OMEGA Wealth Management

NAVIGATING WEALTH

October 2025

Editor's note: As we go to publish this month's newsletter, the data and news are flowing quickly. Please bear with us as we attempt to provide an up-to-the-minute assessment of the economy and markets.

The Space Between Chaos and Positive Returns

Jared Jones
CFP®, CeFT®, CIMA®, RLP®
Partner, Senior Advisor

In the 1950s, psychologist Leon Festinger studied a small doomsday cult that believed the world would end on a specific date. When the prophecy failed to materialize, members didn't abandon their beliefs. They doubled down, claiming their faith had saved humanity. From this, Festinger coined the term cognitive dissonance, the tension we feel when beliefs and reality don't align.

That same dynamic shows up in far less dramatic ways than doomsday cults. Especially with money.

Through the first three quarters of 2025, markets have been strong. Most Omega portfolios are up more than 10% through 3 quarters, and many Omega clients' balance sheets look healthier than ever. Yet we're finding that good news isn't totally landing when we talk about it in our meetings. Turn on the news and the story is very different: geopolitical conflict, political drama, layoffs, rapid advances in AI. There are no shortage of reasons that things feel unstable even as account values rise.

We're hearing the same question again and again in fall meetings: "If everything looks so good financially… why doesn't it feel that way?".

And if you're reading this thinking, "What the heck are you talking about? My account's up and that's all I need to know," you're not wrong either. For many people, strong returns are enough to feel secure. But for others, that same reality feels strangely disconnected from everything else happening in the world. That disconnect, the gap between how things are and how it feels like it should be, is exactly what we're exploring here.

Cognitive Dissonance: When Two Truths Collide

Cognitive dissonance is the discomfort of holding two competing truths at once. Our brains crave consistency. We want our feelings and reality to line up. When they don't, the gap creates anxiety and doubt.

There's a reason for that. Human beings evolved to focus on threats. We have twice as many neural pathways for negative emotions versus positive ones. Our ancestors survived by scanning for danger, and that instinct hasn't changed. A 24/7 news cycle and endless headlines keep us in "threat mode," even when your Omega team assures you that your finances look great.

This mismatch between reality and your finances creates dissonance: things are going well financially, but it doesn't feel like they should be. And our minds work hard to close that gap, even if it means rewriting the story.

The Space Between Chaos and Postive Returns (cont.)

Living in the "Space Between"

The good news is that feeling doesn't mean something is wrong. It means you're human. The goal isn't to eliminate it but to learn how to live with it. A few ways to start:

1. Separate signal from noise. Markets often adapt faster than we do. Headlines amplify fear. Your plan focuses on what matters.
2. Control what you can. You can't change elections or global events, but you can shape how you save, spend, give, and invest.
3. Embrace complexity. Feeling grateful and uneasy at the same time is normal; those feelings can coexist.

Omega's Role

Our role has always been to help clients connect their wealth to what matters most. We're here to provide context, perspective, and a grounded view of where things stand.

> *"If everything looks so good financially... why doesn't it feel that way?*

If you've felt this disconnect, you're not alone. Rather than ignore it, see it as an opportunity. This is a chance to use today's sunny financial weather to align your resources with your values and priorities. Many clients are using this season to revisit charitable giving, fund family goals, or build more future flexibility.

Our minds want feelings and reality to match. But when they don't, we have a choice: ignore the tension or use it as a signal. Leveraging the good times as a foundation for thoughtful decisions can bring back a sense of control. There's a lot of power in deciding what to do next despite the noise.

The Power of Multi-Generational Planning

As we enter tax season, it's the perfect time to take a broader view of your family's tax strategy. At Omega, we specialize in working with multi-generational families, and we consistently uncover opportunities to optimize tax outcomes across generations.

When we talk about "tax planning," we're really referring to two key areas:

- Income Tax Planning
- Estate Tax Planning

These areas often overlap, and effective planning requires a deep understanding of your family's financial landscape—not just names and ages, but goals, income levels, and legacy intentions.

