THE LAZOS GROUP

Christopher Lazos
Managing Director - Investments
The Lazos Group
875 Carr 693
Suite 103
Dorado, PR 00646
212-699-7800
christopher.lazos@opco.com

38.1%

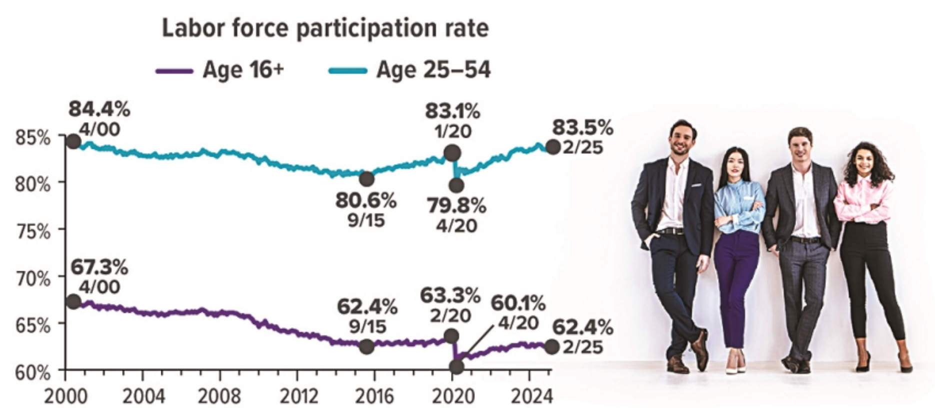
Labor force participation rate for Americans age 55 and older in February 2025, more than two percentage points below the pre-pandemic rate of 40.3% in February 2020. The pandemic drove more than three million adults into early retirement by October 2021, and the aging of the U.S. population will likely continue to reduce the percentage of older people in the workforce.

Sources: U.S. Bureau of Labor Statistics, 2025; U.S. Chamber of Commerce, December 13, 2024

Prime Workforce Stays Strong

The labor force participation rate — the percentage of Americans age 16 and older who are working or actively looking for work — peaked in early 2000, when it began to drop due to an aging population and more young people in college. Participation was rising before the pandemic but has only partially recovered, due in large part to accelerated retirement among older workers.

The rate for the prime working ages of 25 to 54 surpassed the pre-pandemic level in 2023 and was still above it as of early 2025. A solid prime workforce, combined with technology and other productivity measures, could help the U.S. economy stay strong with a smaller percentage of the total population in the workforce.



Sources: U.S. Bureau of Labor Statistics, 2025; U.S. Chamber of Commerce, December 13, 2024

May 2025

Versatile 529 Plans Can Help with More than Just College

529 plans were originally created in 1996 as a tax-advantaged way to save for college. Over the past several years, Congress has expanded the ways 529 plan funds can be used, making them a more flexible and versatile savings vehicle.

College, plus other education expenses

A 529 savings plan can be instrumental in building a college fund — its original purpose. Funds contributed to a 529 savings plan accumulate tax-deferred and earnings are tax-free if the funds are used to pay qualified education expenses, which now include:

- College expenses: the full cost of tuition, fees, books, and equipment (including computers) and, for students attending at least half time, housing and food costs at any college in the U.S. or abroad accredited by the U.S. Department of Education
- Apprenticeships programs: the full cost of fees, books, and equipment for programs registered with the U.S. Department of Labor
- K-12 tuition expenses: up to $10,000 per year

If 529 funds are used to pay a non-qualified education expense, the earnings portion of any withdrawal is subject to ordinary income tax and a 10% penalty.

Estate planning tool

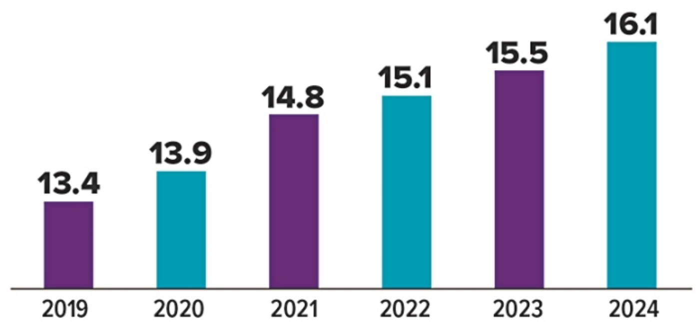
529 plans offer grandparents an opportunity to save for a grandchild's education in a way that accomplishes estate planning goals, while still allowing grandparents access to those funds if needed.

