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Happy Valentine's Day!

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I hope this finds you doing well. I recently went shopping for new tennis shoes. I was surprised that my 18 month old ones were already worn out since the previous pair had lasted a good 4 years. It seemed like there were 100 choices until I realized that most of them were the new "hands free slip in" variety. I have a narrow foot that felt like a dinghy out in a vast ocean wallowing about! I could just envision the blisters after a few hours of wear. A lady near me said her feet were wide and they didn't work for her either. Rows and rows of slip in shoes hid the one or two pairs you could actually still lace up to fit your foot properly. I surely do understand that some people cannot bend over and tie their shoes, or their life is so hectic that they cannot spare the 17 seconds it takes to tie them, but should the rest of us have uncomfortable feet because the manufacturers think we all want this revolutionary new time saving "feature"? I was about to leave the store empty handed when the clerk said that on most of the shoes you could just snip the threads on the fake "bow" to release the perma-bow and use the shoelaces like the ones patented by Harvey Kennedy in 1790. At home it took me 20 minutes to find my seam ripper and perform the minor surgery. It made me think about all the other changes that were someone's great idea but that don't enhance my life at all. Personally, I don't like self-check-out lanes. I don't like many of the phone loops you find yourself stuck in when all you want to do is talk to a human being. I don't like having a suggested tip pop up at practically every paying station! Does anyone think all the medians in town are an improvement? Statistics now show that all the U-turns are more dangerous than turn lanes and First Responders preferred when they could quickly and safely get around backed up traffic. Somehow the facts don't stop TxDot from spending hundreds of millions of taxpayer dollars on even more medians. I long for the days of good old customer service free from the "unintended consequences" of "improvements."

So how do bad ideas make it all the way from "hey; I have an idea!" to "we just spent 40 million dollars to bring you New Coke"? Usually, it's because there is no clear understanding of what the customer wants in the first place and seeking "innovation" when no one actually wanted it. Understanding the target audience is vital as well. Obviously change can be quite beneficial, especially when it answers a real need and fixes a problem. During COVID we quickly adapted with Zoom appointments and DocuSign to keep everyone safe. These are useful options and very convenient for clients who like to use them. But would it be right to force that on everyone? I don't think so. So, we will carry on with "old fashioned" customer service married with electronic conveniences for times when it is beneficial. Rest assured that we will always strive to meet your needs with a blend of speed and efficiency delivered with the personal touch and the type of experience that you deserve.

Certainly, I would think that more 80-year-olds would want slip in tennis shoes than 40-year-olds, so why apply the "new technology" to every pair of shoes you make – especially when they only actually fit a pretty narrow range of foot sizes? At Fries Financial Services we know that one size does not fit all. And we will do the work to wade through the numerous options to find the ones that will meet your needs; will fit and won't cause blisters. We'd like you to feel like you have the convenience of a "slip in" but the fit and comfort of a "lace up." We are frequently bombarded with advisories which urge us to do away with human answered phones and face to face appointments in favor of "more efficient" web-based solutions. A famous quote is, "Efficiency is doing things right; effectiveness is doing the right things." We strive to do both. We have sent out our Valentine's Day Newsletter for 40 years because it is a great time to tell you that you are precious, unique and special to us. Together, our team at Fries Financial Services wishes you a happy Valentine's Day.

Kindest Regards,

Denise Fries

www.friesfinancial.com

Economic Outlook and Model Portfolio Update

by Mike Albert, CFP®, AAMS®, CRPC®

Chief Investment Strategist



Last year this article addressed whether we thought a Recession would occur in the next 12 months. We are glad to report that one did not occur and that the “soft landing” the Federal Reserve engineered successfully kept us out of a recession. We currently have a favorable economic outlook since our economy continued to be very resilient during 2024, and many of the economic indicators are continuing to look good as we are beginning 2025. For example, gross domestic product (GDP) is a measure of overall economic activity, and the most recent reading that we got for GDP in the 3rd Quarter of 2024 was a robust 2.8% annualized rate. Also, the jobs market continues to be strong, which has resulted in the unemployment rate continuing to remain at a historically low level. This has allowed the level of consumer spending to remain strong which is particularly important in our economy since consumer spending drives about 2/3rds of GDP. In addition, the Federal Reserve started to lower interest rates in 2024 due to the confidence they had that inflation was under control.

