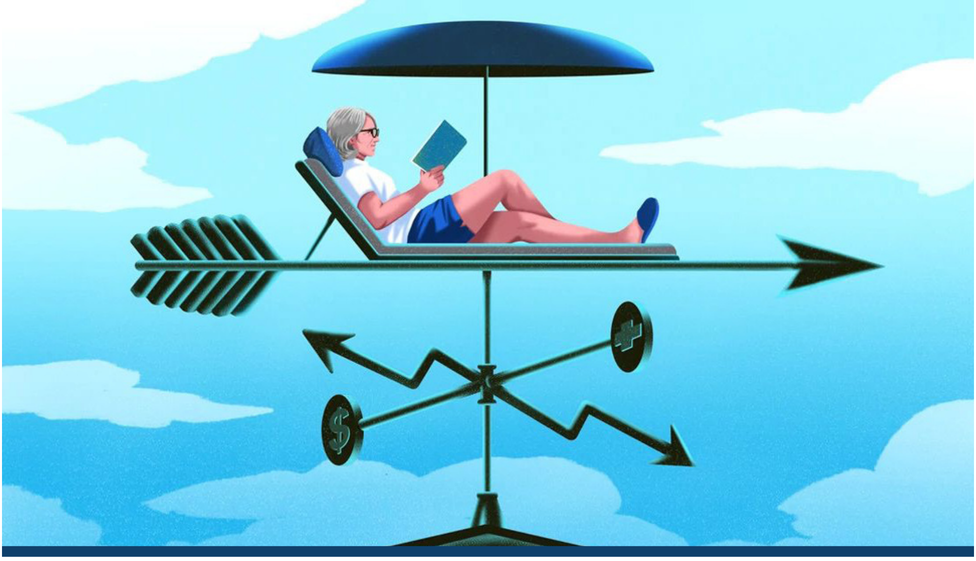
SGROI Lawley

NEWSLETTER WINTER 2026

INVESTMENTS | ANNUITIES | ESTATE PLANNING | IRAs | RETIREMENT
403(b) PLANS | ROLLOVER SERVICES | INSURANCE



2026 Retirement & Tax Planning Changes

In combination with the One Big Beautiful Bill Act (OBBBA), the SECURE Act 2.0, and general inflation adjustments, significant changes are expected for 2026.

Here are the most notable changes for the year:

Employer-Sponsored Retirement Plans

The contribution limit for employer-sponsored retirement accounts, such as a 401Ks, 403Bs, the TSP, or Deferred Compensation plans, has been increased to adjust for inflation. Those under 50 years old will be able to contribute a maximum of $24,500 for the year, which is a $1,000 increase from last year. Those 50 to 59 by the end of 2026 will be able to make a catch-up contribution of $8,000, bringing the total maximum contribution to $32,500. A higher catch-up contribution limit applies for employees who reach ages 60, 61, 62, and 63 by the end of 2026. They'll be able to make a $11,250 catch contribution instead of $8,000, bringing their total maximum contribution to $35,750. For employees age 64 and up by the end of 2026, their catch-up contribution reverts to $8,000.

Roth Treatment for Catch-Up Contributions

Although the SECURE Act 2.0 was passed in December of 2022, it included many provisions that were delayed into the future. One of these provisions was the treatment of catch-up contributions for employer-sponsored retirement accounts such as a 401Ks, 403Bs, the TSP or Deferred Compensation plans. As of January 1st, 2026, employees 50 and older who make catch-up contributions to their employer sponsored retirement plan, and whose income was over $145,000 (FICA wages) in the prior year, must make Roth catch-up contributions. These employees will no longer be able to make pre-tax catch-up contributions. If their retirement plan doesn't have a Roth contribution option, they won't be able to make catch-up contributions.

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Traditional and Roth IRAs

The contribution limits increase to $7,500. This means that those 50 or older by the end of 2026 will be able to contribute an additional catch-up contribution of $1,100, making the total maximum contribution $8,600.

SIMPLE IRA

If you're covered by a SIMPLE IRA through your employer, the contribution limits have increased to $17,000, and those 50 or older are allowed to make a $4,000 catch-up contribution, bringing the total contribution to $21,000. A higher catch-up contribution limit applies for employees ages 60, 61, 62, and 63 by the end of 2026 who participate in SIMPLE plans. For 2026, this higher catch-up contribution limit is $5,250, bringing the total contribution amount to $22,250.

HSAs

The contribution limits for HSAs have increased to $4,400 for single coverage and $8,750 for family plans. Those over age 55 can contribute an additional $1,000 as a catch-up contribution.

