Trust Company Oklahoma

INVESTMENT PERSPECTIVES

SMARTER GIFTING FOR 2025

Key Tax Strategies for the End of the Year

As you plan your year-end charitable donations, consider these strategies to maximize your impact.

Make a gift that holds meaning for you. Regardless of your gift's economic benefits, it must first provide you with joy and satisfaction. Choose a cause you are passionate about supporting. If you have a family mission statement, this is a great time to revisit your family's charitable mission. If you do not have a family mission statement or are interested in creating one, we're here to help. See Koby Cross's article "*Defining Your Family's Charitable Compass*" on page 3 for more on family charitable mission statements.

Make an Impact: Tax-Smart Charitable Giving

Talk with your trusted advisors (financial advisor, CPA, or attorney) about your charitable goals. Evaluate the gifting you have already done this year, and determine how this contribution fits into your overall gifting plan. Strategizing now will enhance your gift's charitable impact and tax efficiency. Here are a few strategies to consider:

Give More, Pay Less: The Power of Donating Appreciated Stock

If you hold stocks or mutual funds in a taxable account that have increased in value since purchase, gifting this investment to charity may allow you to receive a tax deduction based on the gift's full value while eliminating capital gains tax on the appreciation.

Flexibility and Control: The Power of a Donor-Advised Fund

Using a Donor-Advised Fund (DAF) provides significant flexibility. If you make many smaller gifts to charities and do not want to gift small amounts of appreciated stock multiple times, consider using a DAF. You can make one annual gift of an appreciated asset to the DAF, then grant those funds to charities throughout the year and in future years.

BY JESSIE MEDINA, CPA

ASSISTANT VICE PRESIDENT TAX MANAGER

A DAF is also a great solution if you experience a significant tax event and want to make a one-time larger donation for the tax benefit. You receive the deduction in the year you fund the DAF, and then grant to specific charities later as opportunities allow.

The One Big Beautiful Bill Act: What It Means for Charitable Giving

The OBBB, signed into law on July 4, 2025, preserves elements of the 2017 Tax Cuts and Jobs Act (TCJA) while introducing new provisions that shape charitable giving. Several provisions take effect beginning with the 2025 tax year, making it essential to evaluate how these changes may influence your current philanthropic planning strategies.

OBBB introduces three new tax provisions that could significantly influence decisions on charitable giving strategies, offering both expanded opportunities and important considerations for donors.

1. Above-the-line charitable deductions for non-itemizers

Beginning in the 2026 tax year, a reinstated deduction allows non-itemizers to deduct cash donations to charity—up

CONTINUE ON BACK COVER

Strengthening Oklahoma Trusts Through Greater Transparency

The State's New Uniform Trust Code Assists Beneficiaries

In the world of trusts, the relationship between a trustee and a beneficiary is the foundation upon which everything else is built. A strong, transparent relationship ensures the trust fulfills its core purpose: protecting and providing for the beneficiary.

Oklahoma law has long recognized the importance of this relationship, setting out clear duties for trustees, including the obligation to:

- Act in the best interest of the beneficiary
- Remain impartial when serving multiple beneficiaries
- Keep beneficiaries informed about the trust
- Maintain accurate and complete trust records

To further reinforce these principles, Oklahoma has recently taken steps to modernize its trust laws through the adoption of the Oklahoma Uniform Trust Code. These new provisions take effect on Nov. 1, 2025, and generally apply to all Oklahoma trusts regardless of date of formation. While a comprehensive review of the new provisions is beyond the scope of this article, we hope this report provides information on a few new reporting requirements for trustees of irrevocable trusts.

What's Changing for Trustees?

Beginning Nov. 1, 2025, trustees of irrevocable trusts will be required to meet the following obligations, whether or not that trust became irrevocable before or after this date:

1. Annual Trust Statement

Trustees must provide, at least annually, a written statement to beneficiaries who:

- Currently receive distributions from the trust, or
- Have a right to receive such distributions

This statement must include:

- A list of the trust's assets and liabilities
- A record of trust transactions
- Details of trustee compensation
- Beneficiaries may waive their right to receive this statement and may withdraw that waiver at any time

2. Advance Notice of Trustee Compensation Change

Trustees will be required to give certain beneficiaries advance notice of any change in trustee compensation structure.

BY JOANNA K. MURPHY

EXECUTIVE VICE PRESIDENT CORPORATE SECRETARY

3. Initial Notice Within 60 Days

Within 60 days of accepting a trusteeship, the trustee must notify certain beneficiaries of the new trustee's name, address, and telephone number.

Further, for any trust that becomes irrevocable after Nov. 1, 2025, whether due to the terms of the trust or the death of the settlor, the trustee must notify beneficiaries within 60 days of:

- The existence of the trust
- The identity of the settlor(s)
- The beneficiary's right to request a copy of the trust document
- The beneficiary's right to receive the annual trust statement

What's Not Changing?

