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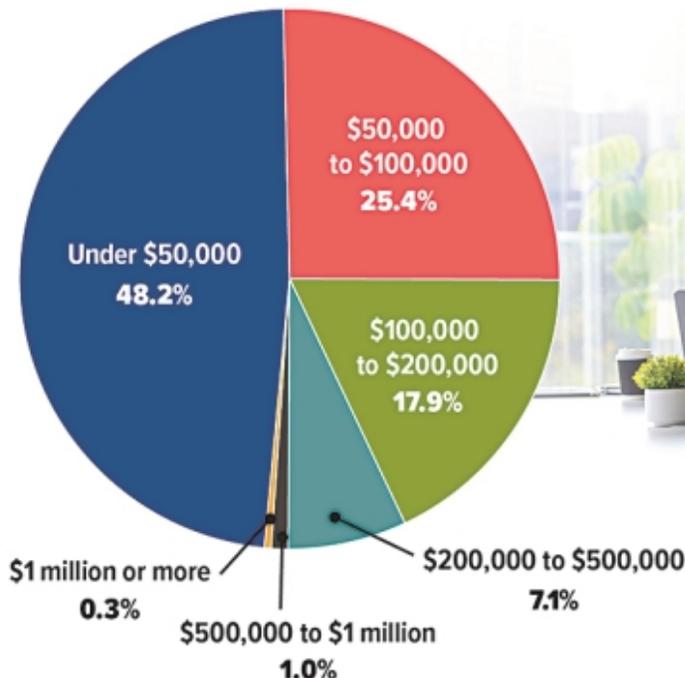


There's still a few days left to open an Individual Retirement Account (IRA) and lower your taxable income. Act Now! Contact us.

Also, know anyone who is approaching 65? We can help with their Medicare.

How Does Your Income Compare?

Almost half of U.S. taxpayers had an adjusted gross income (AGI) of less than \$50,000 in 2024, and about one in four had an AGI of \$50,000 to \$100,000.



Source: Internal Revenue Service, 2025 (for tax year 2024 returns processed through July 24, 2025; does not total 100% due to rounding)

No More Groundhog Day for Your Finances: Time for a Financial Wellness Checkup

Just like Groundhog Day, our financial habits can repeat themselves, month after month and year after year. That is, until we consciously break the pattern. Now is a good time to check on your finances, since it's still early enough in the year to make meaningful changes. A financial wellness checkup can help you identify patterns that keep you stuck with bad habits and open the door to new behaviors that move you closer to financial stability.

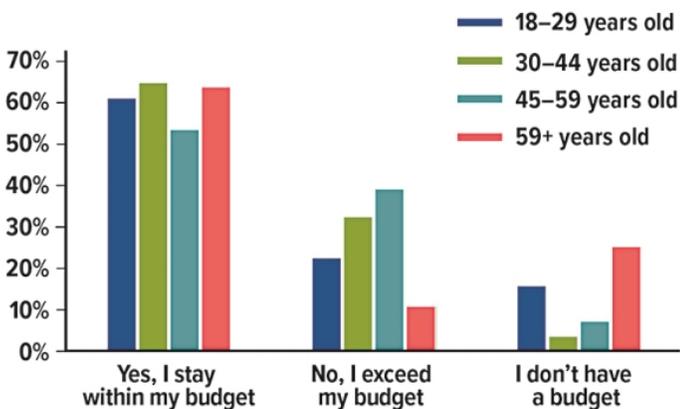
Review your spending and budget

Start out by reviewing your spending over the last month by checking your bank, credit card, and payment app statements. Next, identify what money is coming in, whether earned income or from other sources, such as investments. Add them up and compare the two totals to make sure you are spending within your means. If your expenses outweigh your income, you'll likely need to make some adjustments, such as reducing your discretionary spending.

While it's normal to stray from your budget occasionally, there are some ways to help make working within it a bit easier:

- Make budgeting a part of your daily routine.
- Build occasional rewards into your budget.
- Evaluate your budget regularly and make changes if necessary.
- Use budgeting software/apps to track your progress.

