



2025 Year-End Planning Guide

Comerica Wealth Management 2025
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WEALTH MANAGEMENT

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Hot Topics

2025 has introduced new rules and shifting priorities that carry into the year ahead. From fresh tax provisions under the One Big Beautiful Bill Act (OBBBA) to regulatory changes, market pressures and technology trends, these are the developments most likely to shape your financial decisions in 2026.



Business Tax Planning Under OBBBA

From bonus depreciation to enhanced Section 179, the OBBBA reshaped the tax landscape for business owners. See how these updates could influence investment timing and year-end purchasing strategies.



Economic Outlook

Tariffs, fiscal policy and inflation are shaping business conditions for 2026. While growth remains steady, inflation and higher input costs continue to pressure margins. Explore what these shifts could mean for growth, rates and long-term planning.



Personal Tax Updates Under OBBBA

OBBBA introduced new deductions, a temporary SALT expansion and refreshed capital gains rules. Charitable giving strategies will also need to adapt under the new law, with changes to deduction thresholds and contribution limits.



AI in Financial Planning

AI is changing how investors and businesses model portfolios and monitor risk. But AI can still make mistakes when it comes to data accuracy and oversight. Discover where adoption is growing and why human expertise still matters.



Section 1202 QSBS

The OBBBA raised the threshold for QSBS eligibility to \$75 million in gross assets, increased the gain exclusion to the greater of \$15 million or 10 times basis, and introduced phased exclusions for shorter holding periods. See how founders and investors can capture expanded benefits.



Payments & the GENIUS Act

The GENIUS Act, signed in July 2025, created the first federal framework for payment stablecoins. Find out what new rules mean for licensing, backing and reserve standards, and the future of digital payments.



Small Business AI Insights

Comerica's Small Business Pulse Index™ found nearly half of owners are already using AI tools. While many see efficiency gains, owners remain cautious. Explore where adoption is rising and what concerns still linger.



Business Fraud

Fraud attempts hit 79% of organizations in 2025, and AI is making attacks harder to spot. Payment interception, deepfake audio and hyper-realistic invoices are among emerging risks. Discover the latest tactics and steps businesses can take to protect cashflow.



Introduction

Welcome to the 2025 Comerica Wealth Management Year-End Planning Guide. The guide is full of insights and guidance from thought leaders across the bank to help you navigate the changing legal and economic landscape. Each section provides a high-level overview, accompanied by links to additional information for those who wish to delve deeper into a specific subject.

Taxes, tariffs, and Treasury, oh my. What an eventful year to say the least!

I've been in the tax and financial planning field for 40 years. In that time, I have never seen a major tax bill move this fast. The new tax law provides exciting opportunities for business owners, investors and families.

Melissa Linn and Madeline Rider provide an [overview of planning opportunities for businesses](#). In my section, I share my thoughts on [income tax planning](#) for changes affecting individuals. Bob Buchanan breaks down one of the highlights of the new tax law — the expansion of the [Qualified Small Business Stock \(QSBS\)](#) gain exclusion.

For years, we have been advising clients to take advantage of the temporarily doubled estate tax exemption. Noah Harden shares his advice on [Estate Planning](#), including how to navigate now that we have clarity on the future of the gift and estate tax.

Andrea Bruce discusses how the new tax law will shape charitable planning, with [Donor-Advised Funds](#) expected to play a larger role.

This year, we intentionally expanded our coverage of topics specific for business owners. Look for contributions from thought leaders Larry Franco around practical and thoughtful [advice for small business owners](#); Patti Otman on [business fraud and payments security](#); and Shannon Barrow regarding [business payments trends](#), including requirements of the GENIUS Act.

Of course, this guide would not be complete without insights from Dan Donohoe, our Head of Government Affairs; Bill Adams, our Chief Economist; and Eric Teal, our Chief Investment Officer.



Lisa Featherngill

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[Lisa's Bio](#)

Continued: Introduction

Dan addresses the rapid pace of change in trade policy and government structure, the potential for another tax bill, as well as possibilities resulting from the 2026 midterm elections. His perspective provides valuable context for business owners and investors.

Both Eric and Bill address potential economic impacts of the new tax law, including the potential for higher interest rates tied to the projected \$4 trillion deficit increase over the next 10 years. They advise that deficit trends will be a key factor in market conditions due to the impact on interest rates, value of U.S. dollar and investor confidence. This could positively affect fixed-income investments but also result in changes in the housing markets, reductions in large consumer purchases and business investments.

Ricardo Carnevali addresses politics and monetary policy as well as the outlook on currency markets and ways to manage currency risk.

Theresa Bazan's section on financial wellness provides a concise overview with practical strategies for all stages of life — from new savers through retirement.

Finally, we have been waiting for a breakthrough in the M&A market for several years. In his investment banking outlook, Jeff Wilson discusses the current market conditions, noting that they are constructive for the middle market, and ways to position your company for a successful sale.

I am excited to share the 2025 Year-End Planning Guide. It's always rewarding to provide new content, especially after a tax law change. This year, the guide is more robust than ever. We hope you find it valuable.

All the best,



Lisa Featherngill



Political Outlook

Background

Following the 2024 elections, the Republican Party secured control of the White House and both chambers of Congress. As a result, the new administration took action.

Comerica Wealth Management's National Director of Strategic Wealth & Business Advisory Lisa Featherngill spoke with Comerica Bank's Director of Government Relations Dan Donohoe about the current political landscape and what it could mean heading into the 2026 midterms. Note: This interview was conducted prior to the recent government shutdown and reflects perspectives as of that time.

Lisa: President Trump's second term in office had a busy start. What stood out to you most about the administration's opening months in office?

Dan: The administration wasted no time in advancing major structural and policy changes.

The president issued more than 100 executive orders in his first 100 days — a pace not seen since FDR's first term. These EOs focused heavily on government restructuring, including the downsizing of roughly 150,000 federal positions, along with new tariff measures aimed at shifting trade policy.

Beyond the EOs, tax reform quickly became the centerpiece of the Republican legislative agenda. These efforts resulted in the One Big Beautiful Bill Act (OBBBA), signed into law on July 4, which extended many provisions of the Tax Cuts and Jobs Act of 2017 and introduced additional provisions affecting both individuals and businesses.

Lisa: Now that the One Big Beautiful Bill Act is law, where do Republicans go from here?

Dan: With control of the White House, Senate and House through 2026, Republicans have a limited but valuable window of time to advance their agenda.

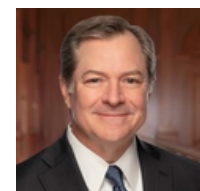
The question is how united the party will be. We saw tensions surface among different Republican congressional factions during debate over the OBBBA and during the recent government funding battle.



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ESSENTIAL INSIGHTS FROM THE OBBBA

- <https://www.comerica.com/insights/wealth-management/business-ownership/big-beautiful-bill.html>

Continued: Political Outlook

Getting the One Big Beautiful Bill Act passed required significant internal negotiation, including late changes in the Senate to scale back certain business tax credits and a House amendment tightening eligibility for individual deductions.

A second reconciliation bill is high on the Republicans' wish list, but it's not guaranteed. The same divisions that shaped the first bill could make it harder to assemble the votes needed for another large package before the midterms.

Lisa: What are the odds of a second reconciliation bill? If one is passed, what do we expect to be included in it?

Dan: The Congressional Budget Office estimates the One Big Beautiful Bill Act will add roughly \$4 trillion to the federal deficit over the next decade. Several conservative Republicans in both chambers raised concerns about adding to the federal debt during the final floor debates.

That makes passage of a bill that may further increase the debt challenging. Still, there are additional policy goals the party hopes to address through reconciliation, including lowering the corporate tax rate beyond the reductions in the OBBBA, securing additional appropriations for border infrastructure and enforcement, and expanding incentives for domestic energy production.

Lawmakers have also discussed advancing several tax provisions that were dropped during final negotiations on the OBBBA, such as expanded small business expensing rules, adjustments to pass-through income deductions, and modifications to certain individual tax credits. There's also an eye on rolling back certain targeted regulatory requirements.

