landscape – this issue offers a comprehensive look at how the new law could shape your financial decisions in the months ahead.

And as your needs and the financial environment continue to evolve, so does our advice – always grounded in objectivity, insight and a deep understanding of your unique circumstances. Whatever the headlines say, you can trust we're here to help you adapt, plan and thrive.

Laura Thurow, CFA

Executive Director of
Wealth Solutions
and Operations



“Our goal is to give you clarity so you can make informed decisions with confidence – no matter how the landscape shifts.”

A handwritten signature in black ink, reading "Michael J. Schroeder".

Mike Schroeder

Chairman
Private Wealth Management

A handwritten signature in black ink, reading "Erik Dahlberg".

Erik Dahlberg

President
Private Wealth Management

Navigating a New Landscape of Tax Policy

SIGNED INTO LAW on July 4, the One Big Beautiful Bill Act (OBBBA) addressed the looming sunset of major tax policies from the 2017 Tax Cuts & Jobs Act. These provisions, paired with a broad range of new or enhanced items, amount to a significant set of changes to U.S. tax policy – ones that are expected to affect every taxpayer in some capacity.

Budget reconciliation bills often result in new planning challenges and opportunities, but the scope and complexity of the 2025 bill warrants special attention. Whether you're focused on long-term estate planning, tax efficiency or charitable giving strategies, adapting your plan to account for the new legislation is vital.

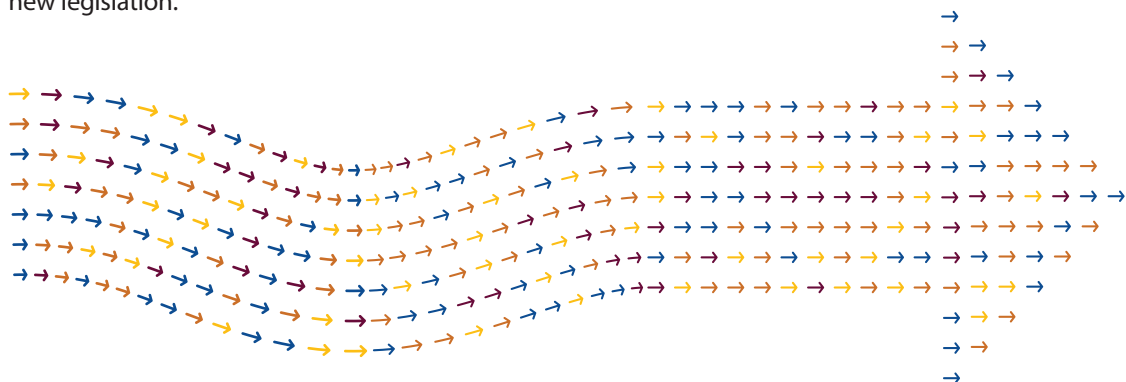
In this special segment, we're analyzing the new legislation from every angle:

- **What the most relevant changes and planning opportunities are for you (page 3)**
- **How to adjust your year-end planning strategies (page 5)**
- **The impact of this legislation on the larger policy landscape (page 7)**

As always, specific planning opportunities are best explored in partnership with your Baird Financial Advisor team. Lean on them to help you tailor your broader wealth plan in the context of new legislation.

THE TEAM AROUND YOUR TEAM

When you're looking for guidance, your Baird Financial Advisor team is your first call. Behind the scenes, they're working closely with our specialized wealth planning team and leveraging powerful tax modeling tools. Together, these resources help personalize your strategy and adapt it in light of changes like the OBBBA.





Key Tax Changes – and How To Plan for Them

While the recently passed One Big Beautiful Bill Act (OBBBA) solidified many of the tax rules enacted by the 2017 Tax Cuts & Jobs Act (TCJA), it also made new additions to our tax code, introduced new savings strategies for minors and established notable changes for business owners.