Staying On Budget, by Age Group



Source: WalletHub, September 12, 2025

Set new financial goals and reprioritize existing ones

Next, take a look at the financial goals you set for yourself — both short- and long-term. Perhaps you wanted to increase your cash reserve or save money for a down payment on a home. Maybe you wanted to invest more money towards your retirement. Did you accomplish any of your goals? Do you have any new goals that you would like to target?

Finally, have your personal or financial circumstances changed during the past year (e.g., marriage, the birth of a child, or a job promotion)? Would that warrant a reprioritization of goals?

Make sure your investment portfolio is still on target

Review your investment portfolio to ensure that it is still on target to help you pursue your financial goals. Ask yourself the following questions:

- Do I still have the same time horizon for investing as I did last year?
- Has my tolerance for risk changed?
- Do I have an increased need for liquidity?
- Does any investment now represent too large (or too small) a part of my portfolio?*

Focus on reducing your debt

An essential part of any financial wellness checkup focuses on reducing debt. Here are some tips to help you keep your debt in check:

- Keep track of all of your credit card balances and be aware of interest rates and hidden fees.
- Develop a plan to manage your payments and strive to avoid late fees.
- Optimize your repayments by paying off high-interest debt first or consider taking advantage of debt consolidation/refinancing programs.
- Avoid charging more than you can pay off at the end of each billing cycle.

Take steps to improve your credit health

Having healthy credit is another important part of financial wellness. Check your credit report, which contains information about your past and present credit transactions and is used by potential lenders to evaluate your creditworthiness. A positive credit history helps you obtain credit when you need it and possibly at a lower interest rate.

Review your credit report for inaccuracies. To establish a good track record with creditors, always pay your monthly bills on time and try to limit credit inquiries on your credit report. You are entitled to a free copy of your credit report every 12 months from each credit reporting company. Visit www.annualcreditreport.com for more information.

**Rebalancing involves selling some investments in order to buy others. Selling investments in a taxable account could result in a tax liability.*

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful.

Medicare or Medicaid?

It's easy to confuse Medicare and Medicaid, because they have similar names and are both government programs that pay for health care. But there are important differences between the programs. Medicare is generally for older people, while Medicaid is for people of all ages who have limited income and resources.

What is Medicare?

Medicare is a fee-for-service federal health insurance program that provides health insurance for retired individuals, regardless of their medical condition, and for certain disabled individuals, regardless of age. It is managed by the Centers for Medicare & Medicaid Services.

What is Medicaid?

Medicaid, unlike Medicare, is a health insurance assistance program that is jointly administered by state and federal governments. Medicaid serves individuals and families with low income who are also elderly, disabled, blind, or parents of minor children.

Who is eligible for Medicare?

You are eligible for premium-free Part A (hospital insurance) if you are age 65 or older and you (or your spouse) worked and paid Medicare taxes for at least 10 years. If you (or your spouse) did not pay Medicare taxes while you worked, and you are age 65 or older and a citizen or permanent resident of the United States, you may be able to buy Part A. Medicare coverage also may be available for disabled individuals and people with end-stage renal disease.

While most people do not have to pay a premium for Part A, everyone must pay for Part B if they want it. This monthly premium is deducted from your Social Security, Railroad Retirement, or Civil Service Retirement benefit.

Who is eligible for Medicaid?

Each state has different rules about eligibility and applying for Medicaid. To qualify, you must be a resident of the state in which you are applying and a U.S. citizen (or have qualified immigration status). While eligibility varies by state, federal law requires states to cover certain groups of individuals. Low-income families, qualified children and pregnant women, and individuals receiving Supplemental Security Income (SSI) are examples of mandatory eligibility groups. In addition, a financial eligibility requirement must be met. The individual must be financially needy, which is determined by income and asset limitation tests.

What does Medicare cover?

