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Newsletter

Financial Planning and Advice

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Expanding Horizons: Our Commitment to Growth and Excellence

At Bryn Mawr Trust, we know that success starts with great people. That's why we continue to bring top talent to our Wealth Management team, ensuring Clients benefit from exceptional expertise in investment and advisory services. Our team is the foundation of everything we achieve.

We're also expanding thoughtfully into key markets, including Wilmington and Greenville in Delaware and Doylestown in Pennsylvania. These moves are about more than extending our reach—they reflect our focus on fostering connections and providing personalized financial strategies tailored to the communities we serve. By investing in these areas, we're building stronger relationships and a deeper understanding of our Clients.

This purposeful growth reinforces our dedication to serving Clients better with the expertise, resources, and solutions they need to achieve their financial goals.

Our focus remains steady: supporting our Clients and delivering quality in everything we do, with a commitment to building lasting relationships.

Spring Economic and Market Outlook: Adjusting to Another New Normal

By Matthew Thornton, CFA®
Investment Advisor
Bryn Mawr Trust

2025 feels like a reset year. The term ‘the new normal’ has been bandied about after major global events as far back as World War I and as recently as the COVID-19 pandemic. This year, investors seem to be adjusting to yet another new normal, shaped by three key questions.

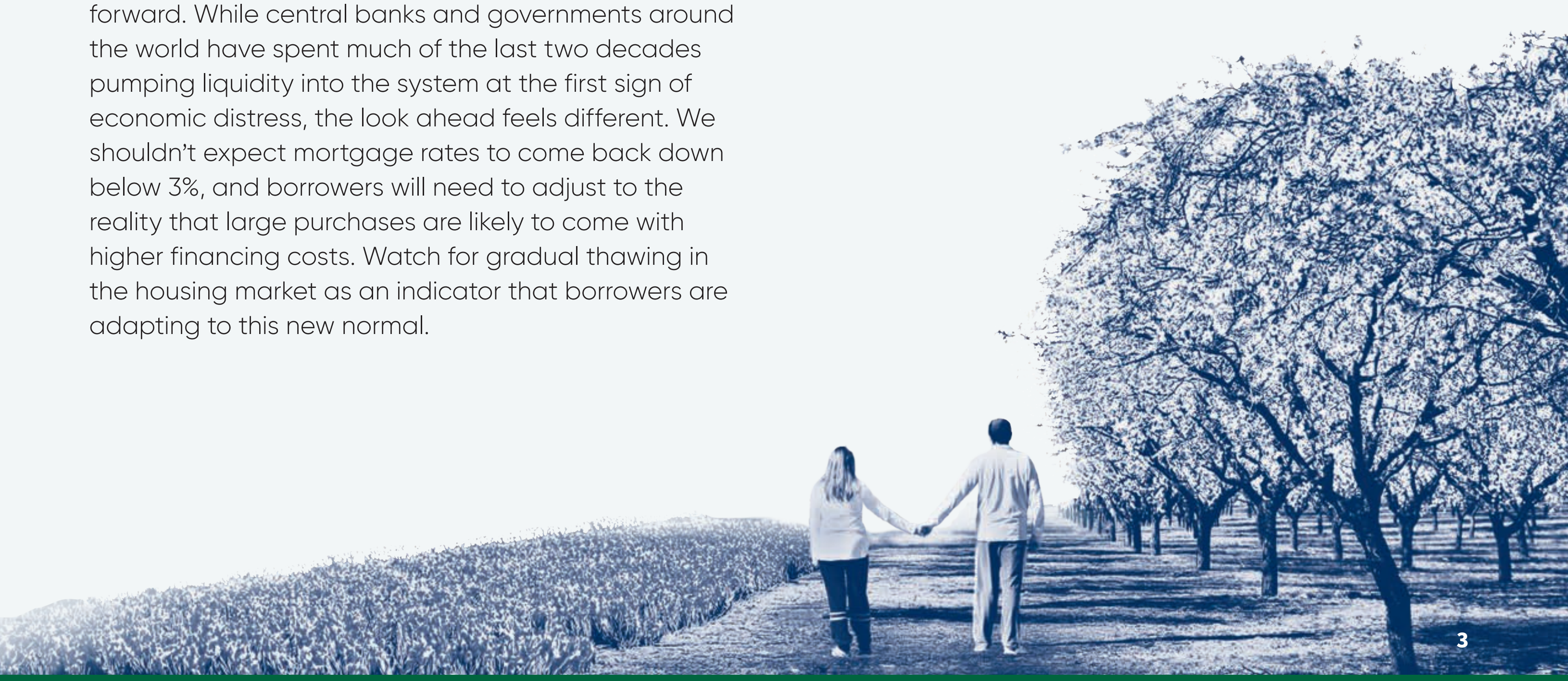
1. How will consumers adjust to inflated prices?
While the inflation rate seems firmly set around 3%, the absolute level of prices is more than 20% higher than pre-pandemic.[1] This level of change is slowly being digested by unhappy consumers who continue to spend their hard-earned dollars while saying they are extremely unhappy with prices (look at the cost of a dozen eggs next time you are grocery shopping). Prices for goods like food and energy are most susceptible to quick bounces due to the supply and demand dynamics, as well as the looming threat of tariffs and retaliation.

