GFC Report

Building Your Wealth & Retirement Income

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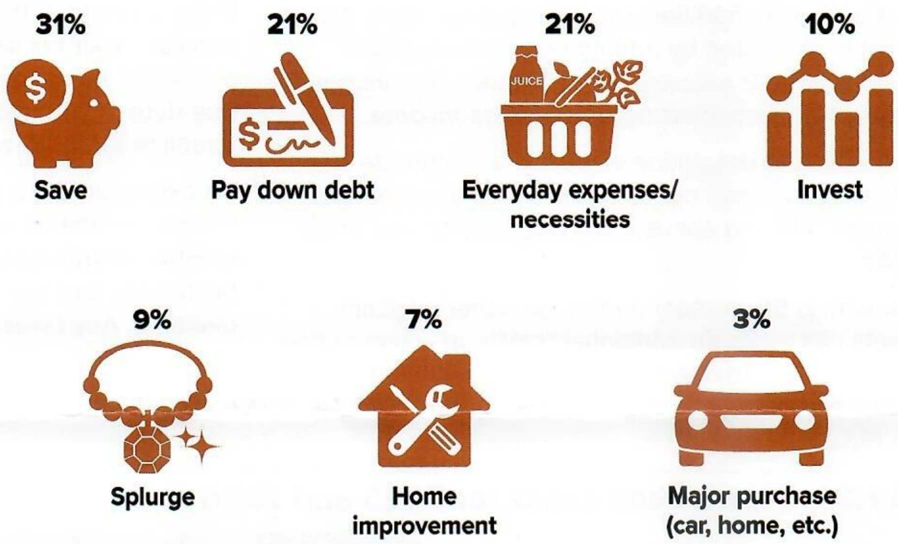
No More Paper Checks

The IRS began phasing out paper tax refund checks for individual taxpayers on September 30, 2025. Only 7% of taxpayers received paper checks during the 2025 tax season. If you are due a refund on your 2025 return, you will be asked to provide direct deposit information. For those without bank accounts, options such as prepaid debit cards and digital wallets will be available.

Source: Internal Revenue Service, September 23, 2025

What Do Americans Do with Their Tax Refunds?

More than 100 million taxpayers — representing about 63% of individual returns — received refunds in 2025, with an average refund amount of $3,052. Here's how they planned to spend their refunds.



Sources: Internal Revenue Service, October 24, 2025; Experian, April 16, 2025

PRACTICAL INSIGHTS FOR YOUR FINANCIAL GOALS

Last-Minute Tax Tips and New Numbers for 2026

Individual tax returns for 2025 are due on April 15, 2026. You may be able to reduce your 2025 tax liability by contributing to an IRA and/or health savings account (HSA) before the deadline. If you miss the deadline, you can get a head start for 2026.

If you do not yet have these accounts and meet appropriate qualifications, you can open them before the deadline and still contribute for 2025. You must notify the custodian of your IRA or HSA that your contribution is for the 2025 tax year. If not, the custodian will assume the contribution is for 2026.

Here is some basic information about making contributions to IRAs and HSAs. See the table for 2025 and 2026 contribution limits.

IRAs

You are eligible to contribute to a traditional IRA up to the annual contribution limit if you have earned income equal to or exceeding the contribution amount. Earned income is from a job or self-employment. It does not include income from Social Security, a pension, a retirement account, or investments. A married couple can contribute to two separate IRAs as long as one spouse has enough earned income to make the contributions.

If you or your spouse participates in a retirement plan at work, the ability to deduct a traditional IRA contribution phases out at certain modified adjusted gross income (MAGI) levels. MAGI is calculated by adding certain deductions and exclusions to your adjusted gross income. See ***irs.gov/credits-deductions/modified-adjusted-gross-income***.

MAGI is also used to determine eligibility to contribute to a Roth IRA, which phases out at higher income levels. The earned income rule and spousal IRA opportunity also apply to Roth IRAs.

A taxpayer who is 50 or older and meets other eligibility requirements can make an additional "catch-up" contribution to either type of IRA. The annual contribution limit, including any catch-up, applies to combined contributions to all of a taxpayer's IRAs.

HSAs

In order to establish and contribute to a health savings account, you must be enrolled in a qualified high-deductible health plan (HDHP). If you are enrolled in an HDHP for only part of the year, your contribution limit is prorated for the number of months you are enrolled. However, the so-called "last month rule" allows you to contribute the full amount for a year if you are eligible for the month of December and remain eligible through all 12 months of the following year. This can be tricky because you may owe back taxes and penalties if you lose eligibility.

Each eligible spouse who is 55 or older but not enrolled in Medicare can make an additional catch-up contribution to his or her own HSA. You cannot contribute to an HSA if you are enrolled in Medicare. However, you can continue to withdraw HSA funds free of ordinary income taxes or penalties as long as the funds are spent on qualified medical expenses. After age 65, you can withdraw HSA funds penalty-free for any reason, but the funds will be subject to ordinary income taxes if not used for qualified medical expenses.