Currently, Medicare consists of four parts: Original Medicare Part A helps cover costs related to inpatient care in a hospital, a skilled nursing facility, hospice

care, and home health care. Original Medicare Part B helps cover services from doctors and other health-care providers, outpatient care, ambulance services, lab tests, physical therapy, durable medical equipment (like wheelchairs, walkers, and hospital beds), and many preventive services, such as screenings and vaccines. Medicare Advantage (Part C) is an option that replaces Parts A and B and enables beneficiaries to receive health care through managed care plans such as health maintenance organizations and preferred provider organizations. Medicare Part D helps cover the costs of prescription drugs.



Medicare and Medicaid were signed into law in 1965 to help provide health care to older individuals and those with financial needs.

What does Medicaid cover?

Each state administers its own Medicaid program within broad federal guidelines. Thus, states determine the amount, duration, and types of benefits that Medicaid will provide. Typical Medicaid programs cover inpatient and outpatient hospital services; physician and surgical services; lab tests and X-rays; family planning services; preventive care (including immunizations, mammograms, colonoscopies, and other needed care); mental health care; and services for pregnant women. There are also numerous optional benefits that states may offer.

Can you be covered by both Medicare and Medicaid?

Some people who qualify for both Medicare and Medicaid are called "dual eligibles." If you have Medicare and full Medicaid coverage, most of your health-care costs are likely covered.

What about long-term care?

Most long-term care isn't medical care, but rather help with basic personal tasks of everyday life, called custodial care. Medicare does not pay for custodial care. However, Medicare may pay for skilled care (e.g., nursing or physical therapy) provided in a Medicare-certified skilled nursing facility for up to 100 days after a qualifying hospital stay of at least three nights. States may differ as to benefits offered and services provided by their respective Medicaid programs. Generally, if you meet your state's eligibility requirements, Medicaid will cover some or all of the cost of nursing home services, home- and community-based services, and personal care services. Qualifying for long-term care coverage under Medicaid will typically depend on your income and assets, as well as other factors.

New Auto Loan Interest Deduction Explained

With the enactment of the One Big Beautiful Bill Act (OBBBA) in 2025, taxpayers may now benefit from a new annual deduction of up to \$10,000 for interest paid on qualifying new auto loans, effective for tax years 2025 through 2028.

Vehicle requirements

- "Qualified vehicles" include cars, SUVs, vans, pickup trucks, minivans, and motorcycles with a gross vehicle weight of 14,000 pounds or less, provided final assembly occurred in the United States.
- The vehicle must be new; used vehicles are not eligible.

To verify domestic assembly, taxpayers may consult the Vehicle Identification Number (VIN) Decoder at nhtsa.gov/vin-decoder to identify the vehicle's manufacturing plant.

To claim the deduction, taxpayers must report the VIN of the qualifying vehicle on their federal tax return.

Loan requirements

Interest paid qualifies for the deduction only if the loan meets all the following requirements:

- The loan originates after December 31, 2024.
- It is secured by a lien on the purchased vehicle.
- It finances a vehicle intended for personal use, not business or commercial activity.
- It is used to purchase a new vehicle, and the buyer is

the original owner; leased vehicles are not eligible. Lenders must issue annual statements summarizing the total interest paid by the taxpayer.

For a refinanced qualifying loan, the interest is deductible only up to the original loan's amount and term.

Eligibility and income phaseouts

The deduction is available to taxpayers who itemize or claim the standard deduction and begins to phase out for individuals with modified adjusted gross income above \$100,000, or \$200,000 for married couples filing jointly.

Taxpayers may now deduct up to \$10,000 annually in interest paid on qualifying new auto loans.



The temporary auto loan interest deduction offers taxpayers a potential pathway to offset the cost of buying a new car. If you are planning to purchase a new vehicle, consider consulting a tax professional to confirm the vehicle's eligibility for the deduction.

IMPORTANT DISCLOSURES

Money Talents does not provide tax, or legal advice. The information presented here is not specific to any individual's personal circumstances.

To the extent that this material concerns tax matters, it is not intended or written to be used, and cannot be used, by a taxpayer for the purpose of avoiding penalties that may be imposed by law. Each taxpayer should seek independent advice from a tax professional based on his or her individual circumstances.

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