2. How are borrowers adjusting to higher interest rates?
Expectations for significant Federal Reserve rate cuts in 2025 have gradually shifted, with markets now settling into the reality of the four quarter-point cuts made in 2024 and anticipating a prolonged pause moving forward. While central banks and governments around the world have spent much of the last two decades pumping liquidity into the system at the first sign of economic distress, the look ahead feels different. We shouldn’t expect mortgage rates to come back down below 3%, and borrowers will need to adjust to the reality that large purchases are likely to come with higher financing costs. Watch for gradual thawing in the housing market as an indicator that borrowers are adapting to this new normal.

3. How will the world adjust to a changing America?
The 2024 election ushered in a president willing to focus on bilateral agreements while reducing America’s role in geopolitical conflict. The administration is expected to maintain a focus on issues from its first term, such as immigration and tariffs, while introducing new priorities like government efficiency and crypto deregulation. Perceptions on these initiatives will drive whether the U.S. equity market is still the best game in town, or whether the dollar starts to feel the strain of budget deficits and gives up some of the ground it has taken as the dominant currency. January already saw the potential for AI spending and ingenuity to expand beyond the U.S. when DeepSeek was highlighted out of China. Elevated valuations and tech concentration could make the U.S. more vulnerable to volatility if expectations for the AI revolution shift outside our borders.

The U.S. is ultimately on strong footing. The country benefits from strong spending, well-functioning capital markets, and U.S. dollar primacy. A deregulatory impulse has gripped investors who are rewarding areas like financials and energy, and bond investors are seeing normalization in the yield curve. In the end, the outlook for 2025 and beyond will be determined by how we all settle into another ‘new normal.’

1.St. Louis Fed CPI for All Urban Consumers: https://fred.stlouisfed.org/series/CPIAUCSL



Social Security Changes in 2025: What You Need to Know

By Michael Paregian, CFP,® CTFA
Senior Financial Advisor
Bryn Mawr Capital Management

The Social Security Administration (SSA) has announced significant changes for 2025, reflecting ongoing efforts to adjust the program in response to inflation, wage growth, and evolving economic conditions. These updates include a higher cost-of-living adjustment, revisions to the earnings test thresholds, and increases in maximum benefits.

Here's a comprehensive look at the major updates.

Cost-of-Living Adjustment (COLA)

One of the most anticipated changes to Social Security each year is the COLA, which aims to preserve beneficiaries' purchasing power amid rising prices. For 2025, Social Security beneficiaries will receive a COLA of 2.5%, a response to moderate inflation rates in 2024.

The COLA is based on the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior year's third quarter. While inflation has eased compared to recent high rates, prices for essential goods like healthcare, housing, and food continue to climb. This adjustment ensures that retirees and other beneficiaries maintain financial stability.

For the average retiree receiving $1,800 a month in 2024, the 2.5% increase will raise their monthly benefit to approximately $1,845, adding up to an extra $540 over the course of 2025.