Since our **Pentegra** retirement account model portfolios are actively managed, we monitor them and make changes as needed to take advantage of opportunities in the markets as they present themselves. This also includes reducing the risk in these portfolios when we think it is warranted based on our outlook, which we recently did. This included taking into account the results of last year’s election. Based on the policies that we are anticipating will be enacted, this included increasing the allocation to asset classes that we believe have a more favorable outlook and decreasing the allocation to asset classes that we believe have a less favorable outlook. We will continue to watch this closely and to make additional changes as needed because there is uncertainty about which policies will be enacted and to what degree. For example, some of the ideas that have been discussed regarding tariffs and deportations could end up leading to increased costs, leading to higher inflation, which negatively impacts the retail sector, and causes slower economic growth. Some of the ideas being discussed regarding deregulation and tax cuts could end up leading to faster economic growth. The specific policies that are enacted will have an impact on which sectors of the economy are affected negatively or positively. Since most of the proposed ideas require action by the House and Senate the actions may be delayed or not get approved. We strive to create portfolios that take into consideration the variety of ways various investment classes are impacted by the world around us.

In 2024, these were the rates of return for the Pentegra retirement account model portfolios:



Disclosures: The opinions and forecasts expressed are those of the author and may not actually come to pass. This information is subject to change at any time, based on market and other conditions and should not be construed as a recommendation of any specific security or investment plan. Past performance does not guarantee future results.

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Scan these QR codes with your phone’s camera for complete contact information

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Financial Advisor•Co-Owner



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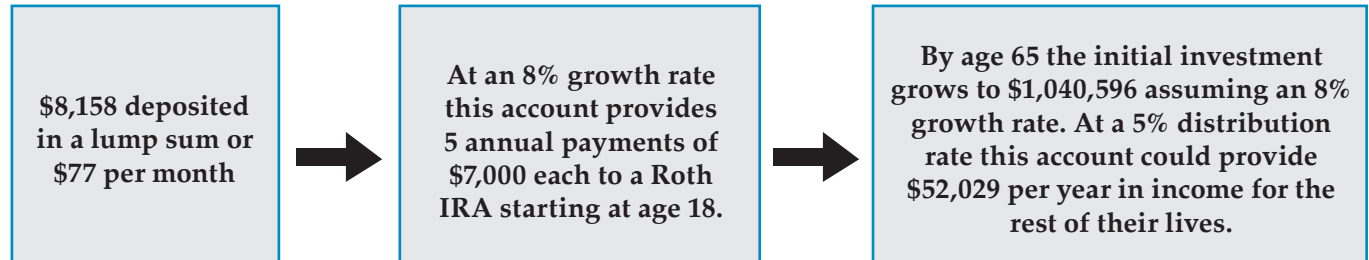


with FFS Since 2016

Totally Tax Free Multi-Generational Gifts using 529 Accounts



529 accounts were originally created as investment vehicles to help provide tax free dollars for college. Thanks to the enhancements made in 2024 they can now be used for elementary, middle, and high school tuition and for paying back up to \$10,000 in student loans. But the biggest change that could provide benefits for decades to come is that you can now convert up to \$35,000 of a 15-year-old 529 account into a Roth IRA and create tax free retirement income for the beneficiary. Follow this chart from age 2 to old age:



What if your child or grandchild is already grown up? You can still do this even if the beneficiary has no intention whatsoever of going back to college. At your death the money in a 529 passes estate tax free to the beneficiary. You may deposit up to \$90,000 per recipient. If you are married, you can deposit up to \$180,000.

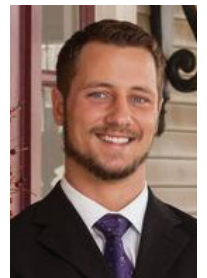
Disclosures: These rates of growth are hypothetical, and your results could be more or less. We can run a projection based on the beneficiary's current age.



Bill Hoffman

Happy 60th, 61st, 62nd & 63rd Birthday to you!

Effective 1-1-25 the Secure 2.0 Act allows anyone age 60, 61, 62, and 63 prior to the end of each year to add a "super catch-up" contribution of \$11,250 to their 401(k), 403(b), 457 and Thrift Savings Plan. These plans are employer based, so the contributions would be withdrawn from your paycheck monthly. This means that these people can contribute a total of \$34,750 during the years they celebrate your 60th, 61st, 62nd or 63rd birthday.



Travis Vollmering

The 2025 maximum contribution limits will INCREASE for retirement plans including 403(b) and 401(k):

Plan Type	New Annual Contribution Limits	
	Under Age 50	Age 50-59 and over 64
401(k)/Roth 401(k), 403(b)/Roth 403(b), 457/Roth 457, TSP	\$23,500	\$31,000
IRA/Roth IRA	\$ 7,000	\$ 8,000

-Roth IRA and Roth TSA/403(b) contributions will not reduce taxable income now, but the contributions, and the earnings on them, are tax-free income at retirement, if the account holder is at least age 59 1/2, and their Roth account is at least five years old when they make the withdrawals. Roth IRA contributions are limited if your income exceeds a certain level. Please consult your CPA.