Any new spending would likely be paired with offsetting measures aimed at reducing the bill's impact on the deficit. We can expect continued discussion and potential action on these through the 2026 campaign season.

All of that said, I've never seen a reconciliation bill NOT make it across the finish line in some form or fashion. But in this case, it's a question of whether or not a bill is introduced in the first place.

Lisa: How are things shaping up for the 2026 midterm elections?

Dan: I think it's important to start with the historical benchmark, which shows that the party in the White House tends to lose a significant number of congressional seats during the midterms. That's been the case in 19 of the last 21 cycles.

This year's map presents different dynamics for each chamber. In the House, Democrats have competitive opportunities in Arizona, New York and California. In the Senate, the map favors Republicans, with key races in North Carolina and Kentucky where they are defending open seats in states Trump carried in the 2024 presidential election.

Continued: Political Outlook

It's still early, but if current historical trends hold, Republicans should maintain control of the Senate—and perhaps even add a seat or two—while Democrats could win enough seats to flip the House. This would be similar to what we saw in Trump's first midterm in 2018.

Lisa: Given the political outlook, what should voters and businesses watch for as we move into 2026?

Dan: Watch for developments on any second reconciliation effort, particularly if leadership signals a willingness to compromise on deficit concerns. Government funding deadlines could also become a flashpoint, influencing both policy outcomes and campaign narratives.

In addition, regulatory actions from the Executive Branch, especially in areas like trade policy and energy regulation, may accelerate in the lead-up to the election, shaping the business environment. And, of course, interest rates, but I'll leave that discussion up to Bill.

Lisa: Thanks for sharing your perspective as we head into another impactful election year.



Economic Insights

The U.S. economy has experienced another eventful year, with tariffs reshaping trade, the One Big Beautiful Bill Act (OBBA) redefining tax policy and persistent inflation testing households and businesses. In this interview, Comerica Wealth Management's National Director of Wealth Planning Lisa Featherngill and Comerica Bank's Chief Economist, Bill Adams offer perspective on the forces reshaping the economy and practical planning considerations heading into 2026.

Lisa: The OBBA extended tax cuts and expanded deductions. How do you see these changes affecting consumer spending and the broader economy?

Bill: Before the One Big Beautiful Bill Act passed, households were facing a significant tax increase in 2026. The bill reduces the risk of a sudden drop in disposable income, allowing households to maintain their current spending patterns.

Two other impacts stand out, specific to spending. First, the higher SALT deduction eases the burden for affluent residents in higher-tax states, particularly on the coasts and in parts of the Midwest. That should boost local economies that have faced pressure from migration to lower-tax regions.

Second, the increased standard deduction for those 65+ is meaningful for retirees. It leaves more after-tax income in their pockets, which is likely to translate into stronger consumer spending among older Americans.

Taken together, these changes give households more room to spend, and the ripple effect should support broader economic activity.

Lisa: How will provisions like bonus depreciation shape business investment and productivity over the next few years?

Bill: Bonus depreciation is really about tax timing. Over the long run, the total deductions businesses take will balance out. But in the near term, it pulls capital spending forward and creates an incentive to invest sooner rather than later.



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Bill Adams

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[Bill's Bio](#)

ESSENTIAL INSIGHTS FROM THE OBBA

- <https://www.comerica.com/insights/wealth-management/business-ownership/big-beautiful-bill.html>

Continued: Economic Insights

That means more demand for equipment, technology and other inputs in 2026. It should give capital investment a lift, supporting productivity gains and technological progress over the next few years.

It's also worth noting that federal spending increases in areas like defense and immigration enforcement will feed into business revenues, particularly for contractors tied to those sectors. Meanwhile, reductions in social programs and student loan support will leave some households tightening their belt—a shift that could ripple through businesses serving mass-market consumers.

Lisa: OBBBA also increases federal spending while raising the deficit. What are the longer-term economic implications?

Bill: The Congressional Budget Office projects that the One Big Beautiful Bill Act will increase the federal deficit by about \$4 trillion over the next 10 years. Additional borrowing will push long-term interest rates higher than they otherwise would have been.

Higher rates have ripple effects across the economy. On one hand, they provide savers and fixed-income investors with better returns than in the years before the pandemic, when interest rates were chronically low. On the other hand, elevated borrowing costs make it more expensive for households and businesses to finance large purchases. For housing in particular, higher mortgage rates mean more families will rent longer before buying, and homebuilders will be likely to focus on smaller floorplan designs to aid affordability.

Over time, these dynamics shift how capital is allocated in the economy. Businesses are more likely to prioritize investments in productive assets with faster paybacks and be more selective when investing in longer-lived capital assets. High longer-term interest rates will be a structural headwind for the housing market, demand for cars and trucks, and other consumer demand tied to credit.

Early signals on rates, housing and spending will be important to watch as the bill's effects filter through.

Lisa: Thank you, Bill. There's clearly a lot to keep an eye on as we head toward 2026.



Investment Insights

Background

The investment landscape remains dynamic, with forces like interest rates, global trends and fiscal policy shaping the 2026 outlook. Comerica Wealth Management's National Director of Strategic Wealth & Business Advisory Lisa Featherngill sat down with Chief Investment Officer Eric Teal to discuss current market conditions and practical considerations for building strong, well-balanced portfolios in the year ahead.

Lisa: The last three years, we've seen strong large-cap equity performance. Would you say that asset allocation is still relevant?

Eric: Yes, it is. Asset allocation and broad diversification have been central to financial planning, but the past three years have put these principles to the test. A narrow set of large-cap growth stocks has dominated results, increasing market concentration. The top 10 stocks in the S&P 500® now account for nearly 40% of the index, with Microsoft and Nvidia representing over 15% together.

While market-leading companies have performed well, putting too much weight in a small group increases sensitivity to earnings surprises, leadership changes or shifts in valuation. Spreading exposure across distinctive styles and sectors is still a practical way to reduce risk.

Strength is starting to show in areas outside the mega-cap growth. International equities have outpaced U.S. shares for the first time in many years, helped by a softer dollar, growing concern over U.S. debt and deficits, and ongoing trade frictions. Investors who have scaled back non-U.S. or small-company holdings may now be underweight in parts of the market that are improving. Rebalancing across geographies, market caps and asset classes helps keep portfolios ready for the next phase of the market.



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Eric Teal

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ESSENTIAL INSIGHTS FROM THE OBBBA

- <https://www.comerica.com/insights/wealth-management/business-ownership/big-beautiful-bill.html>

Continued: Investment Insights

Lisa: What are your expectations for the market impact of the recent One Big Beautiful Bill Act?

Eric: The One Big Beautiful Bill Act combines tax cuts and incentives that could provide a modest tailwind for growth. Lower corporate rates and the return of 100% bonus depreciation may encourage business investment, while lower personal rates could support consumer spending. Capital-intensive and R&D sectors are likely to benefit the most.

Markets will weigh these positives against higher deficits and ongoing tariff pressures, both of which can affect investor sentiment. For equities, stronger economic growth could keep earnings moving higher, though some segments already price in a good deal of optimism. A balanced allocation that captures potential gains while keeping interest rate and inflation risks in check remains important.

Lisa: You mentioned higher deficits. What impact does the federal deficit have on markets?

Eric: It's a timely question, especially since early analysis of the One Big Beautiful Bill Act points to roughly \$4 trillion in additional deficit over the next decade.

A persistent federal deficit can affect markets in several ways. Large, sustained borrowing increases the supply of government debt, which can push interest rates higher. Higher rates raise borrowing costs for businesses and households, which can slow investment and spending.

Deficits can also raise concerns about fiscal discipline, which may weigh on investor confidence and the perceived value of the U.S. dollar. While markets can manage periods of heavy debt issuance, the longer a deficit stays high, the more it can shape expectations for interest rates, inflation, and economic growth. Deficit trends are likely to remain a key factor in market conditions over the coming years.

Lisa: What are the investment opportunities with interest rates at current levels?