These new requirements do not apply to revocable trusts — those that can be amended or revoked by the settlor as long as they remain legally competent. The vast majority of the individual trustees we work with at Trust Company Oklahoma serve in this capacity. As a result, most trustees will not be impacted by these changes.

We're Here to Help

As Oklahoma modernizes its trust laws, the focus remains on strengthening the fiduciary relationship between trustees and beneficiaries. By increasing transparency and accountability, the new Uniform Trust Code helps ensure that trusts continue to fulfill their purpose with integrity and clarity.

If you have questions about how these changes may affect your role as a trustee or your rights as a beneficiary, we are here to help. Please get in touch with Trust Company Oklahoma for guidance in understanding or implementing these new requirements. Our team is ready to assist you every step of the way.

The Power of Defining Your Family's Philanthropic Legacy

Why a Family Charitable Mission Statement Matters

In today's world, where needs are vast and causes are numerous, philanthropy can feel overwhelming. That's where a family charitable mission statement comes in. Think of it as your family's philanthropic compass: a guiding document that articulates your shared values, giving priorities and long-term vision for impact. Whether you're just beginning your journey or refining a legacy of generosity, this statement can bring clarity, unity, and purpose to your charitable efforts.

Why Create a Family Mission Statement?

A well-crafted mission statement isn't just a formality — it's a powerful tool that transforms giving into a meaningful, intentional practice. Here's how:

- **Clarity:** It helps your family focus on causes that truly resonate, cutting through the noise of countless charitable options.
- **Engagement:** Crafting the statement invites rich conversations across generations, strengthening bonds and a shared purpose.
- **Impact:** With a clear mission, your giving becomes more strategic and sustainable, increasing the likelihood of long-term influence.
- **Legacy:** It becomes a living document passed down through generations, preserving your family's charitable spirit and values.

What to Include in Your Mission Statement

A strong mission statement doesn't need to name specific charities — it should define the heart and scope of your giving. Consider these key elements:

BY KOBY CROSS, CFP®, CTFA

VICE PRESIDENT WEALTH ADVISOR

- **Core Values:** What motivates your giving? Is it compassion, justice, faith, or community?
- **Focus Areas:** Which issues matter most—poverty, mental health, education, environment, arts?
- **Geographic Scope:** Will your impact be local, national, or global? Are there specific regions that concern you?
- **Type of Support:** Beyond financial gifts, will you offer time, advocacy, mentorship,
- **Long-Term Goals:** What does success look like? Are you aiming for systemic change or ongoing support?

Final Reflections

A family charitable mission statement is more than a document—it's a declaration of who you are and what you stand for. It's about living your values together, making intentional choices, and building a legacy that reflects your most profound convictions.

Whether you're drafting your first statement or revisiting an old one, the process can be transformative. It's a chance to reflect, dream, and act with purpose.

If you're ready to begin — or simply curious — we're here to guide you every step of the way.

EXAMPLE FAMILY CHARITABLE MISSION STATEMENT

"Our family is deeply committed to combating food insecurity across Oklahoma. We believe that access to nutritious food is a fundamental human right and a cornerstone of healthy, thriving communities. Guided by values of compassion, dignity, and local stewardship, our mission is to support organizations and initiatives that ensure no Oklahoman goes hungry.

"Our giving focuses on rural and underserved areas throughout the state, where food deserts and economic hardship often coexist. We prioritize partnerships with food banks, community gardens, school meal programs, and grassroots efforts that provide both immediate relief and long-term solutions.

"Beyond financial support, we engage through volunteerism, advocacy, and collaboration—working to elevate awareness and drive systemic change. Through our family's philanthropy, we aim to nourish bodies, uplift communities, and cultivate a more equitable future for all Oklahomans."

QUARTERLY MARKET REVIEW

A Review of the Markets Over the Third Quarter of 2025

During the third quarter, U.S. equities continued with their "risk on" shift supported by a Goldilocks backdrop of optimistic growth expectations (boosted by AI) and dovish Fed expectations. In keeping with this backdrop, the U.S. economy and markets continued to shrug off tariff and softening labor market concerns as Q2 earnings for the S&P 500 exceeded expectations and the Fed resumed interest rate cuts.

Both U.S. and non-U.S. stocks posted strong returns during the quarter, with the S&P 500 having its best return for Q3 since 2020, while U.S. government bonds also delivered positive returns.

U.S. Economy & Fixed Income

Evidence of softening labor market conditions grew more apparent in the third quarter as the balance between labor demand and supply shifted toward emerging slack. The unemployment rate rose to 4.3% in August, exceeding both Congressional Budget Office and Federal Reserve estimates of the full-employment rate. For the first time since 2021, the number of unemployed workers surpassed job openings, underscoring easing labor tightness.