-Before-tax contributions to Traditional IRA and TSA/403(b) accounts reduce taxable income today; account holders will pay income taxes on money distributed in retirement.

-You can contribute to a Traditional or Roth IRA even if you participate in another retirement plan through your employer or business, however, you might not be able to deduct all your Traditional IRA contributions if you or your spouse max out another retirement plan at work.

Contact our office today to discuss what retirement plan works best for you and how you can increase your contributions.

Non-Dairy Calcium: 10 Good Sources of the Nutrient that are not Milk or Cheese

When you think of calcium (which is important for strong bones as well as a number of vital body functions), odds are that you think of milk and dairy foods. Those are great sources of calcium, but they are not the only ones. The Recommended Dietary Allowance of calcium is 1,200 milligrams per day for women and men ages 71 and older. The good news is that many non-dairy foods - including vegetables, beans, nuts and seeds - can contribute to your daily calcium needs.

- **414 mg:** 1/2 cup of firm tofu prepared with nigari
- **379 mg:** 1 cup of calcium-fortified non-dairy milk
- **351 mg:** 3 ounces of canned sardines with bones
- **324 mg:** 1 cup of chopped cooked collard greens
- **200 mg:** 3 ounces of canned salmon with bones
- **197 mg:** 1 cup of chopped cooked turnip greens
- **191 mg:** 1 cup of canned white beans
- **177 mg:** 1 cup of cooked kale
- **158 mg:** 1 cup of cooked shredded bok choy
- **136 mg:** 10 dried figs

Important! Please Share this Article with your Friends and Family Social Security Fairness Act Signed into Law in 2024

In 1983 President Ronald Reagan signed into law the "Social Security Act with Windfall Elimination Provision." This law reduced or eliminated Social Security benefits for individuals who receive a public pension from a job- such as for public school teachers, fire fighters and first responders. Also repealed was the Government Pension Offset. This particularly impacted widows and widowers who had been teachers because it made them ineligible for normal survivor's benefits. This was a significant disservice to our Nation's teachers and first responders because if they had never had a job, they would have received their late spouse's Social Security!

President Joe Biden signed the Social Security Fairness Act which eliminated the provision and restored full Social Security benefits to all people. The Social Security Administration is evaluating how to implement the act. If you are already receiving reduced Social Security benefits that are direct deposited, you do not need to do anything at this time. If you have never received a Social Security benefit because the benefit was completely eliminated by the provisions, or if your spouse has died, you need to visit www.ssa.gov to set up an account.

Please contact our office if this law applies to you because it will alter your retirement planning.



Irene Keating

The Gift of Healing By Faith Taylor

For her 80th birthday, our client Irene Keating made a heartfelt request to her close friends: instead of gifts, she asked them to help her make a meaningful change in the world. To help fulfill her wish, her friends rallied the community to donate to Healing Faith Uganda, a malaria treatment organization started by a local College Station family who has now helped treat over 44,148 patients. To learn more about how you can contribute visit www.healingfaithuganda.org. Thanks to the collective efforts of her friends, Irene was able to raise an incredible \$2,365, which will directly contribute to saving lives threatened by malaria. Irene stated, "The process was not challenging at all, only joyous and rewarding," and she hopes her generous act will inspire others to consider how they, too, can make a difference by requesting gifts to charities instead of presents.

Seventy is Only 13 in Scrabble



Hearing Aids Reduce Risk of Dementia

As many as 40 million Americans suffer some degree of hearing loss. Difficulty hearing not only poses challenges for work interactions and relationships, but it also presents a myriad of physical and mental health problems. A landmark 2011 study in JAMA Neurology found that people with mild hearing loss had nearly double the risk of developing dementia. This increased to threefold for those with moderate hearing loss and to nearly fivefold for patients with severe hearing loss. Other studies have linked hearing loss with depression, falls and even premature death.

Recent research is demonstrating that hearing aids can reverse some of these ill effects. One study, published this year in the Lancet, found that seniors at higher risk of dementia who used hearing aids had an almost 50% reduction in subsequent cognitive decline compared with members of the same cohort who did not use them. Another paper reported that people who wore hearing aids were half as likely to fall as those who did not. Individuals who consistently used them reduced their fall risk to less than a third compared with non-users.

Electronic devices to assist with hearing loss are hardly new; indeed, the concept has existed for more than a century. Yet it is estimated that only 16% of hearing-impaired adults younger than 70 and 30% of hearing-impaired adults 70 and older have ever worn hearing aids.

This could improve now that the Food and Drug Administration has allowed some standard hearing aids to be sold over the counter. Requiring Medicare coverage of hearing aids could also increase access. Most Medicare Advantage plans offer some coverage for hearing aids.

