

A Look Back at 2025



2025 began with big changes in D.C. as sweeping presidential executive orders and new policy directives tested investor sentiment. Tension peaked during the short-lived tariff “Liberation Day” selloff, which briefly pushed equities to the edge of a bear market. Yet, as we had anticipated, the widely expected downturn never materialized. Instead, markets rebounded quickly and powered to new all-time highs, supported by fresh trade agreements, growing optimism around artificial intelligence, and an improving earnings backdrop.

U.S. economy returns to trend.

Economic growth eased back toward a more sustainable pace as post-pandemic tailwinds faded. Real GDP is estimated to have risen 1.9% last year, supported by resilient consumer spending, even as households became increasingly value conscious. Labor market conditions continued to normalize, with unemployment gliding up to 4.4% by September from 4.0% in January, still low by historical standards. Business investment was mixed, soft in traditional sectors but bolstered by ongoing investment in AI infrastructure, which helped offset persistent weakness in housing.

Tariffs reshape the landscape.

Tariffs dominated much of the economic debate. The average effective U.S. tariff jumped to 18%, up from just 2% at the end of 2024, but fears of inflation reigniting proved overstated. Consumer prices drifted higher yet remained largely contained. Economists estimate that companies absorbed roughly two-thirds of tariff-related costs, while profit margins expanded to 13.1%

in Q3 from 12.2% a year prior. Businesses adjusted by restructuring supply chains, automating logistics through AI, and selectively reducing headcount. Against this backdrop, the Federal Reserve cut rates as its attention shifted to the labor side of its dual mandate.

Policy recalibration in Washington.

President Trump signed more than 140 executive orders in his first 100 days, with roughly a quarter focused on protectionism or securing strategic resources, highlighting an increasingly fractured geopolitical landscape. The administration also secured its first major legislative win with passage of the One Big Beautiful Bill Act (OBBA), a comprehensive package spanning tax, trade, and infrastructure. Moody’s downgrade of the U.S. credit rating underscored the mounting pressures from elevated national debt and ongoing budget deficits. Meanwhile, the longest government shutdown in U.S. history created a temporary economic data blackout, forcing investors to navigate without key indicators for several weeks.

Continued on next page

Diversification delivers amid renewed volatility.

Overall market performance was strong even as volatility picked up. At the time of this writing, U.S. equities are on pace to deliver a third consecutive year of double-digit gains. While the Magnificent Seven – Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia, and Tesla – continued to play a meaningful role in driving performance, 2025 also saw a resurgence in international equity markets. Fixed income benchmarks generated positive results as well, supported by declining yields over much of the year amid softer economic data and easing inflation expectations.

Check out our 2026 Outlook report at [stifelinsights.com](https://www.stifelinsights.com). The Stifel CIO office develops economic and market analysis, and corresponding investment guidance, for the benefit of Stifel clients.



Take Note of These Important Retirement Plan Changes for 2026

IRS Increases 401(k) and IRA Contribution Limits

Good news for retirement savers: Contribution limits are increasing in 2026.

Thanks to recent IRS cost-of-living adjustments, participants in 401(k), 403(b), and 457 plans will be able to contribute up to \$24,500 on a pretax basis, up from \$23,500 in 2025.

For individuals age 50 and older, the catch-up contribution rises to \$8,000, bringing their total potential contribution to \$32,500.

In addition, for the second year in a row, individuals aged 60 to 63 can take advantage of an even higher catch-up limit of \$11,250, bringing their total potential contribution to \$35,750.

Retirement Plan Limits	2025	2026
Salary Deferral Limit	\$23,500	\$24,500
Age 50-59 or 64+ Catch-Up	\$7,500	\$8,000
Age 60-63 Catch-Up	\$11,250	\$11,250

IRA Contribution Limits Increased

The contribution limit for traditional and Roth IRAs increases to \$7,500 in 2026. The catch-up contribution limit for IRAs has increased as well – to \$1,100 – meaning that individuals age 50 and older can contribute a maximum of \$8,600 in 2026.

IRA Limits	2025	2026
IRA/Roth Maximum Contribution	\$7,000	\$7,500
IRA/Roth Catch-Up Contributions	\$1,000	\$1,100

New IRA Income Phase-Out Ranges

The IRS has increased the modified adjusted gross income phase-out ranges for traditional IRA contribution deductibility and Roth IRA contribution eligibility.

For a full summary of the changes, see the chart on the following page and contact your Stifel Financial Advisor with any questions regarding your retirement saving strategy.