Eric: Now is an attractive time to put more into fixed income. After years of near-zero yields, investors can earn solid income from high-quality bonds without taking on too much credit or interest rate risk. Treasuries and investment-grade corporate bonds can help meet income needs and function as a stabilizer if equity markets weaken.

That doesn't mean investors should chase low-quality bonds. Even with defaults still relatively low, current credit spreads don't justify the added risk. Market factors support high-quality fixed income, which can now offer total returns in the mid-single digit range.

Continued: Investment Insights

A repeat of 2022, when both stocks and bonds fell sharply, seems unlikely given how expectations in the bond market have reset. The 2022 sell-off was driven by a rare combination of rising rates, falling bond prices and weak equity performance. Today's higher yields provide a firmer cushion, making fixed income an increasingly reliable component of a diversified portfolio.

Lisa: Do you feel inflation is contained at this point?

Eric: I think it's generally contained. Inflation has come down from its peak, helped by lower prices in areas like apartment rents, but there are pockets we're watching closely. Services, housing costs, wages and other persistent components are keeping inflation above the Fed's 2% target. There are deflationary forces at work, such as advances in AI and automation, but these take time to play out. The path back to target could take longer than markets expect.

Lisa: Based on our discussion, what should investors consider heading into 2026?

Eric: I think balance is key heading into 2026. Investors should review their asset allocation to make sure portfolios are diversified across sectors, geographies and asset classes.

High-quality fixed income can play a more prominent role than it has in years, providing income and stability without excess credit risk. Equities remain important particularly to hedge inflation, but positioning should be based on fundamentals rather than recent momentum. A disciplined approach to diversification, rebalancing when opportunities arise and keeping long-term objectives in view will help investors stay aligned with their long-term goals.

Lisa: Thank you for your insights, Eric. We should all be thinking about our asset allocation and diversification strategies as we move into 2026.



Financial Planning in a World of AI

A New Era in Financial Planning Technology

Financial planning has constantly evolved with technology. Now, the rise of artificial intelligence (AI) marks a more disruptive leap. It has already started to change how plans are built and reviewed.

Today's AI tools aim to synthesize sets of data, make recommendations based on spending patterns, automate long-term projections and summarize estate plans. These capabilities have the potential to save time and improve clarity. But like any tool, AI has limitations, especially for a planning process that involves emotions, intent and family dynamics.

Over the past two years, I have been researching planning tools that incorporate AI-driven features to see where they help and where they fall short.

Where AI Adds Value in Financial Planning

AI's value in financial planning comes down to efficiency: organizing information, highlighting potential issues and giving advisors a head start. It can't replace judgment or experience, and it shouldn't tell you what decisions to make. But it can make the decision process more focused and informed.

Today's AI solutions are well-suited to:

- Summarize complex documents. AI can extract key provisions from estate planning documents (wills, trusts and powers of attorney), LLC and partnership agreements, and other legal documents. This helps planners and clients quickly identify structure, beneficiaries and distribution terms. Note: AI summaries should always be reviewed. AI can misread or fabricate details ("hallucinations"), especially in dense legal language.
- Diagram estate plans. Some tools generate flowcharts that map how assets move, distribution terms and which entities are involved, making complex plans easier to explain and understand.



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[Lisa's Bio](#)

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Financial Planning in a World of AI

- Spot certain inconsistencies or gaps. AI can identify missing or mismatched details, such as outdated trustees, inconsistent beneficiary designations or missing documents like powers of attorney.

Used appropriately, these tools can reduce administrative work and make plan reviews more efficient. That leaves more room for strategy, communication and the kind of decision making that requires human context.

Limits of AI in Financial Planning

Financial planning is an analytical process, but it's also a personal one. And, without guardrails, AI represents a significant risk when it misses on either of these fronts.

A key risk involves accuracy. When AI gets the information wrong, it can lead to misleading summaries, overlooked provisions or flawed diagrams. For example, I recently asked both ChatGPT and Microsoft Copilot for information on 529 plans and the estate tax exemption. Neither response was correct. In one instance, items from the new tax law were omitted; in the other, AI provided the 2026 estate tax exemption amount when it should have given the 2025 amount.

Equally important, AI lacks emotional intelligence. It can't capture the intent behind decisions or navigate family dynamics, yet these qualitative factors are often as important as the financial details themselves.

That's why AI should be treated as a support tool. Every output still needs a human review, especially when the goal is clarity, intent and peace of mind.

Security and Confidentiality: Keeping Data Protected

Financial planning documents include some of an individual's most sensitive personal and financial information. Here's a sample of what they often include:

- Social Security numbers and dates of birth
- Account numbers and balances
- Real estate holdings and business interests

In the wrong hands, this information could lead to serious exposure. Whether it's identity theft, financial fraud or unintended access to asset details, even one misstep, like uploading documents into a public AI model, can create lasting consequences.

Even major AI platforms can introduce unintended exposure. For example, OpenAI ran a short-lived experiment that caused some shared ChatGPT conversations to be indexed by Google, making private user inputs publicly searchable. While the feature required manual sharing, it highlighted how quickly sensitive information can spread if safeguards aren't clear. [Source: TechCrunch.](#)

Continued:

Financial Planning in a World of AI

How to Use AI Responsibly in Financial Planning

Like any tool, AI is most helpful when used with intention and safety measures. It can help surface questions and speed up certain tasks, but the direction of your plan should always come from human expertise and judgment.

Here are additional best practices to follow, whether you're a client exploring new platforms or a professional integrating AI into your process:

- Choose platforms built for financial and legal contexts. Look for closed-system tools that are designed for financial planning with clear data protections and professional-grade compliance standards.
- Never enter sensitive or identifiable data into public tools. Avoid inputting Social Security numbers, account details or full documents into AI tools that aren't specifically built for secure planning.
- Stay focused on your goals and values. AI may offer suggestions or shortcuts, but your financial plan should always reflect what matters most to you.

Talk to your financial planning team to explore how AI tools can support your goals without compromising the clarity, intent or security of your plan.



Practical Considerations for Small Businesses

In 2025, small business owners face no shortage of headlines. Rising tariffs, shifting costs, evolving workforce expectations and more have added new pressure to margins and long-term planning.

The challenge is separating signals that matter from those that are just noise. The most resilient leaders are focused on a handful of high-impact moves that can protect today's performance while setting the stage for growth when conditions improve.

Ahead, we outline three areas where action now can make a measurable difference.

1. Protect Margins from Rising Tariff Costs

Tariffs are making their presence felt in 2025, with U.S. duties ranging from 10% to more than 40% on targeted imports from dozens of countries. The ripple effects are showing up in supply chains, inventory costs and pricing strategies, creating margin pressure that can escalate quickly if left unaddressed.

For small business owners, deliberate action is key. Consider these steps to help protect your bottom line:

- Renegotiate supplier agreements. Ask about revised terms such as extended commitments, faster payment or consolidated orders. Explore alternative suppliers less affected by tariffs and include flexibility to capture savings if exemptions or changes are introduced.
- Tighten inventory cycles. Reduce excess stock that ties up cash and risks losing value. Where possible, use just-in-time ordering to lower carrying costs while monitoring lead times to avoid disruptions.
- Adjust pricing gradually. Smaller, phased increases are easier for customers to absorb than sudden spikes. Similarly, bundling products or enhancing services can help frame changes as added value rather than pure cost pressure.



Larry Franco

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[Larry's Bio](#)

Continued:

Practical Considerations for Small Businesses

- Monitor tariff developments. Assign someone on your team to track changes and exemptions, and confirm any supplier savings are passed along. Documenting impacts can also strengthen your position in future negotiations.

2. Build a Leaner, More Profitable Operation

Even in well-managed businesses, expenses can escape attention. Overlooked areas often hold the clearest opportunities for savings that can offset tariff impacts or be reinvested in the business.

Vendor contracts are a good starting point. Agreements that have been in place for years may no longer reflect current pricing or scope. Renegotiating a long-standing logistics contract, for example, could reduce delivery costs by multiple percentage points.

Technology is another area where expenses can quietly climb. New tools are often layered on without retiring older ones, leading to duplicate features and higher subscription fees. Can you reduce licenses for underused software or move to a single integrated platform?

