

HOBBS GROUP ADVISORS

Hobbs Group Advisors, LLC Quarterly Client Letter

Q1 2025 | April 16th, 2025

Dear Clients,

As we wrap up the first quarter of 2025, we want to take a moment to thank you for your continued trust. We stand ready to give you and your family actionable advice during both good times and bad. As I sit here in my 23rd year in this business, I've seen several significant negative market events. I started working at what is now Hobbs Group Advisors in August of 2001. September 11th happened roughly a month into my career. The Great Financial Crisis happened seven years later in 2008, and the Covid pandemic is still fresh in all our minds. My point of this rant is that I've seen some scary markets, and each scary market is slightly different from the other. History does show that each scary market does recover, and we firmly believe that any attempt to time markets is a very, very bad idea. We believe the best course of action is always to build diversified, all-weather portfolios that work in both good and bad markets. This means that when the U.S. stock market is soaring like it did in 2023 and 2024, our diversified portfolios will not go up as much. There is always a tradeoff in any financial decision. So, when markets are performing poorly like they have this year, our diversified portfolios perform much better than the U.S. Stock index. This is **intentional** and our goal is always to keep you invested so that you may meet your specific financial goals. That is always the mission, and we are steadfast in our commitment to keep you on track. I spoke about this during my interview with Mike Switzer of the South Carolina Business Review. We sent an email out earlier this week with a link to the interview if you'd like to listen.

This quarter, we're highlighting a topic that plays a crucial role in preserving and growing your wealth: Tax Planning. In the first quarter of 2025, we created Tax Letters that are designed to help your tax preparer organize and file your 2024 tax return. For this quarter, we hope to gather your completed tax return and start planning for 2025.

Some examples of ongoing tax planning include the following:

- **Strategic Tax-Loss Harvesting:** Reviewing opportunities to offset gains in taxable portfolios. This is very timely with the market volatility we've experienced thus far in 2025.
- **Roth Conversions:** Taking advantage of current tax brackets to shift assets into tax-free accounts. This also becomes timely when markets fluctuate, since a conversion makes the most sense when account values are down.

Ongoing tax planning continued:

- **Charitable Giving:** Implementing Donor-Advised Funds or Qualified Charitable Distributions (QCDs) to optimize giving and deductions. If you are required to take distributions out of your IRA accounts beginning at age 73, you can send your distribution directly to a charity and avoid paying tax on the distribution. This especially works well if you are already giving money annually to a church or charity. You can use your IRA to make the gift and save on taxes.
- **Business Owner Planning:** Leveraging retirement plan contributions, income deferral strategies, and entity structuring for tax efficiency.
- **Estate and Gift Planning:** Preparing for potential changes in exemption limits before the sunset of the current tax law in 2026.

Looking Ahead

As part of our 2nd quarter theme, we will be reaching out to gather and review your completed tax returns.

We also anticipate that tax policy discussions will heat up as we move closer to the 2026 changes to the Tax Cuts and Jobs Act. These potential shifts will likely affect estate planning, income tax brackets, and business deductions—areas where we can help you stay ahead of the curve.

Housekeeping Notes:

We've updated our client portal, and every client should have received an email invitation to set up their online access to their investment accounts. If you have questions about this, or if you need help creating your access, please contact Kylee Holderied via email (kholderied@hobbsgroupadvisors.com) or via phone at 803-540-3034.

As always, thank you for the opportunity to serve as your trusted advisor. We're here to help you make the most of your wealth—not just by managing investments, but by thinking strategically about the bigger picture.

Warm regards,

Pete Pigeon, CFP®
Chief Executive Officer & Founder