IRA Limits	2025		2026	
Traditional IRA Deductibility	Single Filer's MAGI	Married Filing Jointly MAGI	Single Filer's MAGI	Married Filing Jointly MAGI
Full Deduction	< \$79,000	< \$126,000	< \$81,000	< \$129,000
Partial Deduction	\$79,000 - \$89,000	\$126,000 - \$146,000	\$81,000 - \$91,000	\$129,000 - \$149,000
No Deduction	> \$89,000	> \$146,000	> \$91,000	> \$149,000

If one spouse is covered by an employer-sponsored plan, MAGI phase-out range for deductible contribution by non-covered spouse in 2026: \$242,000 – \$252,000 (2025: \$236,000 - \$246,000)

Roth IRA Eligibility	Single Filer's MAGI	Married Filing Jointly MAGI	Single Filer's MAGI	Married Filing Jointly MAGI
Full Contribution	< \$150,000	< \$236,000	< \$153,000	< \$242,000
Partial Contribution	\$150,000 - \$165,000	\$236,000 - \$246,000	\$153,000 - \$168,000	\$242,000 - \$252,000
Not Eligible	> \$165,000	> \$246,000	> \$168,000	> \$252,000

It's Not Too Late to Make IRA Contributions for 2025

If you didn't max out your traditional or Roth IRA in 2025, don't worry – you still have until April 15, 2026, to make contributions for the 2025 tax year. Don't miss out on the opportunity to take full advantage of your IRA!

New Roth Catch-Up Contribution Requirement Begins in 2026

Beginning January 1, 2026, high-income employees aged 50 and older will be required to make any catch-up contributions to their workplace retirement plans on an after-tax Roth basis.

Who Is Affected?

- Employees who:
- Are age 50 or older in the calendar year.
 - Earned more than \$150,000 in FICA wages from their employer in the previous year (for 2026, this means 2025 wages).
 - Participate in a 401(k), 403(b), or governmental 457(b) plan.

If these conditions are met, catch-up contributions must be made as Roth contributions. If the retirement plan does not offer a Roth option, affected employees will not be able to make catch-up contributions.

Social Security Benefits Receive Cost-of-Living Adjustment in 2026

If you currently receive Social Security benefits, your monthly check will be a little larger starting this year.

In October, the Social Security Administration announced a 2.8% cost-of-living adjustment (COLA) to Social Security retirement benefits, beginning in January 2026. As a result, more than 75 million Americans will be getting larger Social Security checks each month, with the average monthly benefit payment for retirees increasing by \$56, to \$2,071.

Estimated Average Monthly Social Security Benefits Payable in January 2026

	Before 2.8% COLA	After 2.8% COLA
Retired Worker	\$2,015	\$2,071
Aged Couple, Both Receiving Benefits	\$3,120	\$3,208
Widowed Mother and Two Children	\$3,792	\$3,898
Aged Widow(er) Alone	\$1,867	\$1,919
Disabled Worker, Spouse, and One or More Children	\$2,857	\$2,937
All Disabled Workers	\$1,586	\$1,630

Source: Social Security Administration

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About the COLA

Congress enacted the COLA provision as part of the 1972 Social Security Amendments to prevent the purchasing power of Social Security benefits from being eroded by inflation.

The COLA is based on the percentage increase in the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W), which is calculated by the Department of Labor's Bureau of Labor Statistics.

View Your New Benefit Amount Online

If you currently receive Social Security payments, you can view your COLA notice and new benefit amount online through your *my Social Security* account. To access or create your *my Social Security* account, visit www.ssa.gov/myaccount.

With a *my Social Security* account, you can also access other important information, such as your earnings record and your annual Social Security statement.



Watch Out for Tax-Related Identity Theft

Identity theft spikes during tax season when thieves use stolen Social Security numbers to file fraudulent returns and claim refunds.

You often won't know until you file your return. If someone has already filed under your name, the IRS will reject your return – instantly online or by mail. Filing early reduces the risk.

Protect your Social Security number. Keep your Social Security card secure, share your number only when necessary, and destroy documents containing personal data.

Be tech-smart. Avoid unknown e-mail attachments, use security software and strong passwords, and transmit personal information only over secure, encrypted networks.

Beware of phishing. The IRS will not call or e-mail you to demand payment or threaten arrest. If you get a suspicious e-mail, forward it as an attachment to phishing@irs.gov. For scam calls, report the number to the IRS with "IRS Phone Scam" in the subject line.

Regarding phone calls, keep in mind that the IRS and its authorized collection agencies will not:

- Leave pre-recorded, urgent, or threatening voicemail messages.
- Threaten to have local police or other law enforcement groups arrest you for not paying.
- Call to demand immediate payment with a prepaid debit card, gift card, or wire transfer.
- Ask for checks made out to third parties.
- Demand payment without giving you an opportunity to question or appeal the amount owed.

If you're a victim, file Form 14039 with your paper return, continue paying taxes, and place a fraud alert with credit bureaus. Also report to the FTC at identitytheft.gov.

Vigilance is your best defense.