Earnings Test Limits

Social Security imposes an earnings test on beneficiaries who claim benefits before reaching their full retirement age (FRA) and continue to work. In 2025, the earnings test thresholds have been raised to reflect wage growth.

- **For individuals below FRA:** The annual earnings limit will increase to $23,400, up from $22,320 in 2024. If earnings exceed this amount, $1 is withheld from benefits for every $2 earned above the limit.
- **For individuals reaching FRA in 2025:** The earnings limit increases to $62,160, up from $59,520 in 2024. In this case, $1 is withheld for every $3 earned above the threshold, but only for earnings in the months before reaching FRA.

Once a beneficiary reaches FRA, the earnings test no longer applies, and withheld benefits are recalculated and paid out over time.

Maximum Social Security Benefits

The maximum possible Social Security benefit for high earners will also increase in 2025. This reflects changes to the taxable wage base and adjustments for average wage growth.

- **At FRA:** The maximum monthly benefit for someone retiring at FRA will rise to $4,018 from $3,822 in 2024.
- **For those delaying benefits:** Individuals who delay claiming benefits until age 70 can receive even higher payments due to delayed retirement credits, which increase benefits by 8% per year past FRA.

The maximum benefits are based on individuals consistently earning at or above the taxable earnings cap throughout their careers.

Taxable Earnings Cap

In 2025, the SSA will increase the maximum taxable earnings subject to Social Security payroll taxes. This cap rises to $176,100, up from $168,600 in 2024. Employees and employers each pay 6.2% in Social Security taxes on wages up to this limit, while self-employed individuals pay the combined rate of 12.4%.

This adjustment ensures that the Social Security trust fund receives adequate funding from high earners, helping to address long-term solvency concerns.

Program Sustainability

The updates for 2025 come amid continued discussions about the future of Social Security. It's no secret that Social Security is on shaky footing, and the current political climate could create more uncertainty around its future. The problem may not be as dire as some believe, but there's still good reason to be cautious going forward.

Current projections suggest that the trust fund could face a shortfall by the mid-2030s if no changes are made to the system. These annual adjustments are vital for maintaining the program's financial stability and supporting beneficiaries in the short term.

Lawmakers are exploring options to strengthen the system, such as raising the full retirement age, increasing payroll taxes, or modifying benefit formulas. While no major reforms are expected in 2025, beneficiaries should stay informed about potential legislative changes in the coming years.

Preparing for 2025

Understanding this year's changes is key to financial planning for current and future Social Security beneficiaries. These updates will affect your income and tax obligations whether you are nearing retirement, already receiving benefits, or still in the workforce.

- **Plan for COLA adjustments:** Use the COLA increase to reassess your monthly budget and savings strategy.
- **Review earnings thresholds:** If you plan to work while collecting benefits, stay within the earnings test limits to avoid reductions.
- **Maximize your benefits:** If feasible, consider delaying retirement to age 70, to take advantage of higher payouts.

By staying informed, beneficiaries can make the most of their Social Security benefits in 2025 and beyond.

Source: https://www.ssa.gov

Understanding Interest Rates and How They Affect Deposits, Lending, and Mortgages

By John Ventura
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WSFS Bank

Interest rates play a pivotal role in the U.S. economy, influencing everything from consumer spending to business investments. Determined mainly by the Federal Reserve (the Fed), these rates directly affect the cost of borrowing and the return on savings. For individuals and businesses, understanding how interest rates rise and fall—and the ripple effects these changes have on deposit rates, lending rates, and mortgages—is crucial for sound financial planning.

The Role of the Federal Reserve

The Fed is the central bank of the United States. It uses interest rates to manage the economy. Specifically, it sets the federal funds rate, the rate at which banks lend to one another overnight. This rate indirectly influences the rates banks offer to their customers for loans, mortgages, and deposits.

When the economy grows quickly and inflation rises, the Fed typically raises interest rates to cool things down. Higher rates make borrowing more expensive, slowing consumer and business spending. Conversely, during economic slowdown or recession periods, the Fed may lower interest rates to encourage borrowing and stimulate economic activity.