Standard Deductions

The standard deduction is increasing to $16,100 for single filers, and $32,200 for married couples filing jointly.

Estate and Gift Tax Exclusion

For 2026, the federal estate tax exemption is $15 million per person, which was originally set to revert to a lower amount until the OBBBA extended it. The 2026 gift tax exemption amount will remain the same at $19,000 per person.

Social Security Tax

The maximum amount of wages subject to the Social Security tax in 2026 will be $184,500.

Charitable Deductions

For those who don't itemize their tax return, there's a new above-the-line deduction of up to $1,000 for single filers and $2,000 for married couples filing jointly, for charitable contributions to qualified charities.

A letter from our Partners

55 Years Strong — Celebrating Past, Building Your Future

As we reflect on the year behind us and look ahead, we want to take a moment to express our sincere gratitude for the trust and partnership you place in our firm.

This year marks an important milestone for our family-owned business:
55 years in business. Founded by Joseph Sgroi in 1971, what began as one man's vision to help families pursue financial independence has grown into a third-generation firm with 30 dedicated professionals managing $1.9 billion in assets. Through every chapter of our history, we've remained guided by the same values of trust, integrity, and personalized care that started it all.

Our recent partnership with Lawley has further strengthened our ability to serve you by combining comprehensive financial planning with risk management and insurance solutions to provide an even more holistic client experience.

Your confidence and continued partnership have made our growth possible. Every plan we've crafted, every goal we've helped you achieve, is part of a story we're proud to share.

As we look ahead, our commitment remains the same: to help you and your family thrive for generations to come.

From all of us at Sgroi Lawley Group, thank you for being part of our journey.

Sincerely,

Patrick Sgroi,
Partner

John Clouden,
Partner

Congratulations to the Miller Family!

We're delighted to announce that Meredith Miller, Administrative Assistant, welcomed a baby boy named Theodore Miller on November 19th, 2025. The Miller family now joyfully consists of four members and three beloved dogs.

WELCOME KELSEY KOHL!

Please join us in welcoming Kelsey Kohl to the Sgroi Lawley team!

Please join us in welcoming Kelsey Kohl to the Sgroi Lawley team! Kelsey grew up in West Seneca, NY, and later lived on Long Island while attending Stony Brook University, where she earned her Bachelor's degree in Business Management. She brings over seven years of customer experience, including roles as a Shift Lead for a family business and an Operations Monitor for Stony Brook Campus Recreation and Wellness. Outside of work, Kelsey is passionate about wellness, she enjoys spin classes, going to the gym, and spending time outdoors on long walks with her golden retriever, Copper. Kelsey is excited to begin her journey at Sgroi Lawley and looks forward to continuing her professional development.

WE'RE HAPPY TO HAVE HER JOIN THE TEAM!

PLAN. PROTECT. INVEST.

A SGROI LAWLEY PODCAST

Join us each month for the Plan. Protect. Invest. Podcast, where our advisors dive into a variety of financial planning topics designed to help you make informed decisions with confidence. From retirement strategies to investment insights and risk management, each episode offers practical guidance you can use in your everyday financial life.

EPISODES ARE AVAILABLE ON:
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Lawley Celebrates 70 Years of Service, Growth, and Dedication

A Milestone Year for Lawley

In 2025, Lawley proudly celebrates a major milestone, 70 years in business. This achievement reflects the company's enduring commitment to excellence and the unwavering support of its associates, clients, and community partners.

Since opening its doors in 1955, Lawley has grown from a local insurance agency into a nationally recognized firm, driven by the dedication of its team and the trust of those it serves. At the core of Lawley's success are its associates, the foundation of its culture and growth. Their loyalty, expertise, and passion for serving others exemplify the values that have guided Lawley for generations.

Today, with more than 600 associates nationwide, the agency continues to expand while remaining deeply rooted in its principles of integrity, service, and community engagement. This past year has brought exciting growth across our footprint and within several key divisions, including Business Insurance, Medicare Insurance Solutions, Wealth Management, Employee Benefits, and Lawley Retirement Advisors. These expansions reflect our proactive approach to meeting the evolving needs of our clients.

One of our highlights was a strategic merger with JL Insurance/Professional Insurance Services, marking Lawley's entry into Florida and establishing our first location in the Sunshine State. The Florida team now benefits from Lawley's national resources and specialized practice groups, all while retaining their local independence.

Responding to increased demand for Medicare services, Lawley expanded its offerings, especially in the Rochester, NY region, and welcomed a Director of Medicare to lead this initiative. Our growth was further strengthened by merging with ROC Insurance Services, a respected agency known for its expertise in Medicare and Individual Health insurance.