Let's break down key implications of the bill – and discuss the planning opportunities associated with them:



CHANGES TO INCOME, TAXES AND CREDITS RELATED TO THE TCJA

- The current tax rates and brackets, previously set to expire after 2025, will remain – avoiding a 1–4% rate hike for most.
- The enhanced child credit established by the TCJA increased to \$2,200 per child in 2025, with annual inflation adjustments starting in 2026.
- Starting in 2026, more taxpayers – particularly couples earning over \$1 million – may be subject to the alternative minimum tax, a secondary tax that limits the benefit of certain deductions.

- Instead of falling to around \$7 million, the amount you can gift over your lifetime or at death without incurring tax will rise to \$15 million in 2026 – with annual inflation adjustments to follow

KEY PLANNING OPPORTUNITY Households with over \$30 million in net worth now have the most critical need to plan around the estate tax – but estate planning is vital for all taxpayers. Take this time to ensure your estate plans are up to date and reflective of your circumstances, wishes and current tax laws. ►

KEY TAX CHANGES – AND HOW TO PLAN FOR THEM

Continued from page 3



CHANGES TO DEDUCTIONS RELATED TO THE TCJA

- The standard deduction increased again for 2025: \$31,500 for joint filers and \$15,750 for singles, allowing taxpayers even more tax-free income.
- The state and local tax deduction – available for itemizers – temporarily rose from \$10,000 to \$40,000 for 2025 through 2029.

🔑 The increase in the SALT deduction begins to phase out for those with income between \$500,000 and \$600,000 – potentially raising the tax cost on that range of income. Your advisor can help you explore strategies to mitigate this impact.



NEW DEDUCTIONS (AVAILABLE FROM 2025–2028)

- Employees can now deduct up to \$25,000 in qualified tip income and up to \$12,500 in overtime (\$25,000 for couples).
- Up to \$10,000 of interest on loans used to purchase qualifying vehicles can now be deducted, given certain stipulations are met.
- Those aged 65 or older can claim a \$6,000 deduction per person.

🔑 Phaseout rules apply to each of these and vary by filing status – and Roth conversions or capital gains could push you over the limits. Your advisor can help you build a multi-year tax strategy that accounts for these limits and helps optimize your total wealth plan.



CHARITABLE GIVING, EDUCATION FUNDING AND FAMILY-RELATED CHANGES

- Couples claiming the standard deduction can deduct an extra \$2,000 in eligible cash gifts in 2026.
- Beginning in 2026, only charitable contributions exceeding 0.5% of gross income will be deductible for itemizers. High earners will also face a cap on all itemized deductions.

🔑 Consider accelerating or delaying charitable contributions to maximize your tax benefit. Talk with your Financial Advisor about strategies – like bunching – that could work best for you.

- 529 plans can be used for up to \$20,000 in K-12 tuition (up from \$10,000) and for other expenses for elementary, secondary, religious and private schools beginning in 2026.
- A new tax-deferred savings account for minors has been created, functioning similarly to a traditional IRA. Contributions can be made until the beneficiary turns 18, but accounts cannot be opened until July 2026. Stay in contact with your advisor team as more information becomes available.



CHANGES FOR BUSINESS OWNERS

- The new bill permanently reinstates TCJA's program that allows businesses to fully deduct

qualified property in the year it's purchased.

- Owners of pass-through businesses can continue to exempt a portion of their income from tax, with expanded phaseouts in 2026 – allowing more businesses to qualify.
- The tax exclusion when selling qualified small business C corporation stock has been expanded.

🔑 These provisions make entity structure critical when starting a business. Your advisor can help you make an informed decision.

Scan the QR code for a video on how the OBBBA's provisions could impact your income, deductions, estate planning and more. These valuable resources from Tim Steffen, Director of Advanced Planning at Baird, are available to help individuals, families and business owners understand the steps they can take now to stay ahead.



Wrapping Up 2025: Your Year-End Planning Checklist

In many ways, year-end financial planning remains business as usual – but the One Big Beautiful Bill Act (OBBBA) has sparked new considerations worth factoring in before the calendar flips.

Use this checklist to guide your year-end moves with your advisor, and pay special attention to items highlighted in blue, which represent new opportunities from the OBBBA.