Impact on Deposit Rates

Deposit rates—for savings accounts, certificates of deposit (CDs), and money market accounts—are closely tied to the Fed's interest rates. When the Fed raises rates, banks often pass along some of those increases to depositors by offering higher interest rates on savings products.

For example, during a period of rising interest rates, a bank may increase the yield on its products, making them more attractive to savers. Conversely, banks tend to lower deposit rates when the Fed cuts rates, reducing the incentive to save.

Impact on Lending Rates

Lending rates for personal, auto, and business loans are also influenced by the federal funds rate. When the Fed raises rates, the cost of borrowing typically increases. For consumers, this means higher monthly payments for new loans or credit card balances. Businesses may face higher financing costs, which may affect their ability to invest in growth. Lower interest rates, however, make borrowing more affordable, encouraging consumers and businesses to take on debt for major purchases or investments, spurring economic activity but possibly leading to higher levels of indebtedness.

Impact on Mortgage Rates

Mortgage rates, particularly for fixed-rate loans, are influenced by a combination of factors, including the Fed's interest rate policies and broader market conditions. When the Fed raises the federal funds rate, mortgage rates often rise, though not always in direct lockstep. Higher mortgage rates increase the cost of buying a home, which can dampen demand in the housing market.

Adjustable-rate mortgages (ARMs), which have interest rates that fluctuate with market conditions, are even more sensitive to Fed policy changes. Homeowners with ARMs may see their monthly payments increase following a rate hike.

Conversely, when the Fed lowers rates, mortgage rates tend to fall, making homebuying more affordable and potentially boosting housing market activity.

Correlations and Trade-Offs

The interplay between deposit, lending, and mortgage rates creates a dynamic financial environment. When rates rise, savers benefit from higher returns on deposits, but borrowers face higher costs. On the other hand, lower rates may disadvantage savers while making borrowing cheaper.

This balancing act highlights the Fed's role in managing economic growth and stability. By carefully adjusting interest rates, the Fed seeks to maintain low inflation, promote full employment, and ensure a healthy economic environment.

Planning for Rate Changes

For individuals and businesses, monitoring interest rate trends is essential. Savers can take advantage of higher rates by locking in returns with long-term CDs during periods of rising rates. Borrowers, meanwhile, may want to refinance existing loans or lock in fixed-rate financing when rates are low.

Start analyzing your financial strategies today by working with a professional to help you navigate the evolving economic landscape effectively. Whether you're an individual looking to manage your savings or a business planning for future investments, understanding these dynamics is crucial in determining their impact on your financial future.

Women & Wealth: The Duality of Money

By Kate Duffy, FSB®
Senior Financial Advisor
Bryn Mawr Capital Management

According to McKinsey, the great wealth transfer is upon us and American women stand to control approximately $30 trillion by 2030.[1] This shift in wealth brings both opportunities and challenges for female investors and financial decision-makers, highlighting the importance of understanding biases, emotions, and financial behaviors to effectively manage wealth and instill financial responsibility in the next generation.

The Technical Side of Money

Money is both a tool and a currency that shapes our daily lives. To achieve financial freedom, it's essential to set clear, realistic goals, create a balanced spending and savings plan, develop strategies for debt repayment, and invest wisely to support both short- and long-term objectives. Financial advisors play a key role in guiding clients through these strategies, crafting personalized plans to meet individual needs. Yet, many women delay taking action, which can prevent us from aligning our finances with our goals and values, ultimately keeping financial freedom out of reach.

The Emotional Side of Money

Money is also a metaphorical currency for power, control, self-worth, and acknowledgment. Our financial belief system forms in early childhood and can be influenced by culture, gender, socioeconomic status, family financial history, and attitudes about money.[2] Beliefs about money are inherited, much like financial legacies, but change as our lives and financial experiences evolve. Sometimes, there's a gap between what we believe and how we behave, leaving room for us to make financial missteps. Uncovering these beliefs is the first step toward creating a healthy relationship with our finances and moving forward with advice that guides us toward our goals, which often requires additional support and encouragement.

As previously mentioned, women will be responsible for investing and consuming trillions of dollars over the next several years. Understanding our underlying beliefs and emotions about money is essential for successfully managing it.

