BKMWM
Newsletter
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BKM WEALTH MANAGEMENT

1) Stock Market Commentary

For the last couple years, we have been cautioning that the S&P 500 index is heavily dependent upon the "Magnificent 7" (Alphabet, Amazon, Apple, Meta Platforms, Microsoft, Nvidia, and Tesla). By the end of 2024, these technology and AI-related stocks accounted for 35% of the index and 53.7% of the year's positive returns.[1] Through April 24th, 2025, the S&P 500 was down 6.73% for the year. The Magnificent 7 are responsible for 77% of that poor performance, down over 17% as a group.

Does this mean that these tech stocks, or the market in general have gotten cheap? No. Not by historical standards. Over the last 50 years, the S&P 500's average trailing 12-month price/earnings multiple has been 18x earnings. We came into the year with the S&P 500 trading at 29.6x. After the market's selloff, we are down to 26.75. That is still 48.61% over its historical average. If we exclude the Magnificent 7 from the index, we are at a more reasonable 23x. Digging a bit deeper, the "value" side of the market represented by the Morningstar US Large-Mid Broad Value index is trading at 17.35x[2]. Still not cheap, but more reasonable.

Should you sell stocks? Probably not. Assuming you have an updated financial plan in place, and a correspondingly prudent asset allocation, we recommend staying the course, and remaining diversified beyond the Magnificent 7. Contact us to revisit/create your plan!

Sources:

1. *https://www.ftportfolios.com/Commentary/EconomicResearch/2025/1/8/the-sp-500-index-in-2024-a-market-driven-once-again-by-the-mag-7#:~:text=These%20seven%20giants%2C%20which%20boasted,for%2053.7%25%20of%20the%20return.*
2. *https://indexes.morningstar.com/indexes/details/morningstar-us-large-mid-cap-broad-value-FS0000GHCE?currency=USD&variant=TR&tab=portfolio*

2) Why Bond Markets Matter

The recent 90-day pause on tariffs above 10% for most countries gave the impression publicly that the Trump administration became spooked by chaotic movement in bond markets, and particularly U.S. Treasuries. Which begs the question, why, despite staring down widespread criticism, the threat of economic decline and stock market volatility with resolve, would Treasuries be something to balk at?

U.S. Treasuries are seen as the de facto safe asset across the world. When uncertainty or economic headwinds arise, investors globally tend to flee to the perceived safety of the U.S. Treasury, which has the effect of driving Treasury yields downward. As the tariff soap opera played out, this is what initially occurred. However, the trend quickly reversed, with broad selling of the U.S. Treasury, causing the 10-yr Treasury rate to spike to 4.5% after having first dipped below 4.0%.

Conspiracy and market manipulation theories aside, the implication was that rather than viewing the U.S. Treasury as the ultimate safe haven, some investors were instead doubting its sanctity, with potentially extreme ramifications.

The U.S. Treasury and U.S. Dollar are the standards for the world. 60% of all central bank reserves are held in dollars, and 90% of international commerce is transacted in our currency[1]. The use of the U.S. Dollar as the primary global currency, as well as the reliance on the U.S. Treasury, creates a stable framework for the world to engage in commerce and financing, providing a degree of economic stability and safety across the world that had never existed prior to WWII. It also confers immeasurable benefits in the United States and our economy, ensuring unmatched financial and market stability, granting us a stake in most international commerce, and providing influence and a tool through which to soft police the world.

As a result of tariff policy, volatile stock markets meant short-term pain, and economic headwinds meant revised growth estimates and threat of recession. While bad, a run on U.S. Treasuries could have been/become worse, with the potential to permanently alter the trajectory of the United States, destabilize the global economy and balance of power. Moreover, higher interest rates on Treasuries means significantly costlier debt maintenance for the U.S. government at a time when the balance sheet has become increasingly perilous.

Maintaining the safety and sanctity of the U.S. Treasury is extremely important in ways that extend beyond everyday finance.

1 .Fishman, Edward. *Chokepoints. Penguin, 2025*.

3) Online Access – Action Required

Beginning on July 26th, visiting the TradePMR login site will redirect you to a new site to re-enroll. If you have elected to receive documents electronically and do not re-enroll by July 31st, your documents will revert to delivery via mail until you re-enroll for online access and elect electronic document delivery.