Lisa Kirchenbauer
CFP®, RLP®, CeFT®, CPWA®
President • Founding Partner • Senior Advisor

Income Tax Planning Across Generations

Understanding the tax brackets of both the current generation ("Gen 1") and the "Rising Generation" is essential. This insight allows us to make

strategic decisions—like Roth IRA conversions or IRA strategic decisions—like Roth IRA conversions or IRA beneficiary designations—that can reduce the overall tax burden for the entire family.

Example:

If Gen 1 is in a lower tax bracket than their heirs, converting traditional IRAs to Roth IRAs during their lifetime can be advantageous. This strategy minimizes the tax impact when the Rising Generation inherits these accounts, especially given the 10-year distribution rule for inherited IRAs, which could otherwise push them into higher tax brackets.

In three-generation families, we may recommend splitting IRA beneficiary designations between adult children and grandchildren. This approach can spread out the tax liability, potentially lowering the overall tax impact while still preserving wealth across generations.

Effective multi-generational income tax planning requires collaboration between your wealth management team and tax professionals, along with a comprehensive understanding of each generation's financial picture.

Estate Tax Planning with a Long-Term Lens

Smart estate tax planning begins with proactive lifetime income tax strategies. With the current federal estate tax exemption at $15 million per person, many families may avoid federal estate taxes—but state estate taxes can still pose a significant challenge.

Looking ahead, incorporating lifetime gifting strategies to family members or charities can help reduce future estate tax liabilities. Of course, every tax-saving strategy involves trade-offs—typically in the form of relinquishing control or access to assets.

> *"Align your financial legacy with your family's values and long-term goals*

Example:

We recently helped a multi-generational family reduce future estate taxes by transferring assets into irrevocable trusts for their adult children. While this typically means forfeiting a "step-up" in cost basis at death, we leveraged prior investment losses to offset gains on the assets sold into the trust—effectively creating a "step-up" at the time of transfer. These trust assets will benefit the next generation without being included in their estates, potentially saving substantial state estate taxes.

Planning When There's No "Next Generation"

For families without heirs, the focus shifts to maximizing lifetime income tax efficiency and charitable impact.

Example:
Roth IRA conversions can reduce future Required Minimum Distributions (RMDs), but if assets are ultimately going to charity—which receives IRA assets tax-free—it may not make sense to pay taxes now. In these cases, a nuanced approach is key. Partial Roth conversions, combined with strategic charitable giving, can balance tax efficiency with philanthropic goals.

Using advanced tax planning software and close coordination with your CPA, Omega helps ensure your strategy is both thoughtful and optimized—avoiding missed opportunities and maximizing impact.

Final Thoughts
Multi-generational tax planning isn't just about saving money—it's about aligning your financial legacy with your family's values and long-term goals. Let's explore how a more integrated approach can benefit your entire family, now and for generations to come.

CASH EARNINGS AT THE BANK

Over the last couple of years, we have supported clients moving short-term money/cash to their bank to take advantage of attractive CD and high-interest money market account rates.

Now, as the Federal Reserve seems committed to continuing short-term interest rate cuts, bank products are looking much less attractive than just a year ago. Meanwhile, as the bond market has been doing better, we are seeing shorter-term investment strategies perform much more competitively against cash at the bank. Keeping in mind that investments are not FDIC insured, it's still worth comparing the rates available to you at the bank vs. through our investment partner, SEI. We also have available CD "ladders" with various maturities of CDs available to lock in higher rates for the moment.

As you prepare to meet with Omega this fall, or have CDs maturing, please reach out to your Omega advisor to compare rates and consider what the best strategy may be for you going forward.

As always, past performance is no indication of future results. Be sure to understand the fees and performance information before investing.

STAY CONNECTED

Evelyn Ovando-Flores
Client Service Specialist

Stay Connected with the new eMoney Mobile App offered by Omega Wealth Management!

Omega Wealth Management is excited to offer this new premium feature! The eMoney Mobile app is designed to help you keep your Client Portal right at your fingertips. With features like push notifications and biometric security (fingerprint or Face ID), you can easily stay updated and access your portal anytime, anywhere. The app is now available for download in the App Store and Google Play Store.

