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

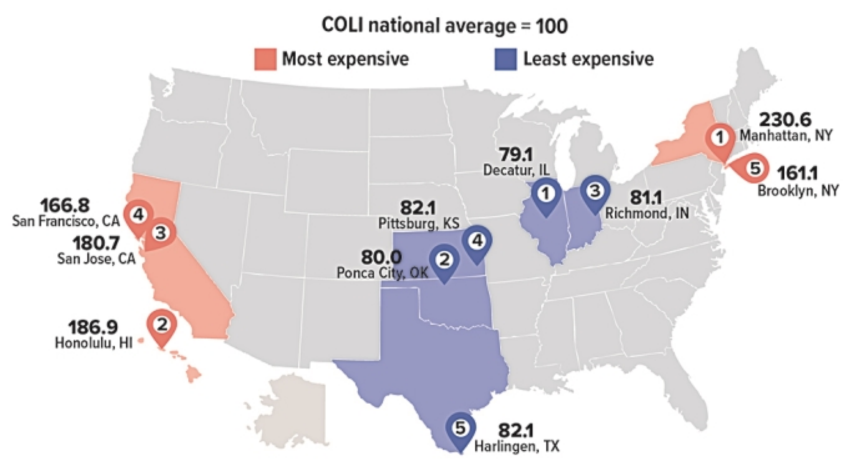
$5,719

Average 2024 monthly rent in Manhattan, NY. In Decatur, IL, renters paid an average of $706 per month.

Source: The Council for Community and Economic Research Cost of Living Index, 2025 (2024 data)

Cost of Living Varies Widely Across the U.S.

Residents of Manhattan, NY, live in the nation's most expensive urban neighborhoods, paying more than twice the national average to maintain a "professional/managerial" standard of living. By contrast, individuals who live in Decatur, IL, can stretch their dollars the farthest, paying less than 80% of the national average. Here are the five most and least expensive urban areas of the country, according to The Council for Community and Economic Research Cost of Living Index (COLI).



Source: The Council for Community and Economic Research Cost of Living Index, 2025 (2024 data)

ETFs Are Closing the Gap with Mutual Funds

Investor demand for exchange-traded funds (ETFs) has increased rapidly over the last decade due to attractive features that set them apart from mutual funds. At the end of 2024, over $10 trillion was invested in more than 3,600 ETFs. This was equivalent to 36% of the assets invested in mutual funds, up from 21% in 2019 and just 12% in 2014.[1]

Fund meets stock

Like a mutual fund, an ETF is a portfolio of securities assembled by an investment company. Mutual fund shares are typically purchased from and sold back to the investment company and priced at the end of the trading day, with the price determined by the net asset value (NAV) of the underlying securities. By contrast, ETF shares can be traded throughout the day on stock exchanges, like individual stocks, and the price may be higher or lower than the NAV because of supply and demand. In volatile markets, ETF prices might quickly reflect changes in market sentiment, while NAVs — adjusted once a day — take longer to react, resulting in ETFs trading at a premium or a discount.

Indexes and diversification

Like mutual funds, ETFs may be *passively managed,* meaning they track an index of securities, or *actively managed,* guided by managers who assemble investments chosen to meet the fund's objectives. Whereas active management is common among mutual funds, most ETFs are passively managed, which helps reduce administrative fees.

Investors can choose from a wide variety of indexes, ranging from broad-based stock or bond indexes to specific market sectors or indexes that emphasize certain factors. This makes ETFs a helpful tool to gain exposure to various market segments, investing styles, or strategies, potentially at a lower cost. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

Tax efficiency

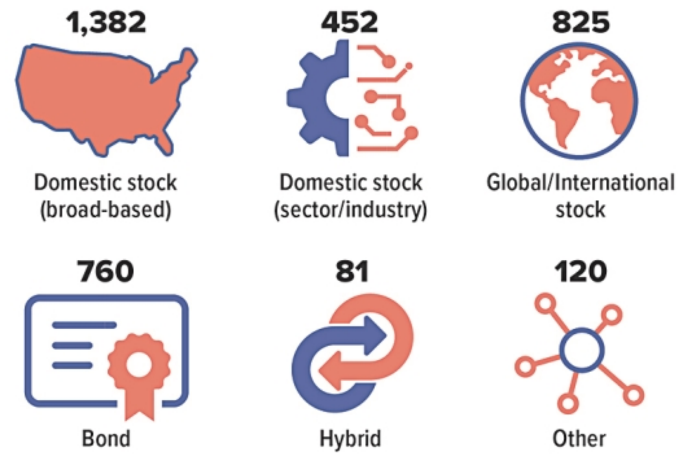
Investors who own mutual fund shares actually own shares in the underlying investments, so when investments are sold within the fund, there may be capital gains taxes if the fund is held outside of a tax-advantaged account. By contrast, an investor who owns ETF shares does not own the underlying investments and generally will be liable for capital gains taxes only when selling the ETF shares.