Specifically, due to an accelerated gifting feature unique to 529 plans, grandparents (or other relatives) can contribute a lump sum to a 529 plan of up to five times the annual gift tax exclusion and avoid gift tax by making an election on their tax return to spread the gift equally over five years. In 2025, the gift tax exclusion is $19,000, so grandparents could gift up to $190,000 to a 529 plan for their grandchild ($19,000 x 5 years x 2 grandparents) and avoid gift tax. These funds are *not* considered part of the grandparents' estate for federal estate tax purposes (unless one or both grandparents die in the five-year period, in which case special allocation rules apply). And if a grandparent is also the account owner of the 529 plan (529 plan rules allow only one account owner), then the grandparent will retain control of the 529 plan funds (even though the funds are not considered part of the estate) and can access them for health-care needs, an emergency, or any other reason (but the earnings portion of any non-qualified withdrawal will be subject to ordinary income tax and a 10% penalty).

Student loan repayment

Nearly 43 million borrowers have student loans, and the average loan balance is approximately $38,000.[1] To help families who might have leftover 529 funds after college, Congress expanded the approved use of 529 plan funds in 2019 to include the repayment of qualified education loans up to $10,000 for the 529 beneficiary or a sibling of the beneficiary. This includes federal and private loans.

Number of 529 savings plan accounts, 2019–2024, in millions



Source: ISS Market Intelligence, 529 Market Highlights, 2019–2024

Retirement builder: Roth IRA rollover

As of 2024, 529 account owners can roll over up to $35,000 from a 529 plan to a Roth IRA for the same beneficiary. Any rollover is subject to annual Roth IRA contribution limits, so $35,000 can't be rolled over all at once. For example, in 2025, the Roth IRA contribution limit is $7,000 (for people under age 50) or 100% of annual earned income, whichever is less, so that is the maximum amount that can be rolled over in 2025.

There are a couple of other caveats. For the rollover to be tax- and penalty-free, the 529 plan must have been open for at least 15 years. And contributions to a 529 account made within five years of the rollover date can't be rolled over — only contributions outside the five-year window can be rolled over.

Participation in a 529 plan generally involves fees and expenses, and there is the risk that the investments may lose money or not perform well enough to cover college costs as anticipated. The tax implications of a 529 plan can vary significantly from state to state. Most states offering their own 529 plans may provide advantages and benefits exclusively for their residents and taxpayers, which may include financial aid, scholarship funds, and protection from creditors. Before investing in a 529 plan, consider the investment objectives, risks, charges, and expenses, which are available in the issuer's official statement and should be read carefully. The official disclosure statements and applicable prospectuses contain this and other information about the investment options, underlying investments, and investment company and can be obtained from your financial professional.

1) educationdata.org, 2024

Catch Up for a More Comfortable Retirement

A 2024 survey found that only a third of U.S. workers age 50 and older feel that their savings contributions have them on track to enjoy a comfortable retirement.[1]

If your retirement account balance is lagging — or even if your nest egg seems robust — you can give your savings a boost by taking advantage of catch-up contributions that are available to those age 50 or older. This is often a time when salaries are highest, and you may thank yourself later if you put your current income to work for the future.

This opportunity is available for IRAs and employer-sponsored retirement plans — and there is a new opportunity in 2025 for some workers to make even bigger contributions to employer plans. You might be surprised by how much your savings could grow late in your working career.

Employer plans

Employer plans offer the most generous tax-advantaged contribution limits, and employers often match employee contributions up to a certain percentage of salary. Employer plan contributions for a given tax year must be made by December 31 of that year, but employers will generally allow you to adjust your contributions during the year.

For 2025, the individual contribution limit for 401(k), 403(b), and government 457(b) plans is $23,500, with an additional $7,500 catch-up contribution for those age 50 and older, for a total of $31,000. However, beginning in 2025, workers age 60 to 63 can make a larger catch-up contribution of $11,250 for a total of $34,750. Like all catch-up contributions, the age limit for this "super catch-up" is based on age at the end of the calendar year. It is not prorated, so you are eligible to make the full $11,250 contribution if you are age 60 to 63 at any time during 2025 and do not turn 64 by the end of the year.

SIMPLE retirement plans have lower but still generous limits: $16,500 in 2025 plus an additional $3,500 catch-up contribution for employees age 50 and older or an additional $5,250 for employees age 60 to 63. (Some plans have higher standard and age-50 catch-up limits: $17,600 and $3,850, along with the $5,250 super catch-up.)

