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THE WORLD'S HAPPIEST COUNTRIES, 2025

March 20 is the United Nations (U.N.) International Day of Happiness. Each year, the U.N., the University of Oxford, and Gallup release the World Happiness Report, a ranking of more than 140 countries according to the perceived happiness of their citizens.

The ranking is based on one question: "Please imagine a ladder with steps numbered from 0 at the bottom to 10 at the top. The top of the ladder represents the best possible life for you and the bottom of the ladder represents the worst possible life for you. On which step of the ladder would you say you personally feel you stand at this time?" Each country's ranking is then based on a three-year average of participant answers to this question. Following are results from last year's ranking.

Rank	Country	Average score
1.	Finland	7.736
2.	Denmark	7.521
3.	Iceland	7.515
4.	Sweden	7.345
5.	Netherlands	7.306
6.	Costa Rica	7.274
7.	Norway	7.262
8.	Israel	7.234
9.	Luxembourg	7.122
10.	Mexico	6.979
24.	United States	6.724
147.	Afghanistan	1.364



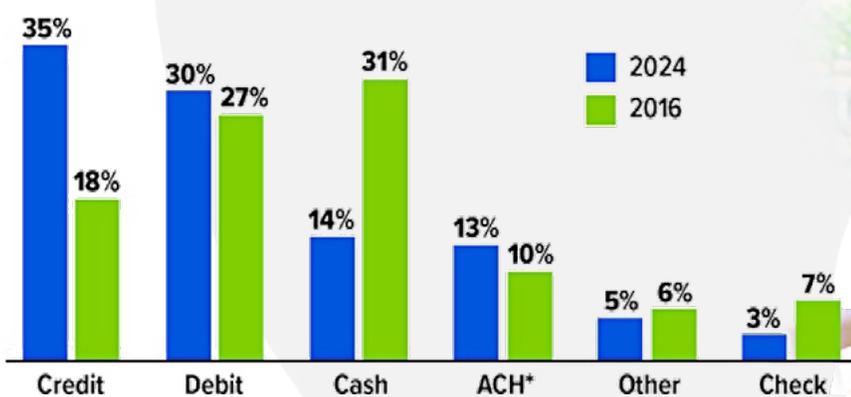
Source: *World Happiness Report 2025; CNN, March 20, 2025*

CASH OR CREDIT? HOW CONSUMERS PAY TODAY

A survey of consumer payment preferences found that credit cards are now used for 35% of all payments, a 17 percentage-point increase since 2016. Consumers are increasingly shopping, paying bills, and making person-to-person payments remotely, and 78% of respondents said they preferred using a credit or debit card even for in-person payments.

Although cash is no longer king, demand for it remains, especially for inperson purchases under \$25. The survey found that for small purchases it was equally likely that consumers would choose paying by credit card, debit card, or cash, and 83% of people surveyed said they had used cash in the previous 30 days.

Form of payment used (percentage of all transactions)



Source: *Federal Reserve, 2025*



MEGA BACKDOOR ROTH: A TAX-FRIENDLY RETIREMENT STRATEGY FOR SERIOUS SAVERS

Contributing to a traditional 401(k) or IRA can help reduce your current tax bill, but you may run into some drawbacks in retirement. Withdrawals are taxed as ordinary income, and you must take required minimum distributions (RMDs) once you reach age 73 (age 75, for those born in 1960 or later). On the other hand, qualified Roth distributions are tax-free after age 59½, as long as you've held the account for at least five years.* Plus, Roth accounts are not subject to RMDs during your lifetime.

Roth IRA contribution limits are somewhat low (\$7,500 in 2026, or \$8,600 if you are age 50 or older), and you can't contribute at all if your income exceeds certain annual limits (\$168,000 for single filers and \$252,000 for joint filers in 2026). You can make larger contributions to a Roth 401(k) regardless of your income.

If you have a sizeable income and would like to shelter as much as possible in a Roth account for the future, find out if your employer's 401(k) plan allows both after-tax contributions and in-service withdrawals. If so, you could also make special after-tax contributions to your traditional 401(k) and then move (or convert) the funds to a Roth IRA or a Roth 401(k). This strategy — called the mega backdoor Roth — is only an option for some people under limited circumstances.

Saving to the max

The employee contribution limit for 401(k), 403(b), and government 457(b) plans is \$24,500 in 2026, with an additional \$8,000 catch-up contribution for those age 50 to 59, and 64 and older, for a total of \$32,500. Workers age 60 to 63 can make a larger "super catch-up" contribution of \$11,250 in 2026 for a total of \$35,750. Like all catch-up contributions, the age limit is based on age at the end of the year, so you are eligible to make the full \$11,250 contribution if you will turn 60 to 63 any time during 2026 (but not if you will turn 64). However, there is one important change that takes effect in 2026: high earners with incomes exceeding \$150,000 (based on the previous year's W-2 wages) must direct all of their catch-up contributions to a Roth account.