Although most people contribute to an HSA through pre-tax payroll deductions, direct contributions can generally be made up to the tax filing deadline.

Extensions

If you can't meet the deadline or just want more time to consider your tax situation, you can obtain an automatic six-month extension by filing IRS Form 4868 by the original due date of your return. For most individuals, the extension deadline for 2025 returns is October 15, 2026.

An extension does not postpone payment of any federal income tax that is due, and it does not allow you to make IRA or HSA contributions after the April due date. Estimate your tax liability and pay any tax that is due by the original filing deadline. Any taxes not paid by the regular due date will be subject to interest and possible penalties.

IRA and HSA Contribution Limits for 2025 and 2026

	2025	2026
IRA contribution (traditional & Roth combined)	$7,000	$7,500
IRA catch-up (50+)	$1,000	$1,100
IRA deductibility phaseout if participant in workplace plan (MAGI)	$79,000–$89,000 single filers $126,000–$146,000 joint filers	$81,000–$91,000 single filers $129,000–$149,000 joint filers
IRA deductibility phaseout if spouse is participant in workplace plan (MAGI)	$236,000–$246,000 joint filers	$242,000–$252,000 joint filers
Roth IRA contribution phaseout (MAGI)	$150,000–$165,000 single filers $236,000–$246,00 joint filers	$153,000–$168,000 single filers $242,000–$252,000 joint filers
HSA contribution (individual)	$4,300	$4,400
HSA contribution (family)	$8,550	$8,750
HSA catch-up (55+)	$1,000	$1,000

Are Stocks Expensive? Look at P/E Ratios

If you follow the stock market, you have probably come across statements like *stocks are expensive* or *overvalued*, or *this stock is cheap* or *undervalued*. Whatever the terms, what is the point of reference for these opinions?

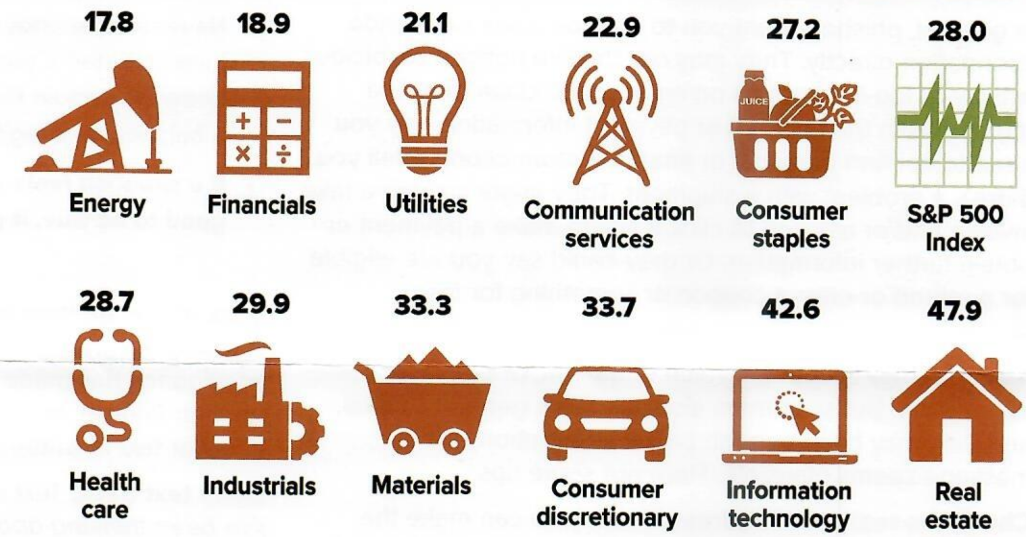
There are many ways to measure the value of a stock or the market as a whole, but the most common is the price/earnings (P/E) ratio. The P/E ratio is calculated by dividing a stock's current price per share by the company's earnings per share over a 12-month period. This ratio quantifies what investors may be willing to pay for one dollar of earnings.

For example, a P/E of 20 means an investor would pay $20 for every $1 the company earns over the 12-month period. By this standard, a stock with a P/E of 25 could be considered more "expensive" than a stock with a P/E of 20, regardless of the share price. A higher multiple also indicates that investors may expect higher growth from the company compared to the overall market.

Different Industries, Different Ratios

Some industries tend to have higher P/E ratios than others over an extended period, but ratios can also change as an industry faces challenges, takes advantage of opportunities, or goes in or out of favor with investors.

Trailing P/E ratios of the S&P 500 Index, by sector (as of December 31, 2025)



Source: S&P Dow Jones Indices, 2026. The S&P 500 is an unmanaged group of securities that is considered to be representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. A portfolio invested only in companies in a particular industry or market sector may not be sufficiently diversified and could be subject to a significant level of volatility and risk.