A widening unemployment gap typically signals slower growth, weaker demand, and cooling wage pressures. This trend contributed to the Fed's decision to resume rate cuts after a nine-month pause, with officials projecting two additional reductions this year.

While looser policy may help stabilize demand, hiring growth remains constrained by structural labor supply challenges that monetary policy cannot address.

Labor demand has clearly moderated alongside a slowdown in corporate profit growth. Nonfarm payroll gains averaged just 29,000 in August, among the smallest monthly increases of this expansion, and preliminary benchmark revisions indicated a notable downgrade to prior employment estimates.

Multiple indicators pointed to weaker hiring momentum, including a declining employment diffusion index, softer ISM employment surveys, and a job openings rate near its lowest level since 2020. Continuing jobless claims have trended higher, while hiring announcements have dropped.

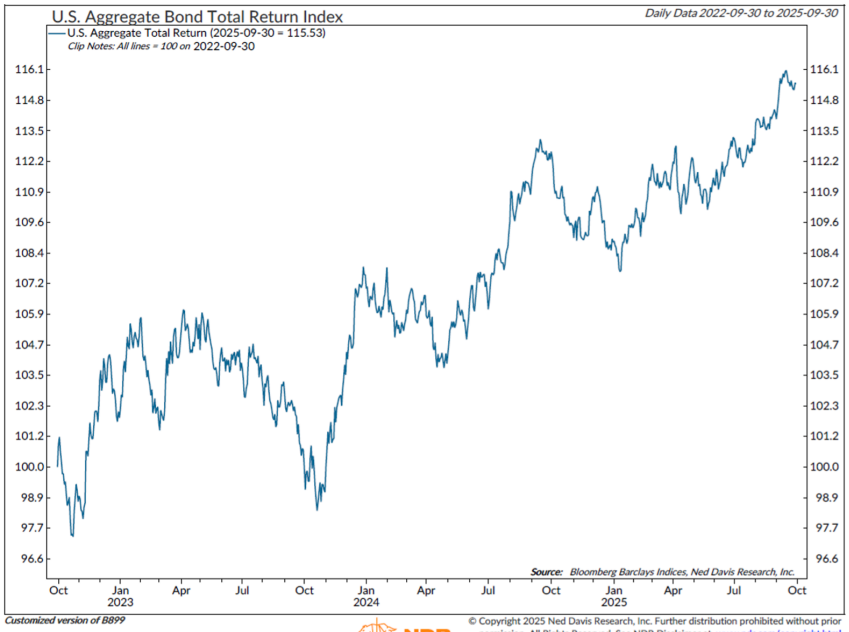
The Float-Adjusted U.S. Aggregate Bond Index gained nearly 2% in Q3 and over 6% year-to-date (see chart below). Longer-duration bonds led returns, supported by declining yields, while municipal bonds and investment-grade credit also performed well. High-yield corporates posted modest gains, and emerging market debt outpaced other segments with a 3.4% quarterly return.

Despite a modest dollar rebound, U.S. bonds continued to outperform global peers, highlighting the market's relative strength amid shifting growth and policy expectations.

U.S. Equities

U.S. equities advanced strongly in the third quarter despite several factors that could have weighed on investor sentiment. Tariffs, profit margins, valuations, labor market trends, and questions over Federal Reserve policy independence all contributed to a wall of worry. These risks did not materialize, and stocks rallied as confidence returned. The S&P 500 gained 7.8% in Q3, marking its best third quarter since 2020 and strongest September since 2010. When the index has rebounded from a 10% correction to gain at least 10% through Q3, it has often carried that

Bonds rallied into Fed rate cut



momentum through year-end (table to the right).

While seasonal headwinds typically weigh on markets in late September, strong underlying demand helped equities defy expectations.

Despite record highs across major indexes, investor sentiment remained surprisingly neutral, suggesting the rally has been driven more by liquidity than euphoria. Robust ETF inflows, near-record corporate buybacks, and limited selling pressure have supported the market's resilience, with Volume Demand exceeding Volume Supply by one of the widest margins since 2021. At the same time, rising equity issuance hints at renewed corporate confidence and potential valuation awareness. Together, these dynamics point to a market where liquidity and demand remain the dominant forces, sustaining momentum into the year's final stretch.

Reversals into gains thru Q3 are historically bullish

S&P 500 Index Q4 Returns in Years with 10% Correction and +10% YTD Through Sept 30

Year	Max Drawdown Thru 9/30 (%)	YTD Thru 9/30 (%)	Q4 (%)
1933	-24.7	42.7	2.8
1935	-15.9	22.0	15.9
1936	-12.8	19.2	7.3
1938	-28.9	16.0	7.9
1950	-14.0	16.1	4.9
1975	-14.1	22.3	7.5
1980	-17.1	16.2	8.2
2003	-14.1	13.2	11.6
2009	-27.6	17.0	5.5
2025	-18.9	13.7	??
Mean	**-18.8**	**20.5**	**8.0**
Median	**-15.9**	**17.0**	**7.5**
All Years Mean	**-14.0**	**4.7**	**2.7**

Notes: 2025 data not included in summary statistics. Source: S&P Dow Jones Indices.