BUILDING YOUR NEST EGG

- ☐ **Make sure you're fully funding your retirement.** Maximum contributions for 2025 are \$23,500 for a 401(k) and \$7,000 for an IRA. If you're age 50 or older, these limits rise to \$31,000 and \$8,000 – and if you're between the ages of 60 and 63, the 401(k) contribution limit increases further to a total of \$34,750.

- ☐ **Revisit your long-term retirement income strategy.** Before the OBBBA, the Tax Cuts & Jobs Act's tax rate reductions were set to sunset in 2026 – adding pressure to complete Roth conversions before the rates increased.

Now, with permanently lowered tax brackets, take a fresh look with your advisor. You may have more flexibility to spread income – through Roth conversions, IRA withdrawals or capital gains – over multiple years without hitting higher brackets.

MAKING THE MOST OF YOUR EMPLOYEE BENEFITS

- ☐ **If eligible, max out your Health Savings Account.** This allows you to put tax-advantaged money away for health expenses. Contribution limits in 2025 are \$4,300 for those with individual coverage and \$8,550 for those with family coverage, plus an extra \$1,000 for those aged 55 or older. ►

WRAPPING UP 2025: YOUR YEAR-END PLANNING CHECKLIST

Continued from page 5

- ☐ **Use up your Flexible Savings Account funds**, as these accounts must be depleted by year-end.
- ☐ **Accelerate future health expenses into this year** if you've met your 2025 health insurance deductible.

PROTECTING WHAT MATTERS

- ☐ **Review your health, life, disability, long-term care, home and auto insurance coverage** with your advisor to ensure the coverage still fits your current needs.

KEEPING YOUR PORTFOLIO ON TRACK

- ☐ **Review the asset allocation of all your investment accounts**, including personal and retirement accounts. If market performance caused your portfolio to drift from your target, explore rebalancing with your advisor.
- ☐ **Consider "harvesting" underperforming stocks** – but beware of strict rules around the repurchase of investments sold for a loss.

MAXIMIZING YOUR PHILANTHROPY

- ☐ **Re-evaluate your gifting strategy with your advisor.** With a permanent increase to the standard deduction, an increase to the state and local tax deduction this year and new rules on deductions next year, techniques for minimizing taxes on gifts – like bunching – can have even more impact on your personal situation.
- ☐ **Consider donating appreciated assets.** This allows you to deduct the full value of the position and avoid capital gains tax on the growth.

PROTECTING YOUR LEGACY

- ☐ **Revisit all primary and successor beneficiary designations** on retirement plans, insurance policies and more.
- ☐ **Review your legacy administration decisions**, such as trustee, executor, power of attorney and healthcare proxy.
- ☐ **Take advantage of your annual gift tax exemption.** In 2025, you can gift up to \$19,000

per recipient in annual exclusion gifts, lowering your taxable estate.

- ☐ **Update your estate plan for the permanently increased lifetime gift and estate tax exemption.** With the higher exemption amount now permanent (\$13.99 million in 2025 and \$15 million in 2026), planning around the estate tax is now most critical for those with a household net worth above \$30 million.

SEEING THE BIGGER PICTURE

- ☐ **Get a comprehensive view of your income and expenses for the year by using tools like Baird 360 Wealth.** With your advisor, review whether your saving and spending habits are on track to meet your goals.
- ☐ **Evaluate your financial flexibility.** Ensure your cash reserves, budget, investment mix and credit lines provide you with enough liquidity for any economic road bumps.
- ☐ **Adapt your wealth plan to the newly permanent tax rates.** With the OBBBA locking in the lower tax rates originally introduced by the TCJA, the anticipated 2026 tax increases are off the table – offering an opportunity for longer-term planning. Work with your advisor to develop a thoughtful strategy for managing your tax bracket over time.
- ☐ **Complete your annual credit check** and consider enrolling in a credit monitoring service. Baird clients and their families have access to a special rate when enrolling in ID Watchdog. Reach out to your advisor for more details.

PUT THESE STRATEGIES INTO ACTION

When you're done completing the checklist, tear it out and share it with your Financial Advisor before year-end!