Signing In: Two Easy Ways

1. **Username & Password**
   If you normally log in with a username and password on your desktop, simply enter your username on the app, click "Next," and follow the prompts. You'll be asked for your password and any additional verification you've set up—then you'll be all set to use the app! If you need assistance with your username or password, please reach out to Rachel Braddock (Office Manager) rachel@omegawealthmanagement.com.

2. **Single Sign-On (SSO)**

If you use Single Sign-On (SSO) to access your Client Portal, select "Continue with SSO" on the app.

You'll be asked to enter your SSO Identifier, which you can easily find by following these steps:

- Log in to your Client Portal on your desktop
- Click **Settings** (top right corner) and scroll to the **Single Sign-On** section
- You'll find your SSO Identifier here.

You can either type it directly into the app, or click **Email** to send it to yourself. Once you've copied it, paste it into the app and you're ready to go!

It's that simple! With the app, you'll have your eMoney Omega Wealth Management Client Portal on the go and all the notifications you need at your fingertips.

INVESTMENT BRIEF

Market Performance

U.S. stock indexes once again hit record highs in September, with technology and communications sectors continuing to lead the way. On a total return basis for the month and year-to-date (YTD) through 9/30/25:

- S&P 500: +3.6% in September; +14.8% YTD
- Dow Jones Industrial Average (TR): +2% in September; +10.5% YTD
- Nasdaq-100 (TR): +5.50% in September; +18.1% YTD
- MSCI EAFE (Net TR, USD): +1.9% in September; +26.5% YTD

Despite lower growth in the third quarter, international developed markets continue to outpace the U.S. in 2025.

Davis Gardner
Lead Advisor
CFP®, CeFT®, RLP®

Editor's Note: We realize the data below doesn't reflect the most current market fluctuations and down trend. We still share the data through the previous month as part of our monthly summary.

Government Shutdown

Government funding expired at September's end, resulting in a shutdown and the subsequent furlough of thousands of federal employees. Despite shutting down, the government will continue mandatory spending in areas like Medicare, Social Security and interest payments.

September jobs and inflation data will be delayed, expected to come by the end of October.

Historically, the economy tends to slow relative to the length of a shutdown and typically resumes growing once the government reopens. While short-term market volatility is common at the onset of a shutdown, historically there has not been a lasting impact, with stocks tending to rebound quickly.

Consumer Sentiment

Confidence indicators continued to slide through September. The Conference Board's Consumer Confidence Index fell to 94.2, the lowest since April. The University of Michigan Sentiment Survey also fell down to 55.1.

Federal Reserve & Interest Rates

The Fed cut interest rates by 25 basis points in September, reducing the federal funds rate to a 4% - 4.25% range. A similar cut at the October 29th meeting is not out of the question, despite the delayed economic data.

The 10-year Treasury yield ended September at 4.16%. The average 30-year mortgage rate settled slightly lower, around 6.4%.

Key Takeaways

Despite a government shutdown and ongoing negative sentiment, the economy remains resilient and has continued its positive momentum. Focus remains on the labor market, inflation, and the still-uncertain impact of sweeping tariffs.

The AI boom continues to drive domestic market performance, though it's important to note that all 11 sectors of the S&P 500 are positive as of Q3's end. The case for diversification across sectors and geographic regions remains strong.

Recommendations - Books & Resources

"Becoming Steve Jobs: The Evolution of a Reckless Upstart into a Revolutionary Leader" by Brent Schlender and Rick Tetzeli
A fascinating look at a leader who lives on in Apple and Pixar. A walk down memory lane through the evolution of the technology & entertainment world we know today. A cautionary and inspiring tale for students of leadership.

Nucalm app: if you are looking for something to relax/focus/energize you, this may be the best all-in-one app out there. With some motivation from Tony Robbins, and the scientific use of different kinds of sound waves to create your optimal self. Use carefully!