Physical space also deserves scrutiny. If hybrid or remote work has reduced your need for office or warehouse capacity, downsizing or subleasing can cut overhead. Converting unused square footage into a training center, for example, could turn what was once a cost into a resource that strengthens retention and improves productivity.

Even small operational details can make a difference. Shipping methods, printing habits and energy usage all add incremental costs that compound over time.

Finally, strike a balance between in-house and outsourced work. Functions such as payroll, bookkeeping or marketing may be more cost-effective to shift internally or externally depending on your priorities. Would outsourcing administrative selling tasks to a provider, for example, free up your sales team to spend more time with prospects?

To operationalize this work, consider creating a lean task force to look at cost-saving opportunities across the business. You may be able to unlock considerable savings.

Comerica Small Business Pulse Index™

In a 2025 survey of more than 1,000 small business owners, nearly half report using AI tools, with adoption steadily increasing. The most common uses are marketing, content creation and data analysis, where owners are optimistic about saving time and uncovering insights that support growth. But there's also caution around errors and vulnerabilities, along with the steep learning curve.

For more details, [read the full report here.](#)

Continued:

Practical Considerations for Small Businesses

3. Invest in Your Team with Smart, Low-Cost Strategies

In 2025, competitive pay is only part of attracting and retaining top employees. Flexibility, development opportunities and a sense of purpose have become equally important drivers of loyalty. Investing in these areas can strengthen retention without straining payroll budgets.

Challenge	Action to Consider	Why It Works
Staying ahead of evolving employee priorities	Use stay interviews to learn what is working well and where small improvements could help.	Builds trust and lets you address issues before they impact retention
Balancing flexibility with operational needs	Offer adjusted schedules or occasional remote work.	Supports work-life balance while maintaining productivity
Expanding team capabilities	Provide cross-training or fund targeted certifications.	Builds bench strength, prepares for growth and signals a commitment to development
Strengthening team alignment	Hold quarterly updates on performance, key markets and priorities.	Keeps everyone focused on common goals and promotes a sense of ownership

Final Thoughts

From tariffs to talent, business owners face heavy headwinds in 2025. The best strategy is to concentrate on the actions that protect margins, sharpen operations and strengthen teams.

Advisors can play an important role in this process. Business mentors, financial partners, legal counsel and tax professionals can help you spot opportunities and avoid costly missteps. As the year closes, use this milestone moment to position your business for a stronger, leaner and more resilient 2026.



Business Tax Planning Under the One Big Beautiful Bill Act

The One Big Beautiful Bill Act (OBBBA) extends and expands several provisions from the 2017 Tax Cuts and Jobs Act (TCJA), creating fresh opportunities for business owners. From income deductions and capital gain exclusions to accelerated depreciation and qualified property incentives, the changes reward those who plan ahead. Here's what to know as you evaluate your tax position going into 2026.

Qualified Business Income (QBI) Deduction

Under OBBBA, the 20% QBI deduction for pass-through entities—partnerships, S corporations and sole proprietorships—is now permanent. The law also raises the phaseout thresholds starting in 2026 and introduces a new minimum deduction of \$400 for individuals with at least \$1,000 in QBI. The thresholds and minimum deduction will adjust annually for inflation, starting in 2026.

For many owners, pass-through structures will remain appealing, as the deduction will lower their effective tax rate on QBI.

Qualified Small Business Stock (QSBS) Enhancements

For C corporation owners, OBBBA increases the maximum QSBS gain exclusion from \$10 million to \$15 million (indexed for inflation starting in 2026) for stock acquired after July 4, 2025. QSBS eligibility expanded to companies with up to \$75 million in assets, up from \$50 million.

The gain exclusion is still the greater of \$15 million or 10 times basis, with new partial exclusions based on the holding period:

- 50% for stock held at least three years
- 75% for stock held at least four years
- 100% for stock held at least five years

It is important to note that the \$15 million exclusion is cumulative, but the 10 times basis exclusion is available annually. Individuals, trusts, estates and single-member LLCs may qualify. For owners considering a future sale or transition, these enhancements could make the C corporation structure more attractive, particularly for those with a longer holding period.



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- <https://www.comerica.com/insights/commercial-banking/assorted-commercial/bonus-depreciation.html>
- <https://www.comerica.com/insights/wealth-management/wealth-preservation/tax-planning-for-real-estate-capital-gains.html>
- <https://www.comerica.com/insights/wealth-management/business-ownership/section-1202-small-business-owners.html>

Continued:

Navigating Changes - Provisions - Small Business

Bonus Depreciation and Section 179 Expensing

The OBBBA permanently restores 100% bonus depreciation, retroactive to January 20, 2025. This allows a business to deduct the full cost of qualifying property in the year it's placed in service, improving cash flow and reducing taxable income immediately.

The Section 179 limit also increases to \$2.5 million (from \$1 million), with the phaseout beginning at \$4 million of investment in qualified property (from \$2.5 million). These provisions create flexibility for large-scale investments and smaller capital purchases.

Qualified Production Property (QPP)

One of the most notable changes is the introduction of 100% bonus depreciation for certain nonresidential real property used in qualified production activity. QPP includes permanent structures integral to U.S.-based manufacturing and must be constructed after January 19, 2025, and before January 1, 2029, and placed in service before January 1, 2031.

An election is required to designate property as QPP and claim the deduction, making early planning essential. This provision marks a shift from prior law, which excluded nonresidential real property from bonus depreciation. For manufacturers and production-based businesses, it's a potentially game-changing incentive.

Excess Business Loss Limitations

Starting in 2026, the \$250,000 (single filing) and \$500,000 (joint filing) annual caps on excess business losses become permanent, with annual inflation adjustments. Owners with losses above these amounts will need to plan for carryforwards and manage taxable income accordingly.

Other Business Provisions

- Research and experimental expenses in the U.S. can now be deducted retroactively to 2022 with amended returns.
- Pass-through entity tax (PTET) remains available in many states, allowing entities to pay state and local taxes (SALT) on behalf of owners. Currently, an estimated 36 states recognize this law, so it's important to check your state for applicability.
- Corporate charitable contributions face new limits starting in 2026: Deductions only apply to contributions exceeding 1% of corporate income (floor) and are capped at 10% of taxable income (ceiling).
- 1099 reporting threshold increases from \$600 to \$2,000, reducing the administrative burden for small transactions.

Continued:

Navigating Changes - Provisions - Small Business

Planning Considerations for Business Owners

- Revisit choice of entity. With the corporate tax rate holding at 21% and QSBS benefits expanded, a C corporation may be worth considering when creating your business. The decision depends on your type of income, cash flow needs and future plans. If you don't anticipate dividend payments or a long-term hold for your new company, a C corporation could provide attractive tax benefits.
- Time income and deductions. With new thresholds and phaseouts, a multi-year tax strategy is key. Planning when to recognize income or accelerate deductions can help keep your effective tax rate as low as possible.
- Use charitable strategies wisely. With tighter corporate giving limits, explore approaches like bunching contributions into certain years, Donor Advised Funds (DAFs) or charitable trusts to maintain tax efficiency while supporting causes you value.

With many provisions now permanent or expanded, now is the time to revisit your tax strategy, ideally before year-end, to make sure you're capturing every opportunity under the new law.



Income Tax Planning

Year-end brings an opportunity to revisit your income tax picture. In 2025, this review carries extra weight. The One Big Beautiful Bill Act (OBBBA), signed into law in July, reshaped several deduction rules and introduced new temporary tax-saving opportunities. Some apply only through 2028, while others phase out gradually. This is a breakdown of the provisions most likely to affect your year-end plans.