How Washington's Newest Bill Could Shape the Economy

WHILE THE NEW One Big Beautiful Bill Act (OBBBA) has a notable impact on Americans' individual tax and wealth plans, its influence also extends more broadly. To unpack these factors, Investment Strategist Ross Mayfield sat down with Jeannette Lowe, Managing Director of Policy Research at Strategas. ►



Jeannette Lowe

Managing Director of Policy Research
Strategas, a Baird company

Jeannette researches public policy initiatives and translates the impact these policies will have on financial markets. The Strategas policy research team provides these insights to Baird advisors to deliver forward-looking information relevant to their investment strategies.



Ross Mayfield, CFA®

Baird Investment Strategist

Ross provides financial education and investment strategy through regular national media appearances, equity research materials and more. Ross regularly partners with Strategas to deliver macroeconomic insights to Baird clients.

HOW WASHINGTON'S NEWEST BILL COULD SHAPE THE ECONOMY

Continued from page 7



Ross: Tariffs have shaped economic conversations in Washington this year.

How does the administration see them fitting into its broader tax policy approach?



Jeannette: When the White House announced nearly \$700 billion of

tariffs on April 2, the result was a stock market selloff and lower presidential economic approval ratings. Had the policies remained, investors warned of an increased risk of recession. Instead, the White House reduced the size of the tariffs and spread them out, giving Congress time to enact the OBBBA in July. Subsequently, as tax legislation gained traction, recession odds fell.

At a high level, the administration sees U.S. trade policy as having created an imbalanced economy, with excess consumption and too little production. The COVID-19 pandemic worsened this when supply chains shut down. To rebalance, the White House is combining trade and tax policies: Higher tariffs act as a tax on U.S. consumption, while lower taxes on business investments (via the OBBBA) aim to spur domestic production. In our view, the net effect is that lower taxes should largely offset tariff costs.



Ross: Building on that, there has been significant focus on how tariffs and tax cuts might affect the budget deficit and national debt. What is Strategas' outlook on how this might play out?



Jeannette: Public debate over the OBBBA has highlighted fears

of large deficits, with analysts estimating a \$3.4 trillion increase over 10 years. However, these estimates exclude tariff revenues, which we believe will offset the cost of the new tax cuts. The Congressional Budget Office recently found tariffs to date would reduce the deficit by \$3.3 trillion over 10 years – making the combined effect roughly deficit neutral. There could be upward pressure on the deficit

About Strategas

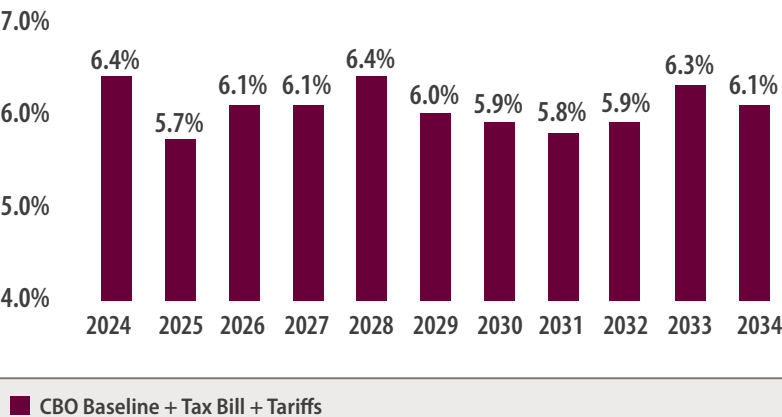
Strategas, a Baird Company, is a top-ranked independent research firm that provides market and macroeconomic insights and commentary. This article is an example of the perspectives our advisors have access to and are accounting for as part of your plan.

STRATEGAS A BAIRD COMPANY

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if tariffs imposed through the International Emergency Economic Powers Act are ruled illegal by the Supreme Court and required to be rebated. While this bears watching, the administration has plans to reimpose the tariffs through other means. ►

Budget Deficit as a Percent of GDP To Stay Elevated but Steady in the Coming Decade



Timing also matters. Tax cuts in the bill are more immediate, while the spending cuts phase in over several years. The 2017 Tax Cuts and Jobs Act tax breaks continue into 2026 (with some enhancements from the OBBBA), consumer breaks (like no taxes on tips or overtime) will take effect in 2025, and new business tax rules are more immediate. Meanwhile, the cuts to Medicaid, food stamps, student loans and renewable energy tax credits phase in slowly. The result is a fiscal stimulus tailwind through 2029, with a drag beginning in 2030.



