



ELLIOTT L. KREPPPEL
President



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COVER STORIES

- How the Upcoming Administration will Affect Your Taxes: Key Changes on the Horizon
- 2025 Economic Outlook: Lower Interest Rates, Deregulation, and Market Growth

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1405 Route 18 South
Suite 103
Old Bridge, NJ 08857



A POST-ELECTION MESSAGE FROM Elliott Kreppel

So, the election is over. Now what?!

Regardless of who won, it's safe to say we can all breathe a little easier now. With the dust settling and a new year approaching, it's important to refocus and remember that some key economic fundamentals are at play.

- **First things first: interest rates are likely to head lower.** The Fed is expected to adopt a rate-cutting mentality over the next 6-9 months, which should bode well for the equity markets.
- **Secondly, lower interest rates should stimulate the housing sector, making homes more affordable for first-time buyers.** The inflated home prices we've been seeing should come down to Earth, bringing more buyers and sellers alike into the market.
- **Lastly, reduced government intervention and regulation means that entrepreneurs, small businesses, and corporations may become more productive,** driving economic growth and job creation.

Of course, unforeseen events such as war, a return of inflation, or massive unemployment could derail the economy. **Despite these possibilities, we remain optimistic about America's future, economically and otherwise.** We're also grateful for the opportunity to guide our clients through these uncertain times, minimizing their tax burdens when that matters more than ever.

There will be plenty to look forward to in the coming year. In particular, **we're excited about the competitive new plans entering the marketplace, especially for clients who are retired or nearing retirement.** Exciting new options won't change our core values, however. Our clients have seen firsthand how much our firm has grown over the past few years while still maintaining our mom-and-pop feel. **The formula remains simple: the more successful our clients are, the more successful we are as a firm.**

I'd like to take this opportunity to thank each and every one of you for your loyalty and support over the years. And for our new clients, thank you for trusting us.



Our Office:

1405 Route 18 South
Suite 103
Old Bridge, NJ 08857

Phone: **732.607.0017**
elliottk@ktaxadv.com

Hours of Operation:

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HOW THE UPCOMING ADMINISTRATION WILL AFFECT YOUR TAXES: KEY CHANGES ON THE HORIZON

With the upcoming administration's plans coming into focus, tax legislation is poised for significant changes that could impact many Americans. Among the most notable proposals? **Expansions of the 2017 Tax Cuts and Jobs Act (TCJA) and a range of new reforms aimed at lowering tax burdens for individuals.**

- An expansion of the TCJA's provisions, which have already made strides in **reducing taxes for both businesses and individuals**, is currently being considered.
- The highest tax bracket is expected to remain capped at its current levels, ensuring that **wealthier individuals won't see tax increases.**
- Meanwhile, the **standard deduction would continue to be higher**, providing more relief to the middle class.

The upcoming administration also proposes **maintaining the separation of capital gains rates**, which apply to assets held for more than one year.

- Under the current system, those gains are taxed at **0%, 15%, or 20%**, depending on income.
- This system would remain intact in 2025, benefiting long-term investors.

Social Security and Your Taxes

The new administration also aims to address the taxation of Social Security benefits.

- As we noted in our previous article, **around 56% of Social Security recipients are forced to pay tax on their benefits** depending on their income levels.
- **Singles with income exceeding \$34,000 and married, jointly filing couples with income exceeding \$44,000** are currently **subject to tax on 85% of their social security benefits** at their marginal rate.

The good news? The upcoming administration seeks to **eliminate this tax on Social Security entirely**, offering significant savings for retirees.

Overtime, Tips, and Other Income

Some of the proposed reforms concern how tips, overtime pay, and other forms of income are taxed.

- For instance, there is a push to **eliminate taxes on tips**, which would **provide relief to workers in the service industry.**
- Additionally, **the taxation of overtime pay is under review**, with potential changes to ensure workers aren't taxed excessively on their earnings for extra hours worked.

These proposed changes aim to **reduce the tax burden on individuals, particularly those on fixed incomes or those earning income through nontraditional sources** (like tips and overtime).