Temporary Deductions Available 2025–2028

1. Age 65+ deduction. Individuals age 65 or older may deduct \$6,000 per year through 2028. Married couples where both spouses are age 65 can deduct \$12,000. The deduction phases out for single taxpayers with modified adjusted gross income (MAGI) between \$75,000 and \$175,000, and for joint filers between \$150,000 and \$250,000.
2. Tip income deduction. Workers in occupations that “traditionally and customarily” receive tips may deduct up to \$25,000 of reported tip income per year through 2028. The deduction is the same for singles and married couples and phases out at a rate of 10% for each dollar of MAGI above \$150,000 (single) or \$300,000 (married filing jointly).
3. Overtime pay deduction. A new deduction allows individuals to deduct up to \$12,500 (single) or \$25,000 (married filing jointly) of overtime pay each year through 2028. This applies only to the portion of overtime pay above the base rate of pay. The deduction phases out at 10% for each dollar of MAGI over \$150,000 (single) or \$300,000 (married filing jointly).
4. Vehicle loan interest deduction. Interest on loans for new cars, trucks or motorcycles with final assembly in the U.S. may be deducted, up to \$10,000 per year through 2028. The deduction also applies to refinanced loans after December 31, 2024, if the vehicle qualifies. It phases out at a rate of 20% for each dollar of MAGI above \$100,000 (single) or \$200,000 (married filing jointly).

Updates to Itemized Deduction Limitations

When the TCJA was passed, many itemized deduction provisions were scheduled to sunset after 2025. The OBBBA changed that. Most of the TCJA’s itemized deduction provisions were carried forward unchanged.



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Continued: Income Tax Planning

However, the OBBBA introduced a small set of new rules and limitations taxpayers will need to plan around, including:

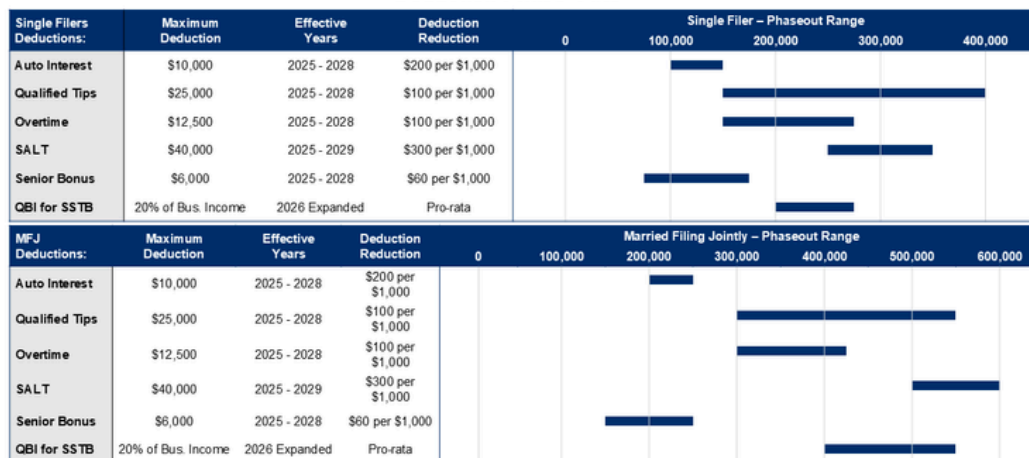
- **State and local tax deduction (SALT).** TCJA capped the deduction at \$10,000. OBBBA increases it to \$40,000 beginning in 2025 and extending through 2029, but phases it out at 30% per \$1 when MAGI exceeds \$500,000 (with no phaseout below \$10,000).
- **Mortgage insurance premiums.** Under TCJA, these were not deductible after 2025. OBBBA revives the deduction beginning in 2026 by treating premiums as mortgage interest. The deduction is subject to income limits. It begins to phase out when AGI exceeds \$100,000 (\$50,000 if married filing separately).
- **Charitable contributions.** TCJA increased the cap on cash contributions to public charities from 50% to 60% of AGI (through 2025). The OBBBA makes the 60% limit permanent but adds a new haircut beginning in 2026. After applying the 60% cap, the allowable charitable deduction is reduced by 0.5% of AGI.
- **Overall itemized deductions.** TCJA eliminated the so-called “Pease limitation.” OBBBA revives a modified version beginning in 2026, reducing itemized deductions by about 5.4% (2/37) of the income taxed at the 37% bracket.

Why Tax Projections Are Important

Once deductions phase out or shrink, each additional dollar of income can be taxed more heavily than the headline tax brackets suggest. That’s why multi-year planning will be key to maximizing deductions and taking advantage of the new law. For example, individuals may consider accelerating charitable contributions into 2025 to avoid the 0.5% haircut that begins in 2026 and compounds over multiple years.

The same dynamic applies to the SALT deduction. If you are married filing jointly with taxable income of \$550,000, your statutory marginal rate is 35%. But because the SALT deduction phases out by 30 cents for every \$1 of income above \$500,000, the combined effect is an effective marginal rate of 45.5% on that band of income.

For a clearer picture of where phaseouts take effect, reference the visual here.



*Specified Service Trade or Business (SSTB)

Continued:

Income Tax Planning

Planning for Capital Gains

Review your portfolio now to enable more options for managing exposure, whether by offsetting gains, spreading recognition across years or using structures that defer or eliminate capital gains tax.

Consider the following strategies:

- Harvest losses. If gains exceed losses, you may decide to sell positions at a loss to offset realized gains. Be aware of the wash sale rules, which disallow losses if you repurchase substantially identical securities within 30 days before or after the sale.
- Leverage Qualified Small Business Stock (QSBS). For eligible investments, QSBS treatment can exclude a significant portion of gain from tax altogether.
- Use installment sale treatment. If a sale price will be paid over multiple years, you may be able to spread recognition of gains so they align when the principal is received.
- Consider a Section 1031 exchange. For real estate, deferring gain through a like-kind exchange remains an option if the transaction follows IRS rules.
- Explore Opportunity Zone investments. Starting in 2027, refreshed rules allow reinvestment of gains into Opportunity Zone funds within 180 days. This provides three potential benefits: up to five years of deferral, partial exclusion and tax-free appreciation if held for 10 years.
- Integrate charitable planning. Donating appreciated assets directly, or using a charitable remainder trust (CRT), can reduce or defer capital gains while advancing philanthropic goals.

Check Your Tax Payments

The IRS currently assesses underpayment penalties at 7%, compounded daily, a cost that can quickly add up. To avoid penalties, you must pay at least 90% of your current year's tax liability through withholding and estimated payments, or 110% of your prior year's liability. Confirm your payments before year end to stay compliant and avoid an unnecessary hit to cash flow.



Retirement Planning

Know Your Number

Do you know how much money you will need to live fully in retirement?

Everyone has a number. But calculating it with precision is rarely easy. Costs rise, markets fluctuate and a nest egg that once looked abundant can suddenly feel thin.

That's where professional retirement planners add value. They specialize in helping you anticipate future needs and build a portfolio that can adapt to sudden changes.

Some key inputs retirement planners focus on:

- **Income.** Retirement income can come from many sources, including Social Security, pensions, part-time income and more. An accurate income picture helps you determine how much of your expenses can be covered by consistent income and how much will need to be covered by investment returns.
- **Expenses.** Clients often assume that expenses will decrease during retirement. That may be true for your work wardrobe and dry-cleaning expenses, for example. However, other expenses may increase more than you think. Travel and healthcare expenses (e.g., a supplemental Medicare policy) traditionally go up during retirement. To get an accurate expense estimate, it's important to look at all variables.
- **Investment rate of return.** Asset allocation is a key driver of investment rate of return. Consider working with an investment professional to determine the optimal allocation based on your risk tolerance and the rate of return needed for the portfolio to last your retirement years.
- **Longevity.** Last year, the oldest person in the United States died at age 115. Of course, not every American needs to plan for retirement through age 115. But it is important to recognize that life expectancy is increasing. Many planners now model retirement through at least age 95.



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Continued: Retirement Planning

Once these numbers are defined, retirement planners often use software, like the Monte Carlo Simulation, to run multiple scenarios. You can review the situations that are most likely to occur and prepare for them.

Law Changes Impacting Retirement Plans

Another factor that affects your retirement number is policy change. SECURE 2.0 and other recent federal actions brought notable shifts. Here are the most direct impacts:

Required Minimum Distributions (RMDs)

Beneficiaries must withdraw the balance by the end of the 10th year after the death of the owner. If the owner was already taking RMDs prior to death, beginning in 2025, the beneficiary must take annual distributions from the plan and completely withdraw the balance by end of the 10th year.