Ross: While we've touched on how the bill will affect individual taxpayers, we know it also contained notable changes for businesses. What are some of these changes, and what could they mean for the economy?



Jeannette: Alongside \$150 billion of consumer aid in early 2026, the legislation also includes several provisions affecting businesses. Some of these include:

► **100% expensing of capital equipment purchases.** The TCJA allowed full expensing of capital equipment, but also included a phaseout which dropped it to 40% expensing in 2025. Now, the OBBBA restores full expensing for new equipment put into service after January 19, 2025. This change allows businesses to reduce their taxable

income (and, therefore, tax liability) more quickly than with traditional depreciation methods.

- **100% expensing of domestic research and development costs.** The TCJA required companies to amortize research and development expenses over five years beginning in 2022. The OBBBA now allows full expensing beginning in 2025.
- **A broader corporate interest deduction.** The TCJA made this deduction more restrictive beginning in 2022 by changing the calculation of adjusted taxable income, which increased tax and financing costs for capital-intensive industries. The OBBBA reverts the deduction back to one based on earnings before interest, taxes, depreciation and amortization, effective in 2025.
- **100% expensing for factory construction.** Firms may now deduct 100% of the expenses for building production facilities if construction begins before 2029 and they are in service before 2031.

Taken together, these policies could encourage additional U.S. investment in equipment and production facilities, since companies will be able to write off such expenses. When combined with the new consumer tax provisions included in the bill, the measures amount to a net fiscal stimulus of 0.4% of GDP in FY25 and of 0.9% in FY26.



Planning Calendar

October 15 – December 7

Annual Enrollment Period for making changes to Medicare or Medicare Advantage coverage.

October 15

Deadline to file your extended 2024 tax return.

Deadline for self-employed persons or small employers to establish and fund a SEP IRA for 2024.

October's Wealth Strategies webinar: Medicare Planning

November

November is Giving Month! Donations of cash, material goods or investments can make a difference in people's lives – and might lower your 2025 tax liability.

November's Wealth Strategies webinar: Year-End Planning Strategies

December 1

Deadline to buy a security and recognize a loss on the sale of a substantially identical security for 2025. (Sale must occur on December 31.)

Scan the QR code to access our *Wealth Strategies* webinar series





Minimize Family Drama Through Your Estate Plan

A celebrity estate battle may be more relevant to you than it seems.

EVEN WITH CONSIDERABLE wealth and a multitude of resources, celebrities fall victim to money woes too. When Jimmy Buffett passed in 2023, he left management of his estate in the hands of his wife, Jane Slagsvol Buffett, and accountant, Richard Mozenter. While having co-trustees can be useful for managing a large

estate, it can also lead to confusion and even conflict: In this instance, it took Jane 16 months to get key information from her co-trustee, and there was disagreement over how much annual income to which Jane was entitled. The disagreements ultimately ended up being litigated in court. ►

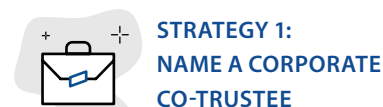
Jessica Bell, JD,
CPWA®, CEPA®

Senior Estate
Planner



“With multiple trustees, you run the risk of each having their own priorities and interpretations of what the grantor wanted, which can lead to disagreement or misunderstanding.”

Below are a few planning considerations that could have helped Jane and might help you or your loved ones avoid similar stress down the road.



STRATEGY 1: NAME A CORPORATE CO-TRUSTEE

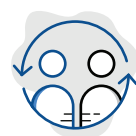
When a creator of a trust dies, their estate is managed by a successor trustee or co-trustee, often a surviving spouse or a trusted friend or family member. However, with multiple trustees, you run the risk of each having their own priorities and interpretations of what the grantor wanted, which can lead to disagreement or misunderstanding. That's where a corporate trustee or co-trustee can make a real difference. Their neutrality helps guide difficult decisions with less friction, and their professional expertise ensures the estate is managed efficiently and in everyone's best interest. For someone grieving, having a knowledgeable company handle the complexities can be a huge relief.