As these measures move through legislative processes, they hold the potential to significantly reshape the tax landscape, offering financial relief to many Americans. But how will the lost tax revenue from recent cuts affect us going forward?

Higher Tariffs, Lower Spending, and Deregulation

Imposed **tariffs** are expected to play a crucial role in **off-setting the revenue lost from recent tax cuts.**

- By **taxing imported goods**, tariffs generate additional revenue for the government, helping to fill the gap created by lower corporate and individual tax rates.

While this may provide short-term fiscal relief, the long-term impact is more complex.

- After all, **higher tariffs often lead to increased prices for consumers**, which could **dampen domestic spending and slow economic growth.**

In an effort to balance these challenges, the administration plans to **reduce government spending and deregulate businesses.**

- The idea is to fight waste at the highest levels while **easing the burden on businesses, making it easier for them to operate, expand, and hire more workers.**
- If successful, measures like this could **stimulate activity and boost the economy.**

But What About Inflation?

The government is also pursuing policies to **reduce inflation**, but that may be a tricky task given global economic uncertainties.

- **Lower inflation could help increase consumer purchasing power**, so this remains a priority going forward.
- That said, finding the right balance will be crucial, as **excessive cuts or deregulation could also lead to market instability.**

Ultimately, combined efforts to **stimulate growth, reduce spending, and adjust trade policies** will be pivotal in shaping the fiscal landscape, and they have the potential to help both individuals and the economy at large in numerous ways. Their success, however, will depend on how well the incoming administration can navigate challenges along the way.

2025 Economic Outlook: Lower Interest Rates, Deregulation, and Market Growth



As we look ahead to 2025, the economy shows signs of optimism, with a rosier outlook driven by the Federal Reserve's anticipated interest rate cuts.

Lower rates are expected to stimulate economic activity by making borrowing cheaper, which benefits both consumers and businesses.

- For investors, this presents an important opportunity to **lock in fixed-income rates**, as **yields have been declining** and are **expected to continue falling.**

The takeaway? **Securing current rates now could provide long-term stability later**, especially for those relying on predictable income streams.

Thanks to lower rates and deregulation, **the outlook for the S&P 500 is also positive.**

- **Lower borrowing costs** will allow Fortune 500 companies to **invest, expand, and increase profitability.**
- **Deregulation** will further ease operational burdens, **fostering growth, innovation, and greater efficiency**, especially in sectors like **energy, healthcare, and financial services.**

These factors are likely to drive **strong performance in the stock market**, particularly for large-cap companies, and provide a foundation for broader economic growth.

While challenges remain, such as managing inflation and asset bubbles, **the overall outlook for 2025 is one of growth and opportunity for both investors and businesses.**

RECIPE OF THE MONTH

HEALTHY DETOX SOUP

This easy, healthy soup recipe makes the best detox soup! It's comforting, flavorful, low carb, and loaded with healthy veggies and chicken.

- 2 tbsp olive oil
- 1 medium onion (diced)
- 3 cloves garlic (minced)
- 1 tsp fresh ginger (minced)
- 1/2 cup bell peppers (diced)
- 1 tsp italian seasoning (optional)
- 1/4 tsp red pepper flakes (optional)
- 1 tsp sea salt
- 1/2 tsp black pepper
- 1 lbs boneless skinless chicken breasts
- 6 cups chicken broth, reduced sodium
- 1 cup broccoli (cut into florets)
- 1 cup cauliflower (cut into florets)
- 2 tbsp lemon juice

1. Heat the olive oil in a Dutch oven over medium-high heat.
2. Add the onion, garlic, and ginger. Sauté for 3-4 minutes until the garlic is fragrant and the onions are translucent.
3. Add the bell peppers, Italian seasoning, red pepper flakes, sea salt, and black pepper. Cook for 3 more minutes.
4. Add the chicken breasts and chicken broth. Simmer for 20 minutes.
5. Remove the chicken breasts from the pot and shred using two forks. Add the shredded chicken back to the pot.
6. Add the broccoli and cauliflower florets. Simmer for 10 more minutes, until the cauliflower and broccoli are tender.
7. Remove from heat. Stir in the lemon juice.