Source: Leanna S. Wen

Our 40th Anniversary Matching Grant Project

Like many times before, we celebrated our 40th Anniversary with a matching grant opportunity for 10 local charities to host their own fundraiser to get a Fries Financial Services' donation. We selected a diverse group of charities who provide vital services to our neighbors. A total of **\$143,579** was raised from our \$40,000 matching grant. We selected these charities because we thought they were the "Best Kept Secrets of the Brazos Valley" – kind of like Fries Financial Services! **Each of these charities is set up to receive a Qualified Charitable Distribution (QCD) from your IRA** which reduces your income taxes and satisfies your Required Minimum Distribution (RMD). If you would like to support these charities, Travis and Bill are happy to help you complete the forms! Scan the code to learn more about the charities:

- BCS Together
- BUILD Command Team
- Brazos Valley Meals on Wheels
- Elevate Ukraine
- OnRamp Inc.
- Texas Ramp Project
- The BEE Community
- The REACH Project
- Sleep in Heavenly Peace
- Unlimited Potential



What in the World is a 721 Exchange — UPREIT?

In last year's newsletter, we discussed 1031 Exchanges as a means to defer or **avoid capital gains taxes** on the sale of your investment property, rental property or land. This option is still available, and it provides long-term income, but it is also illiquid for approximately 10 years. Now a second option has been introduced to help shorten that required investment period. This new product is known as a 721 Exchange or "UPREIT." Capital gains taxes on the real estate transaction are deferred as long as the units are held, typically only 12 to 24 months, and investors may receive distributions during this period. Since some clients may wish to sell property but do not want a long-term investment because they may want to buy another property when one becomes available or when interest rates go down, this new option may provide a new opportunity. We would want to discuss all the details with your CPA and help decide which option is best for you.

Taylor's Column



Happy Valentine's Day! I hope you and your loved ones have had a good year. Zach and I have had a wonderful year with our friends and family and are enjoying watching Kyle and Aubree grow into their individual personalities. Kyle had a blast playing T-ball, participating in his first team sport. Aubree twirled the afternoons away at ballet and led up the cheering squad for Kyle's T-ball team, enjoying hot dogs for dinner from the concession stands. A highlight of our year was my girl's trip to see Taylor Swift in London, which quickly turned into the whole family going to the UK for 3 weeks in June. Taking my husband and children back to my favorite spots, such as where I took college classes, was incredibly special. I loved planing our trip out to the smallest detail so much that I (being that I'm not busy at all, ha!) decided to start my own travel agency business in March, Travel by Taylor, which has been

successful and a total joy to do alongside of celebrating my 10th year at Fries Financial Services in 2025. Wishing you the happiest Valentine's Day! Love, Taylor

Make Travel Smoother with TSA PreCheck and Global Entry

Global Entry is a U.S. Customs and Border Protection program that allows preapproved, low-risk travelers expedited clearance upon arriving on U.S. soil. Members enter the country at Global Entry lanes where processing technology advances them with photo verification of membership. Once the photo has been captured, instructions pop up on the screen for members to proceed to a CBP officer to complete the process. With Global Entry, you will skip processing lines and paperwork, have access to expedited entry benefits in other countries and reduce wait times.

How to apply: If you are eligible for Global Entry, create a Trusted Travelers Programs account- all ages must have their own profile. Log in at <https://ttp.dhs.gov/> and complete the application with a \$120 non-refundable one-time fee for five-year membership (even if an application is denied). CBP will review your completed application, and if conditionally approved, you'll be instructed to schedule an interview at a Global Entry enrollment center at an airport. Both the Austin and Houston Intercontinental airports have offices. Bring a valid passport and a second form of identification (driver's license or ID card) to the interview. Global Entry is member specific and cannot be extended to others in your traveling party.

Plan on applying at least 6 weeks prior to your vacation. Once approved you will also be signed up for TSA PreCheck which is good in the U.S. for domestic flights and allows you to go through security using a shorter line without removing shoes and jackets and leaving liquids and electronics in carry-on bags. Many credit cards will pay the cost of Global Entry and TSA PreCheck. Call the toll-free number on the back of your credit card to investigate.

Source: Hira Qureshi

Welcome the Newest Member of Our Team

Faith Taylor joined our team at Fries Financial Services in August of 2024 as our newest college intern, learning valuable skills under Denise and Taylor. She is currently a junior at Texas A&M University majoring in Human Resource Development with a minor in Business. She was born and raised here in College Station, TX where she has been an active member of the community and workforce. In her free time, she enjoys traveling, spending time with friends and family, and enjoying various sporting events. Faith will be graduating with her Bachelor of Science in December of 2026. We are so happy to have her on our team!