The combined total for salary deferrals in 2026 (not including catch-up contributions), employer contributions, and employee after-tax contributions is \$72,000 or 100% of compensation, whichever is less. You generally must max out salary deferrals before you can make additional after-tax contributions. For example, if you are age 60, and you contribute the maximum \$35,750 to your 401(k), and your employer contributes another \$18,000, you may be able to make an after-tax contribution of \$29,500 for a grand total of \$83,250.

Fast track your Roth conversion

Your after-tax contributions are not taxable upon withdrawal, but any converted earnings would be taxed as ordinary income. Thus, if in-service withdrawals are permitted, it may make sense to transfer your after-tax contributions to a Roth account as soon as possible to help reduce the amount of investment growth and the resulting tax burden.

Bear in mind that 401(k) distributions are subject to the prorata rule, which requires you to withdraw proportional amounts of pre-tax and after-tax amounts if your account balance contains both types of contributions. So if your 401(k) balance is \$100,000 (\$80,000 in pre-tax money and \$20,000 in after-tax money), any distribution, including a conversion, must also consist of 80% pre-tax dollars and 20% after-tax dollars. In this case, you might avoid triggering taxes on the distribution by moving your pre-tax dollars to a traditional IRA at the same time your after-tax dollars are transferred to a Roth account.



If you have a sizeable income and would like to shelter as much as possible in a Roth account for the future, find out if your employer's 401(k) plan allows both after-tax contributions and in-service withdrawals.

If your employer accounts for pre-tax and post-tax contribution amounts and associated earnings separately, you might be able to withdraw your entire after-tax balance (including the taxable earnings) and leave your pre-tax account balance in the 401(k). Again, the tax bill may be minimal if the conversion is completed soon after making the after-tax contribution (or you roll the earnings portion into a traditional IRA).

You might consider yourself lucky if your plan allows after-tax contributions; it's not very common, especially at smaller companies. If your workplace plan allows after-tax contributions but doesn't permit in-service withdrawals, this strategy might still be worthwhile if you expect to retire or leave your employer in the near future.

**Distributions from traditional or Roth accounts taken prior to age 59½ may be subject to a 10% federal tax penalty, with certain exceptions, as well as ordinary income tax.*

THE ONE BIG BEAUTIFUL BILL ACT EXTENDS TAX BREAKS FOR SMALL BUSINESSES

The National Federation of Independent Business called the One Big Beautiful Bill Act (OBBBA), signed into law on July 4, 2025, a historic victory for small business owners.¹

The Act provides certainty and stability by making permanent a host of tax provisions that would otherwise have expired at the end of 2025. Here are three specific changes to pay close attention to.

Qualified business income deduction

Owners of sole proprietorships, partnerships, S corporations, and certain LLCs may be eligible for a qualified business income (QBI) deduction — also called the Section 199A deduction. The deduction, equal to 20% of qualified business income, was scheduled to expire in 2025, but the new legislation makes it permanent and expands eligibility.

The deduction may be limited or eliminated if taxable income exceeds certain thresholds. A married couple filing jointly in 2025 would generally be able to claim the full QBI deduction

if their taxable income was less than \$394,600; if the couple's taxable income was between \$394,600 and \$494,600, the deduction would be phased out. (The 2025 phaseout range for all other filing statuses is \$197,300 to \$247,300.)

Starting in 2026, the income range over which the deduction is phased out is expanded from \$100,000 to \$150,000 for married joint filers and from \$50,000 to \$75,000 for all other filers. As a result, the phaseout range for joint filers is \$394,600 to \$544,600 in 2026 (\$197,300 to \$272,300 for other filing statuses).

Also, there is a new minimum \$400 QBI deduction for those with at least \$1,000 of income from businesses in which they materially participate. These QBI amounts will be indexed for inflation after 2026.

Enhanced Section 179 expensing

Section 179 of the Internal Revenue Code (IRC) allows businesses to elect to deduct the full cost of depreciable tangible personal property, computer software, and specific improvements to nonresidential buildings (including roofs, HVAC systems, and security systems) in the year of purchase. For property placed in service in 2025, the maximum deduction for expensing doubles to \$2.5 million. The maximum deduction is reduced when the cost of Section 179 property placed in service during the year exceeds an established phaseout threshold. OBBBA increases this threshold in 2025 from \$3.13 million to \$4 million.

100% bonus depreciation

The legislation permanently re-establishes the additional first-year depreciation deduction at 100% for qualifying property acquired after January 19, 2025. This allows businesses to immediately deduct the full cost of new or used equipment, machinery, and other qualifying property rather than depreciate the cost over several years.

1) National Federation of Independent Business, 2025

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, tax payers 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.

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.

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



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.

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.



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

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.

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