Catch-up contributions

Beginning in 2027, individuals earning \$145,000 or more can only make catch-up contributions on an after-tax (Roth) basis.

Alternative investments

On August 7, 2025, President Trump signed an Executive Order (EO) directing the Department of Labor to review guidance on making alternative investments available within 401(k) and other defined contribution plans. The EO also directs the SEC to consider ways to expand participant access.

Under the EO, alternative investments include:

- Direct and indirect interests in private market equity, debt or other financial instruments
- Real estate holdings, including debt secured by real estate
- Actively managed vehicles investing in digital assets
- Projects financing infrastructure development
- Lifetime income investment strategies

The Secretary of Labor and SEC Commissioner are required to deliver findings within 180 days.

Retirement Plan Contributions

Annual contribution limits set the pace for how quickly you can reach and sustain your retirement number.

For 2025, the contribution limit for 401(k), 403(b) and 457(b) plans is \$23,500, with an additional \$7,500 catch-up allowance for those age 50 or older. A new “super catch-up contribution” also applies to individuals age 60–63, raising the limit to \$11,250 instead of \$7,500.

Other plans, such as SIMPLE IRAs or traditional and Roth IRAs, carry their own contribution limits. Business owners may be able to contribute more depending on plan type and reported income.

Continued: Retirement Planning

Health Care Savings Account

If you are eligible, maximizing contributions to a Health Savings Account (HSA) can be a valuable retirement strategy, even if you don't plan to use the funds right away. HSAs grow tax-deferred, and withdrawals for qualified medical expenses are tax-free, making them a powerful tool for covering healthcare in retirement.

For 2025, contribution limits are \$4,300 for individuals and \$8,550 for married couples, all made on a pre-tax basis. The OBBBA removed the prior six-month waiting period between the last HSA contribution and applying for Medicare, allowing contributions right up until enrollment.

Back-door Roth IRA

A back-door Roth IRA is a workaround for high earners who exceed the income limits for direct Roth IRA contributions. The strategy involves making an after-tax contribution to a traditional IRA and then converting those funds to a Roth IRA.

While not formally sanctioned by the IRS, this approach has grown in popularity. The appeal lies in two key advantages of Roth accounts: tax-free growth of assets and no required minimum distributions (RMDs). If you're considering a back-door Roth IRA, consult with your tax advisor to confirm suitability and ensure proper execution.

Social Security Planning

Retirees are rethinking the traditional strategy of delaying Social Security to age 70 for the annual 8% benefit increase. Instead, some are opting to claim earlier, prioritizing guaranteed income today.

The concern is funding. The 2025 Trustees Report projects the Old-Age and Survivors Insurance (OASI) Trust Fund will be depleted around 2033–2034. Without Congressional action, benefits could drop to 77–80%. The last major reform came in 1983, when lawmakers raised the full retirement age to 67, introduced taxation of benefits and added federal employees to the system.

Qualified Charitable Distributions (QCDs)

QCDs remain a valuable tool for charitably inclined retirees. Starting at age 70½, you can direct up to \$108,000 (indexed annually) from IRAs to qualified charities. The amount counts toward your RMD starting at age 73, but it is excluded from taxable income. While you forgo a charitable deduction, you can still claim the standard deduction.

Starting in 2026, a new 0.5% Adjusted Gross Income (AGI) floor will apply to charitable deductions for taxpayers who itemize, meaning the first 0.5% of your AGI in donations will no longer be deductible. Because QCDs do not rely on itemized deductions, they will not be subject to that floor. This makes QCDs an especially important strategy for retirees looking to maximize their charitable giving under the new law.

Closing Thoughts

Retirement planning is part math, part strategy and part adaptability. Your “number” will shift as markets move and personal priorities evolve, which is why regular updates are essential. Now is a great time to schedule a check-in with your advisory team.



Estate Planning

Year-end is the ideal time to review your estate plan. The One Big Beautiful Bill Act (OBBBA) has raised exemptions, enhanced benefits and adjusted key deduction limits. Understanding the current rules will help you identify potential opportunities and make any necessary changes as the year draws to a close.

The OBBBA's Effect on Estate Planning

The OBBBA made notable changes that will affect estate planning in various ways, including:

- Higher lifetime gift and estate tax exemption. In 2026, exemption amounts increase to \$15 million per person (indexed annually for inflation). For married couples, \$30 million can be transferred free of federal estate and gift tax.
- Matching GST tax exemption. The Generation-Skipping Transfer (GST) tax exemption amount will continue to match the estate and gift tax exemption (\$15 million per person in 2026), making it possible to transfer significant wealth to grandchildren or later generations without multiple layers of transfer tax. However, unused GST exemption is still not portable to a surviving spouse, so being strategic about allocating GST exemption to lifetime transfers is important.
- Enhanced Qualified Small Business Stock (QSBS) benefits. For stock acquired after July 4, 2025, the maximum gain exclusion increases to \$15 million (indexed annually for inflation moving forward). The company value cap at the time of acquisition also rises from \$50 million to \$75 million. For some, making strategic gifts of QSBS could remove shares from your estate, while also positioning recipients to exclude capital gains from taxation when sold. See section X of this guide for additional details.
- Temporary SALT deduction cap. Beginning in 2025, the state and local tax (SALT) deduction cap increases to \$40,000 per return, with a 1% annual increase through 2029. The cap is scheduled to revert back to \$10,000 (married filing joint) in 2030. The cap begins phasing out for taxpayers with modified adjusted gross income above \$500,000. In some cases, using multiple non-grantor trusts — each eligible for its own \$40,000 cap — can help maximize deductions across entities.



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- <https://www.comerica.com/insights/wealth-management/business-ownership/section-1202-small-business-owners.html>
- <https://www.comerica.com/insights/wealth-management/wealth-preservation/great-wealth-transfer.html>

Continued: Estate Planning

Keep It Flexible

The OBBBA labels many of its changes “permanent,” but in tax law, that only means there’s no automatic expiration date. Congress can—and often does—change policy midstream, sometimes with little notice. A shift in political control or a new round of tax reform could significantly alter the optimal path for estate planning.

That’s why it’s smart to build plans that can adapt. Flexible provisions give you room to pivot without needing to completely overhaul your estate documents. Here are three provisions to consider:

1. Powers of appointment. Give a beneficiary or trusted advisor the authority to redirect assets if tax laws change or family needs evolve.
2. Trust protectors. Name a neutral third party who can adjust trust provisions, replace trustees or resolve disputes as circumstances change.
3. Amendment powers. Include language that allows certain parties to update administrative provisions so a trust can remain effective under new tax rules or evolving financial situations.

Year-End Estate Planning Checklist

- | | |
|---|--|
| ☐ Meet with your advisory team. | Schedule a year-end meeting with your attorney, CPA and financial advisor. Discuss changes in the law and your financial and family dynamics. These conversations can surface planning opportunities that are only available for a limited time. This is also the ideal time to take stock of your financial picture. Use a planning tool, like Comerica’s Life & Legacy Organizer , to help organize your details in a centralized place. |
| ☐ Review your estate planning documents. | Confirm your wills, trusts, powers of attorney and healthcare directives reflect your most up-to-date wishes and family circumstances. Update fiduciary appointments and change any provisions that no longer help you achieve your wealth transfer goals. |
| ☐ Confirm your beneficiary designations. | Review retirement accounts, life insurance policies and other accounts with named beneficiaries. It’s important they match your overall estate plan. Update beneficiary names and percentages they will receive if relationships or priorities have changed. |
| ☐ Maximize your lifetime gift and estate tax exemption. | With the OBBBA raising the exemption in 2026, evaluate whether large gifts to irrevocable trusts or individuals make sense now. By gifting large, appreciating assets (like closely held business interests), you can remove assets from your estate and keep the future appreciation out of your taxable estate, which can reduce future estate tax liability. |