Past and future

The most commonly referenced type of P/E ratio is *trailing P/E* (abbreviated TTM for *trailing twelve months*), which is based on the official reported earnings per share for the previous 12 months. Earnings are typically reported on a quarterly basis, so the earnings part of the trailing P/E equation will generally remain the same for each three-month period, but the stock price may change every trading day, making the trailing P/E a moving target even though it measures past performance.

Forward P/E (or *projected P/E*) uses projected earnings over the next 12 months, based on information released by the company. The forward P/E will also change with stock prices and updated earnings projections. Although this is important information for investors, the actual earnings could turn out to be very different from the projection.

Use valuations wisely

Knowing a company's P/E ratio may be important, but only if you use it to make appropriate comparisons. P/E ratios can vary widely among industries, so it is generally more meaningful to compare ratios of companies in the same industry or one company against the industry average.

You might also compare a company's current and past performance, but keep in mind that P/E ratios typically rise and fall with stock prices; if prices rise and earnings stay about the same, P/E ratios increase, and vice versa. So an increase or decrease in a company's P/E ratio that moves with the broader market may not tell you much about the company's performance.

On the other hand, a substantial change in a company's P/E ratio that is not in step with the market could be caused by an unexpected increase or decrease in reported or projected earnings, or by a shift in investor confidence in the company. The same is true of a change in the P/E ratio of an industry that diverges from broader market trends.

Higher-than-average P/E ratios

At the end of 2025, investors were paying $28 for each dollar of corporate earnings from companies in the S&P 500 Index, according to the trailing P/E ratio. This is higher than the five-year average trailing P/E of 25.0 and the 10-year average of 23.0. The forward P/E ratio was 22.0, above the five-year average of 20.0 and the 10-year average of 18.7.[1–2]

Because both types of P/E ratios are based on the current share price, the fact that the forward P/E was lower than the trailing P/E suggests that corporate earnings of the index as a whole were projected to grow; i.e., less of an investor's share dollars as of the valuation date would be required to buy $1 of future S&P 500 corporate earnings. However, keep in mind that the projected P/E is based on company forecasts, while the trailing P/E is based on actual results.

The return and principal value of stocks fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Projections are based on current conditions, subject to change, and may not come to pass.

1) S&P Dow Jones Indices, 2026
2) FactSet, January 9, 2026

Don’t Take the Bait: How to Recognize Phishing Scams

In a phishing scam, criminals use emails, text messages, or phone calls to try and trick you into providing personal and financial information. With sophisticated automation and artificial intelligence, these scams have become so widespread that they may seem overwhelming, and it’s more important than ever to remain vigilant.

In general, phishers want you to click on a link or provide information directly. They may say they’ve noticed suspicious activity or log-in attempts on an account, claim there’s a problem with the account or payment information, say you need to confirm personal or financial information, or tell you there’s a problem with a shipment. They might include a fake invoice and/or ask you to click a link to make a payment or obtain further information. Or they could say you are eligible for a refund or offer a coupon or something for free.

The most obvious way to identify a scam is if you don’t recognize the account, invoice, shipment, or other information. But scammers also use more generic pitches, and they may have enough partial information that the message seems plausible. Here are some tips.

Check the real email address. Scammers can make the address appear to be from a legitimate retailer, shipping company, financial institution, or government agency. The way to check for the real email address varies with your email application.

Inspect the logo and layout. Spam emails often have a low-resolution version of the logo of the organization they are pretending to represent. Even without a logo, the layout of the email and the name or title of the person who supposedly sent it may be obviously fraudulent.

- **Never provide personal or financial information unless you *absolutely* know that the situation and need for the information are legitimate.**
- **Never send money unless you have initiated a purchase or know for *certain* that you owe a balance on a legitimate bill.**
- **If a situation feels wrong or too good to be true, it probably is.**

Look at the spelling and grammar. Many scams originate in foreign countries and are written in poor English. Artificial intelligence has made it easier for foreign scammers to clean up their English, but if something feels “off” in the way an email or text is written, it’s likely a scam.

Don’t text back. Text scams may be simple messages like: *I’ve been thinking about you.* Or *I’m back in town and want to get together.* It may be tempting to reply and ask, *Who is this?* But never text back to someone you don’t know.

Don’t call back. Phone scammers typically leave a number for you to call. Don’t call it. It is possible that a bank or credit card company could call about a real security breach. If you think that might be the case, call the number on your credit card or on the bank’s website.

Would you like to discuss your investment portfolio? Do you have questions about making contributions to your retirement accounts? Call us for an appointment today.

Best Regards,

George

George F. Cerwin, CFP®, CLU is President of GFC Financial Management and has over 45 years of experience working with retirees and those about to retire. George offers Securities and Investment Advisory Services through **Osaic Wealth, Inc.** member FINRA and SIPC. Insurance Services offered through GFC Financial Management, not affiliated with **Osaic Wealth.** Visit our website: www.gfcfinancial.com. Our office address is 2764 Sunset Point Road, #600, Clearwater, FL 33759, and phone number 727-724-9499.

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