Celebrating the first anniversary of Sgroi Lawley, a partnership that combined financial planning with insurance and risk management and has helped grow our wealth management division. Together with Georgetown Lawley and Lawley Retirement Advisors, we are now able to deliver comprehensive investment, retirement, and asset management strategies to nearly 10,000 clients.

Lawley's continued growth and industry leadership was recognized when we moved up from #53 to #48 on Business Insurance's list of the Top 100 Largest Insurance Brokers in the United States for 2024. This achievement underscores our commitment to being the partner of choice for businesses, individuals, and insurance carriers seeking strong, long-term relationships.

Closer to home, Lawley remains dedicated to Western New York, continuing our partnership with the Buffalo Sabres as their official insurance broker.

As Chris Ross, Principal at Lawley, shares: "Over the decades, our expansion into new markets and services has been guided by a clear mission: to build long-term relationships rooted in trust. We're proud of the impact we've made, not just in business, but in the lives of our clients and the neighborhoods we call home."

Thank you for being part of our journey.

Here's to the next 70 years together!

Market Letter Q4 2025

2025 was another strong year for the markets, despite the many events that took place along the way. There was no shortage of headlines, including April's tariff announcements, ongoing development in artificial intelligence (AI), geopolitical events, the passage of the One Big Beautiful Bill Act, and more. Yet, through this, stocks rose to record highs, the international markets outperformed, and bonds continued to rebound. Continued on the next page

“Uncertainty actually is the friend of the buyer of long-term values”
- Warren Buffett

The S&P 500 closed 2025 with a gain of 17.90%, while the Nasdaq rose over 21.10%. The Dow, although lagging its counterparts, finished out the year with a solid gain of 14.90%. The S&P 500 has now generated double-digit returns in six of the past 7 years and has nearly doubled in value since the market bottomed in October of 2022.

RETURNS FOR 2025 CAN BE BROKEN DOWN INTO TWO PARTS:

1. The beginning of the year to April 8th

Markets, although positive up until late February, experienced volatility from the unknown effects that tariffs could have on the US economy. The S&P was down 15% on April 8th and suffered an aggressive downturn from its early peak on February 19th, in which it saw a loss of 18.75%. After it was announced that these tariffs would be on pause, markets responded well.

2. April 8th to the end of the year

The S&P 500 rose 38.70%, with the Nasdaq going parabolic and rising almost 53%. The Dow also rose a respectable 29.30% in that same timeframe. Most of this aggressive rise was because investors believed the Federal Reserve would react accordingly and cut interest rates once the job market weakened.

All in all, tariff policy, although creating uncertainty, had less of an overall economic impact than expected. Tariffs on goods imported here to the US have risen sharply for many of our trading partners, yet the feared outcome on the economy largely failed to materialize. Companies adapted, tariffs were paused or scaled back, and consumer spending remained strong. For investors, this highlights that outcomes from policy changes do not always have the anticipated effect on the economy or the markets.

Artificial Intelligence also dominated the headlines throughout 2025. From massive infrastructure investments to concerns about market concentration, AI grew as an important source of economic growth and market returns.

The Magnificent 7 now represent around one-third of the S&P 500, which does create concentration risk, but concentration risk is nothing new for the markets. Although this could be concerning for some investors, capital spending on AI and broadening adoption of the technology should buffer any of these concerns. The “Mag 7” companies also generate billions in profits and have very healthy balance sheets. Earnings growth and not valuation bubbles have driven the gains here, which is much different than in 2000.

Diversification was key in 2025, as many asset classes performed well. Aside from US stocks, international markets rose over 33%, bonds had their best year since 2020 gaining 7.30%, and gold saw its best return in nearly 50 years, returning 62.50%. Benefiting from these asset classes is less about making individual investments, and instead having the right allocation that can take advantage of opportunities while managing sources of risk. Our portfolios are allocated to all of these asset classes currently. As always, we will continue to monitor the economic landscape and make changes once we believe there is a shift in sentiment.

As we head into 2026, the current backdrop is still supportive despite uncertain issues that could face the market. The cooling US labor market should justify another rate cut, consumer spending should continue to hold up, and economic growth looks to be healthy. Most major areas of the market, not just the technology names, look attractive and further support the case for diversification, as international markets show demand for goods rising, low borrowing costs, and a banking system that is better positioned to lend.

SGROI Lawley

To close, we would once again like to thank all of our clients for the trust you have shown us through the years. As always, please do not hesitate to contact us with questions.

Stay warm through the winter months!

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