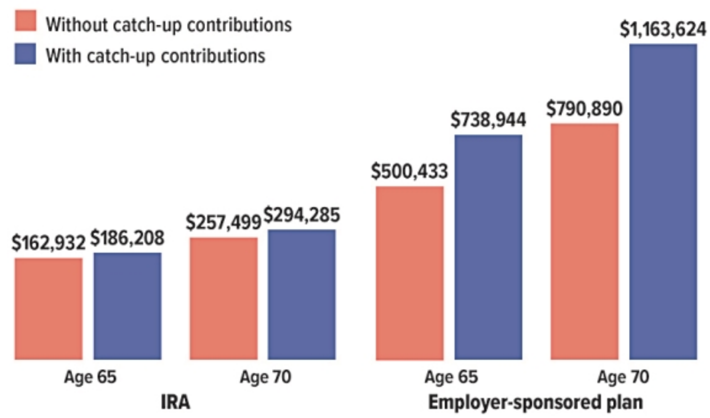
IRAs

Unlike contributions to employer plans, IRA contributions can be made for the previous year up to the April tax filing deadline. So you can make contributions for 2024 up to April 15, 2025, and contributions for 2025 up to April 15, 2026. Make sure your IRA administrator knows which year the contributions are for.

The federal contribution limit in 2024 and 2025 for all IRAs combined is $7,000, plus a $1,000 catch-up contribution for those 50 and older — for a total of $8,000 each year. An extra $1,000 might not seem like much, but it could make a big difference by the time you're ready to retire. If only one spouse is working, a married couple filing a joint return can contribute to an IRA for each spouse as long as the working spouse has earned income that is at least equivalent to both contributions.

Savings Boost

Additional amounts that might be accrued between age 50 and age 65 or 70, based on making maximum annual contributions at current limits to an IRA or an employer-sponsored plan (includes additional catch-up for ages 60 to 63)



Assumes a 6% average annual return. If annual inflation adjustments to maximum contribution amounts were included, actual totals could be higher. This hypothetical example of mathematical compounding is used for illustrative purposes only and does not represent any specific investment. It assumes contributions are made at end of the calendar year. Rates of return vary over time, particularly for long-term investments. Fees and expenses are not considered and would reduce the performance shown if they were included. Actual results will vary.

IRA MAGI limits

IRA contributions up to the combined limit can be traditional, Roth, or both. If an individual is an active participant in an employer-sponsored retirement plan, the ability to deduct traditional IRA contributions phases out in 2025 at a modified adjusted gross income (MAGI) of $79,000–$89,000 for single filers or $126,000–$146,000 for joint filers ($77,000–$87,000 and $123,000–$143,000 in 2024). If one spouse is an active participant in an employer-sponsored plan and the other is not, deductions for the nonparticipant phase out from $236,000–$246,000 in 2025 ($230,000–$240,000 in 2024).

The ability to contribute to a Roth IRA phases out in 2025 at a MAGI of $150,000–$165,000 for single filers and $236,000–$246,000 for joint filers ($146,000–$161,000 and $230,000–$240,000 in 2024).

1) AARP Financial Security Trends Survey, 2024

Have You Checked Your Social Security Statement Lately?

The Social Security Administration (SSA) provides personalized Social Security Statements to help Americans age 18 and older better understand the benefits that Social Security offers. Your Statement contains a detailed record of your earnings and estimates of retirement, disability, and survivor benefits — information that can help you plan for your financial future.

You can view your Social Security Statement online at any time by creating a *my* Social Security account at the SSA's website, ssa.gov/myaccount. If you're not registered for an online account and are not yet receiving benefits, you'll receive a Statement in the mail every year, starting at age 60.

Monthly benefit estimates

Your Social Security Statement tells you whether you've earned enough credits by working and paying Social Security taxes to qualify for retirement and disability benefits and, if you qualify, how much you might receive. Generally, monthly retirement benefits are projected for up to nine claiming ages from 62 to 70. If you qualify, you can also see how much your survivors might receive each month in the event of your death.

The amounts listed are estimates based on your average earnings in the past and a projection of future earnings. Actual benefits you receive may be different if your earnings increase or decrease in the future.

Amounts may also be affected by other factors, including cost-of-living increases (estimates are in today's dollars) and other income you receive. Estimates are based on current law, which may change.

Because estimates change over time, check your Social Security Statement annually to stay on top of future benefits you or your family members might receive.

Annual earnings record

In addition to benefit information, your Social Security Statement contains a year-by-year record of your earnings. This record is updated when your employer reports your earnings (or if you're self-employed, when you report your own earnings). Earnings are generally reported annually, so your most recent earnings may not yet be on your Statement.

Because Social Security benefits are based on average lifetime earnings, it's important to make sure your earnings have been reported correctly. Compare your earnings record against past tax returns or W-2s. If you find errors, let the Social Security Administration know right away by calling (800) 772-1213.