Continued: Estate Planning

Year-End Estate Planning Checklist

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|---|--|
| ☐ Use your annual gift exclusion. | Consider gifting to children or grandchildren, or funding 529 plans. Multiple smaller gifts over time can meaningfully reduce your taxable estate. |
| ☐ Strategically fund irrevocable trusts. | Consider vehicles like Spousal Lifetime Access Trusts (SLATs), Grantor Retained Annuity Trusts (GRATs) or Intentionally Defective Grantor Trusts (IDGTs) to remove appreciating assets from your estate while retaining some access, control or income. Coordinate with your financial advisor and attorney to choose the optimal strategy and ideal assets to gift. |
| ☐ Plan your charitable giving. | Review charitable goals and the potential tax benefits of year-end gifts. If you want flexibility, consider a Donor Advised Fund (DAF) to claim the deduction this year and recommend grants later. |
| ☐ Evaluate gifting business interests. | For closely held businesses, gifting ownership interests can remove assets from your estate. Coordinate with your advisors to ensure proper valuation and structuring. |
| ☐ Review your GST exemption strategy. | If you want to benefit multiple generations, consider using your Generation-Skipping Transfer (GST) tax exemption to fund dynasty trusts designed to shield trust assets from estate and GST tax for the entire duration of the trust—potentially for many generations. |

The window for estate planning opportunities is open. Now is the time to familiarize yourself with changes from the OBBBA that affect your financial and legacy goals. Schedule time with your advisors before the end of the year to make sure your estate plan captures the benefits available in 2026 and beyond.



Personal Year-End Tax Planning Checklist

Year-end provides an important opportunity to review your personal tax position. Taking key actions before December 31 can help minimize liabilities, capture available benefits and prepare for the year ahead. Use the checklist below to organize your personal tax planning with a tax professional and financial advisor.

2025 Personal Year-End Tax Planning Checklist

- ☐ Review your year-to-date tax withholding and payroll contributions.

Based on your year-to-date income, determine if it's time to update your tax withholding. You should take into consideration any bonus or other income that may be paid through the end of the year so you don't have a shortfall. If you are expecting a bonus or other non-recurring income, be sure to review your 401(k) contribution rates so you don't exceed the maximum \$23,500 limit for 2025 (\$31,000 limit if age 50 or older).

- ☐ Make the most of tax advantaged retirement plans.

In addition to your 401(k) contributions, review your contributions to any Roth IRA or traditional IRA accounts. While the annual contribution limit remained at \$7,000 for 2025, be sure to review for any income phase-outs to this limit and age eligibility for catch-up contributions.

See the 2025 IRS [News Release](#) on this topic for more information.

- ☐ Fund or contribute to a college savings account.

Paying for college can be daunting. Funding and contributing to a 529 plan early can help by using after-tax dollars that grow tax-free and can be withdrawn for qualifying education expenses. The One Big Beautiful Bill Act, signed into law July 4, expanded what counts as qualified expenses, making this a great time to revisit contributions and savings plans.

- ☐ Consider changes from the One Big Beautiful Bill Act.

The One Big Beautiful Bill Act introduced notable tax law changes that should be reviewed based on your personal situation. While the top tax rate remains the same, there are significant changes including a new above-the-line deduction, increased child care credits, expanded SALT deduction, major business owner changes, and more. For more details on these tax law changes, refer to [The One Big Beautiful Bill Act article](#) on Comerica Insights.



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Continued:

Personal Year-End Tax Planning Checklist

2025 Personal Year-End Tax Planning Checklist

☐ Take any required minimum distributions (RMDs).

The SECURE 2.0 Act raised the age of required distributions to 73 starting in 2023. This generally applies to traditional IRAs, SEP IRAs, SIMPLE IRAs and all employer-sponsored retirement accounts. Designated Roth accounts in a 401(k) or 403(b) plan are subject to the RMD rules for 2022 and 2023. However, for 2025 and later years, RMDs are no longer required from designated Roth accounts.

For more information on RMDs refer to the [IRS Guidance\(irs.gov\)](https://www.irs.gov).

☐ Review your current portfolio for tax savings and restructuring for the new year.

Take the opportunity to work with your financial advisor to review for tax-loss harvesting opportunities. Strategically realizing losses can offset capital gains from the year and potentially reduce taxable ordinary income. With the tax year coming to an end, now is also a great time to work with your financial advisor on restructuring your portfolio to optimize the current market conditions and set you up for a successful 2026.

☐ Start collecting your tax documents.

Tax season is stressful enough. Start now to prepare your receipts and documentation for tax preparation. Your CPA will thank you.



Fiduciary Year-End Tax Planning Checklist

Trusts and estates carry tax considerations that are more complex and often more compressed than individual filings. As 2025 draws to a close, fiduciaries should take the opportunity to review trust terms, projected liabilities and distribution strategies. Addressing these areas now can help minimize surprises at filing time and keep fiduciary plans aligned with long-term objectives.

2025 Fiduciary Year-End Tax Planning Checklist

- ☐ **Review your trust to make sure it is still in alignment with your long-term goals.**

Creating a trust takes significant consideration. But that doesn't mean your circumstances won't change over the lifetime of the trust. Understanding your trust and reviewing the terms regularly can ensure that your long-term goals are met.

- ☐ **Calculate your 2025 tax projections.**

Reviewing your 2025 income and deductions is important to ensure there are no surprises during tax season. Work with your fiduciary tax professional to prepare for tax season and potentially lower your tax liability.

- ☐ **Consider Changes From The One Big Beautiful Bill**

With the estate, gift and GST exemptions increased to \$15 million per person, it's an opportune time to revisit your wealth transfer strategy. The new law leaves the rules around grantor and non-grantor trusts unchanged.

- ☐ **Review your current portfolio for tax savings and restructuring for the new year.**

Take the opportunity to work with your financial advisor to review for tax-loss harvesting opportunities. Strategically realizing losses can offset capital gains from the year and potentially reduce taxable ordinary income.

With the tax year coming to an end, now is a great time to work with your financial advisor on restructuring your portfolio to review and optimize the current market conditions and set you up for a successful 2026.



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Continued: Fiduciary Year-End Tax Planning Checklist

2025 Fiduciary Year-End Tax Planning Checklist

☐ **Review your estimated tax payments to date.**

Reviewing your 2025 tax projection, along with any estimated tax payments year-to-date, will ensure that no underpayment penalties or interest is incurred. These penalties can be significant, so it is important that the payment amount is accurate and on time.

The fourth installment of estimated tax payments is due January 15, 2026.

☐ **Consider your trust assets.**

When funding a trust, it's important to carefully consider the assets that make up the trust and the potential tax impact. This includes retirement assets like IRAs, 401(k) accounts and 403(b) accounts.

Review trust assets with your trust administrator as well as a tax professional to ensure there are no hidden tax bills.

☐ **Review beneficiary distributions and consider the 65-Day Election.**

A major difference between individual and trust tax is the tax rate. Estate and trust tax rates reach the highest 37% tax rate after trust income of just \$15,650. For this reason, it is important to carefully monitor beneficiary distributions.

An important tool in managing this is the 65-Day Election, available to fiduciaries of estates and complex trusts. It allows fiduciaries to make distributions up to 65 days after year-end and still include them on the prior year's tax return. This provides the flexibility to assess the trust's tax situation for the year and plan accordingly.

Review this checklist with your trust administrator and tax professional to ensure decisions are well-informed and consistent with the trust's goals.



Donor Advised Funds

Donor Advised Funds (DAFs) have become one of the most widely used charitable giving vehicles for high-net-worth individuals and families. According to the [National Philanthropic Trust's DAF Report](#), total assets reached more than \$250 billion in 2023.

DAFs offer a strategic way to make tax-deductible contributions in a high-income year while distributing funds to charities over time. This flexibility makes it easier to align charitable gifts with your financial picture and the causes you support.

Donor Advised Funds (DAFs)

With a [DAF](#), you make a contribution, typically cash or appreciated assets like stocks, and receive an immediate in-year tax deduction. The funds can then be invested and grow tax-free until you're ready to support the charities of your choice.