Here are three actionable steps you can take now:

1. Reflect on Your Money Beliefs: Spend time identifying your personal beliefs about money. Write down what you think and feel about wealth, spending, and saving. It's important to show self-compassion during this step. Recognizing the influences that are dictating our behaviors can help us change them. Take a trip down memory lane to recall one money memory you have. This exercise will bring awareness to the beliefs you may have formed about money in childhood, both positive and negative, which we internalize and become a part of our self-concept and identity.[3]

2. Explore Spending, Savings, and Investing Habits: With the understanding of how our beliefs and habits are intertwined, we can shift to a proactive money mindset and make intentional changes that align with our financial goals. This awareness allows us to replace unconscious financial patterns with purposeful strategies that support long-term wealth and security.

3. Lead by Example: Demonstrate responsible money management in your daily life. Show your friends, family, and peers how you budget, save, and make informed financial decisions – and share how working with a financial planner can help with setting and achieving financial goals.

By taking these steps, you can ensure a healthier management of wealth and instill a sense of responsibility for money in the next generation.

1. https://www.mckinsey.com/industries/financial-services/our-insights/women-as-the-next-wave-of-growth-in-us-wealth-management?utm_source=chatgpt.com
2. Klontz, B., Chaffin, C. & Klontz, T. (2023). Psychology of Financial Planning: The Practitioner's Guide to Money and Behavior. Hoboken, New Jersey: Wiley. Pgs 49-51
3. https://www.psychologytoday.com/us/blog/being-your-best-self/202110/beware-of-your-self-fulfilling-prophecy

Associate Spotlight:

Timothy Fisk, J.D.

WSFS Private Banking,

Bryn Mawr Trust

Director of Advisory Services

Tim Fisk leads the growth of Bryn Mawr Trust's strategic initiative, *Wealth as a Service*. This initiative provides comprehensive private banking and trust solutions to advisory firms and family offices nationwide. Tim aims to establish dedicated partnerships with firms to assist advisors in navigating the complexities of wealth transfer and fiduciary selection.

With 24 years of experience, Tim has a background in the fintech sector as a sales director, as well as in fiduciary business development and relationship management. He earned his Juris Doctor from DePaul University College of Law and a BA in Philosophy from the University of Kentucky.

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Fun Facts About Tim:

1. **What He's Reading Now:** Tim is captivated by ***Manhunt: The 12-Day Chase for Lincoln's Killer*** by James L. Swanson, a gripping tale of murder, intrigue, and betrayal based on rare archival materials and trial transcripts.

2. **What Motivates Him:** Growing up as the son of a coach, Tim learned early on to set high standards and strives to help those around him. His wife and children inspire him to be a better husband, father, friend, colleague, and human being.

3. **Favorite Quote:** ***"In order to get better, you change limits."*** – basketball coach Mike Krzyzewski. As a University of Kentucky alumnus, Tim acknowledges he might catch some flak for this choice.

4. **Beach, City, or Country:** While Tim dreams of being a gentleman farmer, his admitted lack of handyman skills makes the country life impractical. His heart lies in the city, where he spent years in Chicago soaking in vibrant sights, sounds, and—most importantly—diverse dining experiences.

5. **Spare Time:** With three teenagers, spare time is a rarity. Much of it is spent at their sports events—soccer, basketball, and track—where he is a proud parent. Tim also coaches for his local soccer club and still plays soccer and tennis, holding on to his 'glory days.' As a passionate foodie, he loves exploring farmer's markets and cooking. His travels currently revolve around college visits along the eastern seaboard, but he has a trip to Croatia planned for this summer.

6. **Personal Note:** Tim lives in Villanova, with his wife, Michelle, and their three children—Commerce, Andie, and Roarke.

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Introduction to Digital Asset Investments

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Co-authors Jasmine Yu and David Navarro explore the rise of digital asset investments and the regulatory environment, focusing on cryptocurrencies and blockchain technology. It discusses their applications in decentralized finance (DeFi), asset tokenization, and the integration of AI, analyzing opportunities and challenges in this rapidly evolving space. This research overview will be valuable for individuals interested in investing in digital assets seeking clarity on regulatory frameworks.

Scan the QR code to read their research in full.

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