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Within U.S. markets, small-cap stocks and growth styles led performance. The Russell 2000 rebounded as investors anticipated lower borrowing costs and easier financial conditions.

Large-cap growth gained 11.1% and continued to lead year to date with strong earnings and liquidity. Growth factors such as earnings and sales momentum outperformed, while valuation metrics like sales-to-price and EBITDA-to-enterprise value also produced gains.

Overall, the third quarter reflected renewed optimism that economic strength could sustain equity market gains into year-end.

International Equities

Global equities posted strong gains in the third quarter, with the MSCI All-Country World Index (ACWI) rising 7.6% in local currencies. Emerging markets led performance, climbing 11.6% and contributing to nine of the top 10 performing markets in Q3.

China was the largest driver, gaining 19.1% for the quarter and 38.3% year-to-date, supported by a surge in Semiconductors and Semiconductor Equipment stocks. Taiwan and South Korea also recorded substantial gains in Information Technology, while South Africa advanced 16.0%, led by Metals and Mining. In contrast, India weighed on emerging markets as its Software and Services sector declined.

Overall, 40 of 47 ACWI markets posted positive returns in Q3. North America delivered solid performance, with Canada up 11.4%, driven by Metals and Mining stocks. Information Technology and Communication Services led U.S. gains, while sector contributions were more balanced year-to-date. Europe ex-UK lagged other regions, gaining only 2.6% and underperforming the ACWI by 4.0% year-to-date. Weakness was broad-based. However, Southern European markets, including Greece, Spain, and Italy, performed strongly, reflecting both sector positioning and local market rebounds.

Despite these gains, broader market breadth remained limited. Fewer than a quarter of ACWI stocks were within 5% of their record highs, and only 15% of U.S. stocks reached 30-day highs. Global earnings momentum has stabilized, with forward growth trends indicating limited acceleration. Valuations are stretched, with ACWI trailing and forward earnings yields at their lowest levels since 2021.

With macro uncertainties from trade, policy, and geopolitical developments, equities remain exposed to potential disappointments in corporate earnings or shifts in economic conditions, which could constrain further upside for global markets.

Market Recap

EAFE (International)			S&P 500		
2.0%	25.7%	15.6%	3.7%	14.8%	17.6%
SEPTEMBER	YEAR TO DATE	PAST 12 MONTHS	SEPTEMBER	YEAR TO DATE	PAST 12 MONTHS

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CONTINUED FROM COVER

to $1,000 for single filers or $2,000 for married couples filing jointly. Some types of donations are ineligible for the deduction, including those to donor-advised funds or private non-operating foundations. With the introduction of this provision, all households are now eligible to receive a tax deduction for qualified charitable contributions, even if they take the standard deduction.

2. New limits to deductions for itemizers in the top tax bracket

The new legislation caps the tax benefits of itemized charitable deductions at 35%, even for those in the 37% marginal tax bracket. In other words, these high-income filers donating $1,000 would receive a $350 deduction instead of the current $370. This change goes into effect in the 2026 tax year. Donors in higher tax brackets who are considering a significant philanthropic gift may want to consider accelerating their gift to 2025 to maximize their deduction under the current marginal rate before the new cap takes effect.

3. New floor on deductions for itemizers and corporations

Effective in the 2026 tax year, itemizers who make charitable contributions will only be able to claim a tax deduction to the extent that their qualified contributions exceed 0.5% of their adjusted gross income (AGI). For example, a couple with an AGI of $300,000 could only deduct charitable donations in excess of $1,500. A bunching strategy or an approach of making larger gifts less frequently can be more effective under the new rules.

Tax-Smart Giving for Retirees: Qualified Charitable Distributions

A Qualified Charitable Distribution (QCD) is a distribution directly from your individual retirement account to a qualified charity. You must be 70 1/2 or older to be eligible to make a QCD, and the donated amount (up to $108,000 per year) is excluded from your taxable income. Keeping your taxable income lower also may help reduce the amount of your Social Security income that is taxable and the amount of your Medicare premiums. A QCD counts toward the client's Required Minimum Distribution without being included in their taxable income.

Ready to Make a Difference?

Taking the time to plan your year-end charitable giving proactively ensures that your gift has the most significant impact for you and those in need. Contact your trusted advisor today to discuss your philanthropic goals and explore strategies that align with your financial plan. We're here to help ensure you achieve your financial and charitable goals.