STRATEGY 2: UTILIZE A TEAM OF PROFESSIONALS

Engaging a team of professionals – lawyers, accountants and financial advisors – can bring peace of mind during the estate transfer process. These experts are trained to catch important details, like tax implications and legal requirements, that might be

overlooked during an emotionally overwhelming time. Their guidance can prevent common mistakes that often arise when working solely with a family or friend co-trustee. Plus, they're skilled at identifying potential issues early and addressing them efficiently before they escalate. Keep in mind that the larger and more complex the estate is, the higher the likelihood that issues arise and common mistakes get made. Your Baird Financial Advisor team can connect these advisors together for the benefit of your plan.



STRATEGY 3: ALLOW THE BENEFICIARY TO REPLACE A TRUSTEE

Relationships often change after the grantor's death, even in the best situations. The beneficiary should have the power to remove or replace a trustee if needed. This provision gives the beneficiary a way to fix problems without going to court, ultimately solving issues without expensive and time-consuming legal procedures. The trust terms could require the new trustee to be a corporate trustee with a strong reputation and a history of managing large sums of client assets. This option ensures a level of professionalism, neutrality and stability that a family member or friend acting as trustee may not have. Giving the beneficiary this option also helps protect the trust from mismanagement or neglect,

as Jane Buffett's legal claim asserts regarding her co-trustee. It's a practical safeguard that keeps the trust flexible and focused on its purpose.



STRATEGY 4: NAME A TRUST PROTECTOR

If allowing the

beneficiary to remove and replace the trustee isn't ideal, naming a trust protector can be another great option. A trust protector is an independent professional – often a lawyer, accountant or experienced fiduciary – who can step in and remove or replace the trustee if there's a conflict or concern. The trust protector doesn't manage the assets directly, but they do have the authority to make sure that the trust is being handled properly. This creates a built-in safety net that helps resolve issues quickly and quietly, without the need for court involvement or added stress.

Jane Buffett's experience shows how – even with an estate plan – situations can go awry without clear roles and proper support. It's also a reminder that planning isn't just for those with complex estates, but for anyone who wants to spare their loved ones confusion and stress. Your Baird Financial Advisor can help provide the right structure and safeguards to ensure your wishes are honored and your family is cared for.



Invested in Our Clients, Invested in Our Community



▲
The "shareholder shake" commemorates the moment when a Baird associate becomes a shareholder. Our employee-owners are personally invested in the success of our firm – and therefore in the success of our clients.



PWM Symposium is a chance for our advisor teams to grow, connect and give back.

A KEY ADVANTAGE TO BEING EMPLOYEE-OWNED is the ability to make long-term investments that support you well into the future. That's why every few years, Baird's Financial Advisors and their team members are invited to come together to strengthen their practices through continuing education, idea sharing and new technology and solutions. This wealth management symposium is part of a larger firmwide Baird gathering that fosters connection, networking and opportunities to give back to the broader community.





◀ At the event's Hoops for Heart basketball fundraiser, Baird associates made more than 12,000 baskets in a benefit for the American Heart Association.



◀ With the United Way of Greater Milwaukee and Waukesha County, Baird associates packed 3,000 pencil pouch kits to help ensure students have the supplies they need to succeed in school.

Putting the Best To Work for You

WE'VE LONG BELIEVED our greatest asset is our people.

We're showcasing some of the wealth management professionals who create great outcomes for Baird clients every day in our latest commercial, which was introduced in conjunction with the 2025 U.S. Open Golf Championship.

Discover the *Baird Difference*

Scan the QR code to watch our commercial and hear our unique perspective on wealth management.



Strategas has been recognized in Extel's (formerly Institutional Investor) 2024 All-America Research Team survey and remains, for the 8th consecutive year, Extel's highest ranked provider of exclusively macro research, preceded only by providers of both macro and bottom-up research.

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