If you have questions or doubts, contact us and/or check the “BKM Clients” section on the BKM website (www.bkmwm.com) where we will maintain an accurate login link.

4) Facing Divorce?

If you or someone you love is in a marriage that's ending, you'll need to begin gathering certain financial documents to help you evaluate your assets and understand the financial position you're in. Some of the information may be at your fingertips, but some might require sleuthing.

Start looking in the obvious places — where you and your spouse keep important papers in the house and in your safe-deposit box, if you have one. But also watch the mail, and be alert to anything from insurance companies, credit-card companies, banks, brokerage firms and mutual-fund companies. Go to your employer for work-related documents, and ask your accountant, attorney and Financial Advisor for copies of any financial information they have, such as prior tax returns or documents on ownership of property.

Here are some suggestions for financial documents you need to locate:

Bank accounts. Whether you or your spouse have joint or separate bank accounts (checking, savings or both), you need to know where the accounts are and approximately how much is in each account. Gather online access login information.

Life insurance policies. Look for policies — those personally purchased and those provided by employers. At some point you'll have to find out the cash value of each policy by requesting a printout from the insurance company directly or from your investment firm or employer.

Records pertaining to your home. Monthly mortgage statements tell how much equity you have in your home and how much you still owe. If you have a home equity loan on your home in addition to the mortgage, you'll need that documentation as well.

Financial records on recreational property and vehicles. Cottages, time-shares, boats, motor homes, cars, motorcycles and trucks are all part of your asset base. If you have a mortgage or loan outstanding on them, you'll need to know how much equity you have in the property and what you still owe. Recent statements from lending institutions should tell you.

Antiques, collectibles, valuable jewelry, precious metals, important furniture. Make a list of everything of value that you own. You're not going to have these things assessed at this point; you just want a record of what there is and where.

Retirement accounts. Retirement accounts may be scattered in multiple investments with various companies. Be on the lookout for information and statements on 401(k)s, IRAs and 403(b)s.

Stock and mutual-fund investments. Locate all recent stock and mutual-fund account statements, regardless of whether you and your spouse may have invested jointly or separately.

Company and military savings/pension plans. If one of you works for a company with savings/pension plans, obtain records pertaining to the types of plans and how much has accumulated – this goes for military plans as well.

Investment real estate. Make note of what you and your spouse own and look for any documents that tell you how much the investments earn or lose annually.

Business interests. Gather any documentation that provides financial details on the business.

Your last two years' tax returns. Tax returns are valuable tracking documents to confirm income, profits, deductions and financial holdings.

Once you've identified your assets and gathered the documents, make copies, date them and put the papers in a safe place — at your office, in a personal safe-deposit box or with a trusted relative or friend.

If you are looking for additional resources or would like to discuss your situation, BKM Wealth Management can help.

5) 2025 Contribution Limits

Generally, saving in a tax-advantaged account is preferred over taxable accounts. Below are the updated contribution limits.

Account	2024 Limit	2025 Limit	Increase
Roth & Traditional IRA	$7,000	$7,000	**No Change**
Roth & Traditional IRA Age 50+ Catch-Up	$1,000	$1,000	**No Change**
HSA (Individual)	$4,150	$4,300	**$150**
HSA (Family)	$8,300	$8,550	**$250**
401(k) Deferral	$23,000	$23,500	**$500**
401(k) Age 50+ Catch-Up	$7,500	$7,500	**No Change**
401(k) Age 60-63 Enhanced Catch-Up	$10,000	$11,250	**$1,250**
401(k) Total Additions Ex-Catch-Ups	$69,000	$70,000	**$1,000**
SEP-IRA Contribution	$69,000	$70,000	**$1,000**
SIMPLE IRA/SIMPLE 401(k)	$16,000	$16,500	**$500**
WI State Tax Deductible 529 (Individual)	$2,500	$2,560	**$60**
WI State Tax Deductible 529 (Couple)	$5,000	$5,130	**$130**

There is an enhanced 401(k) catch-up contribution available to those age 60, 61, 62, or 63. Not all 401(k) plans allow for it, but if yours does, and you have the free cash flow, consider adding the extra $11,000 this year. Also, starting in 2026, 401(k) catch-up contributions (enhanced and regular) may be eligible to be made as Roth contributions.

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WEALTH MANAGEMENT

Financial advisors whose mission is to positively impact lives.