Trading, expenses, and risks

ETFs typically have lower expense ratios than mutual funds — a large part of their appeal. However, you may pay a brokerage commission when you buy or sell shares, so your overall costs could be higher, especially if you trade frequently. Whereas mutual fund assets can usually be exchanged within a fund family at the end of the trading day at no cost, moving assets between ETFs requires selling and buying assets separately, which may be subject to brokerage fees and market shifts between transactions.

Plenty of Choices

Number of ETFs by type of underlying investment



Source: Investment Company Institute, 2025 (data for December 2024). Bond funds are subject to the same inflation, interest rate, and credit risks as their underlying bonds. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance. A portfolio invested only in companies in a particular industry or market sector may not be sufficiently diversified and could be subject to higher volatility and risk. Investing internationally carries additional risks, such as financial reporting differences, currency exchange risk, and economic and political risk unique to the specific country. This may result in greater share price volatility.

Mutual funds typically have minimum investment amounts, but you can generally invest any dollar amount after the initial purchase, buying partial shares as necessary. By contrast, you can purchase a single share of an ETF if you wish, but you can typically only purchase whole shares.

The trading flexibility of ETFs may add to their appeal, but it could lead some investors to trade more often than might be appropriate for their situations. The principal value of ETFs and mutual funds fluctuates with market conditions. Shares, when sold, may be worth more or less than their original cost. The performance of an unmanaged index is not indicative of the performance of any specific security. Individuals cannot invest directly in any index.

Exchange-traded funds and mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1) Investment Company Institute, 2025

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.)

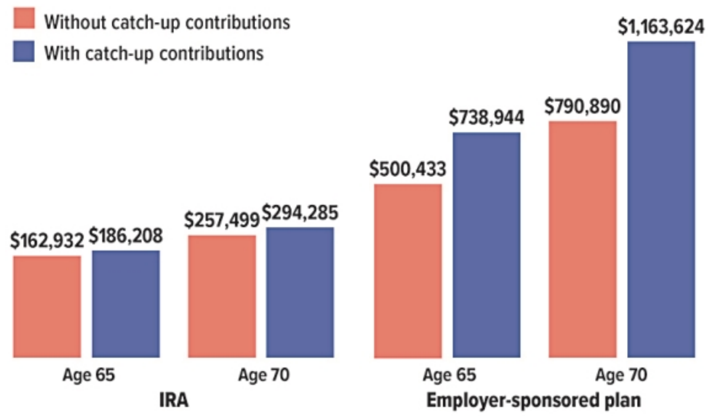
IRAs

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

The Lock-In Effect: Will It Ever Let Go of the Housing Market?

Since 2022, many homeowners have been reluctant to sell and move because they would have to finance their next homes at much higher rates than they pay on their current mortgages. According to a federal analysis, this widespread conundrum — known as the *lock-in effect* — has contributed to a nationwide housing shortage and a steep rise in home prices. Geographies with high home values, and affluent borrowers with larger mortgages, appear to be more sensitive to the lock-in effect.[1]

In the second quarter of 2024, the average mortgage had a fixed rate that was 2.54 percentage points lower than the current market rate for similar loans. This was below the peak of 3.06 percentage points reached near the end of 2023 but still much greater than the 0.86 percentage-point difference in Q2 2022.[2]

Here's a look at several market trends that may influence the decisions of homeowners and buyers in the coming months.

Home prices

In 2024, the median price of an existing single-family home increased 6.0%, mainly because the supply of homes for sale was below normal levels.[3] Home prices have risen more than 35% nationwide since the beginning of 2021.[4]

Mortgage rates

The Federal Reserve began to cut the benchmark federal funds rate in September 2024, a long-awaited shift that many people hoped would usher in lower mortgage rates. But the rates for 30-year fixed mortgages (which tend to track the yield on the 10-year Treasury note) are influenced by a mix of complex factors that includes Fed policies, longer-term inflation expectations, and government bond market dynamics, so they could stay elevated for some time. The average rate for a 30-year fixed mortgage was still hovering above 6.5% in February 2025.[5]

Supply shift

Housing inventory is still tight in many markets, but October 2024 marked the 12th straight month of growth. In December 2024, the supply of homes for sale was up 16.2% from a year earlier.[6] If this trend continues in 2025, qualified borrowers and downsizing or move-up buyers with plenty of cash may find more desirable options to choose from in their target price range and in some cases may wield more negotiating power.

The lock-in effect has already begun to ease because some households want or need to sell regardless of current rates. Although the lock-in effect may linger to some degree for years to come, it could fade more quickly if mortgage rates fall significantly.

1–2) Federal Housing Finance Agency, 2024; 3, 6) National Association of Realtors, 2025; 4) Dow Jones Indices, 2025; 5) Freddie Mac, February 2025