Key features include:

- **Control:** Decide when and where to grant funds, separating the timing of your deduction from the timing of the charitable gift.
- **Tax efficiency:** Donating appreciated assets can help minimize capital gains impacts while maximizing the charitable deduction.
- **Easy setup:** Most DAFs can be opened quickly with a modest initial contribution and minimal paperwork.
- **Investment growth:** Contributions can be invested for potential tax-free growth, increasing the amount available for future grants.
- **Family engagement:** Many donors involve children or other family members in grantmaking decisions, using DAFs as a way to pass on values and financial stewardship.



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- <https://www.comerica.com/insights/wealth-management/wealth-preservation/donor-advised-funds-charitable-giving.html>

Continued:

Donor Advised Funds

In Practice

Many donors open a DAF in response to a significant financial event, such as the sale of a business, a year with unusually high income or the exercise of stock options. In these moments, locking in a charitable deduction can be especially valuable.

Once the DAF is established and funded, you can align your giving with evolving goals, nonprofit needs or personal milestones. For some families, that means reflecting on causes they care about and making decisions together. Others work with their financial advisor to coordinate grants with broader estate and legacy planning strategies.

Behind the scenes, the sponsoring organization, typically a bank or community foundation, handles the operational details. They manage investments, issue tax receipts, vet eligible charities and process distributions so you can stay focused on the purpose of your giving, not the paperwork.

For more on how DAFs work, see Comerica's Donor Advised Fund FAQ page.

Comparing Charitable Giving Vehicles

There's no one-size-fits-all approach to philanthropy. Depending on your giving goals, timeline and level of involvement, you have a range of options from direct donation to more structured vehicles like DAFs, Donor Directed Funds (DDFs), charitable trusts and private foundations.

	Direct Donation	Donor Directed Fund (DDF)	Donor Advised Fund (DAF)	Charitable Trust*	Private Foundation
Setup & Cost	None	Easy, minimal	Easy, low cost	Moderate to complex	Complex, higher
Control	The gift goes immediately to charity	Supports one named charity	Donor flexibility, grants to multiple charities	Depends on trust terms	Full control over all decisions
Ongoing Effort	None	Minimal (sponsor manages)	Minimal (sponsor manages)	Moderate (requires trustee oversight and reporting)	High (requires active management)
Best For	One-time or simple gifts	Supporting a specific cause over time	Flexible giving with low administration	Combining charitable giving with income for donor or heirs	Building a long-term legacy platform

*Charitable trusts include structures such as Charitable Remainder Trusts and Charitable Lead Trusts. While their income and distribution rules vary, all are designed to combine charitable giving with income or estate tax planning.

Continued: Donor Advised Funds

Tax considerations often impact the structure and timing of charitable giving. For example, donating appreciated assets can reduce capital gains exposure, while accelerating contributions in a high-income year may help manage your tax bill.

Each structure offers tradeoffs in control, flexibility and administrative complexity. A wealth advisor or tax professional can help you evaluate which structure best supports your charitable vision.

Planning Under the New Tax Law

The One Big Beautiful Bill Act (OBBBA), signed into law on July 4, introduces new income tax brackets and deduction rules that could significantly reshape your tax picture starting in 2026. For many high-earning individuals, it's a timely reason to revisit charitable giving strategies, including DAFs.

One headline provision reinstates an above-the-line charitable deduction for non-itemizers: up to \$1,000 for single filers or \$2,000 for joint filers in cash gifts to qualified charities. However, contributions to DAFs and private non-operating foundations are excluded.

The more meaningful planning opportunity for DAFs lies in managing higher income. Tax Foundation projects the OBBBA will increase pre-tax wages by 0.4% and the capital stock by 0.7%, contributing to higher taxable income for many.

Start planning now to avoid any end-of-year tax surprises.

Year-End Planning Considerations

For donors experiencing elevated income in 2025 or beyond, a DAF may help capture a charitable deduction. Here are five steps to help you integrate this charitable vehicle into your year-end strategy:

- **Review your income picture.** If you're experiencing a high-income year, this could be an opportune time to maximize deductions through charitable giving.
- **Confirm timing requirements.** To receive a charitable deduction for the 2025 tax year, contributions to your DAF must be completed by December 31. Non-cash assets like stocks may require extra processing time, so start planning early.
- **Choose assets strategically.** Consider donating appreciated assets, if applicable. This approach may allow you to avoid capital gains while still receiving a full charitable deduction based on fair market value.
- **Coordinate with your advisory team.** Work with your financial, tax and estate planning advisors to align DAF contributions with your broader legacy and tax planning objectives.



Investment Banking Outlook

Will M&A markets recover in 2026?

For the last three years, industry analysts have predicted an M&A comeback. And for the last three years, buyers have stayed cautious. Still, this “healthy enough” market has produced excellent outcomes for well-performing, prepared sellers.

Looking ahead, the same conditions hold. Volumes may fluctuate, but the market remains deep, buyers remain active and capital is available. For business owners considering a sale, the focus should be less on timing the market and more on preparation such as improving performance, strengthening fundamentals and being ready before an opportunity arises.

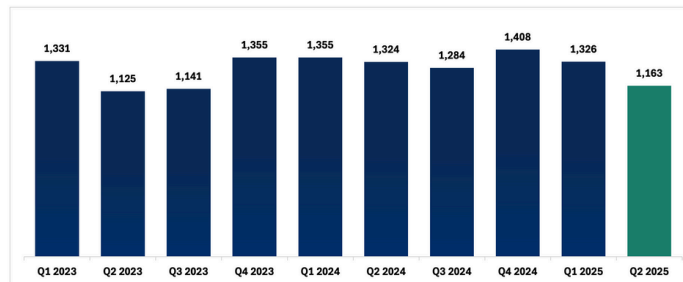
The “Healthy Enough” Market

US Middle-Market M&A Volume

(Pitchbook, Represents \$25M-\$500M Enterprise Value)

Sourced via Pitchbook

Date	Number of Closed Transactions
Q1 2023	1331
Q2 2023	1125
Q3 2023	1141
Q4 2023	1355
Q1 2024	1355
Q2 2024	1324
Q3 2024	1284
Q4 2024	1408
Q1 2025	1326
Q2 2025	1163



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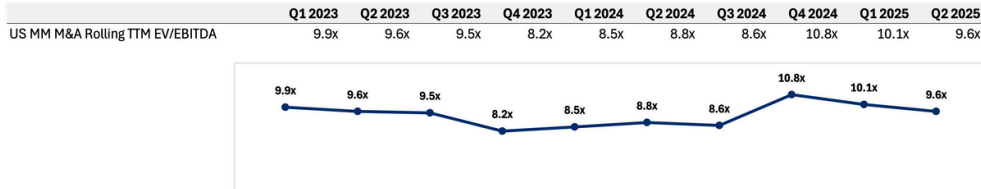
[Jeff's Bio](#)

Continued: Investment Banking Outlook

US Middle-Market M&A Rolling TTM EV/EBITDA Multiples

(Pitchbook, Represents \$25M-\$500M Enterprise Value)

Sourced via Pitchbook

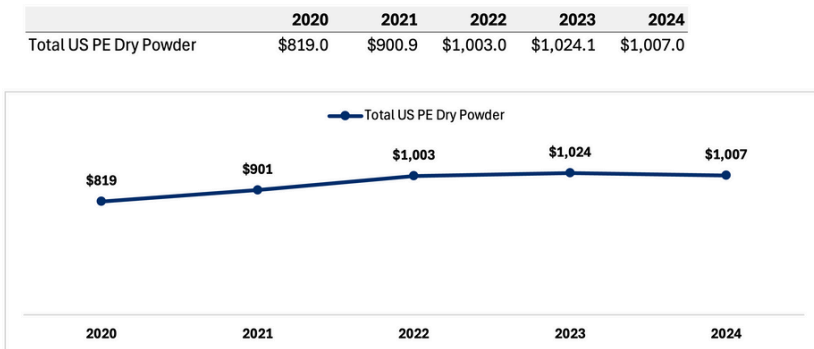


Debt financing is another key factor for M&A. Leverage ratios have come down from their 2021–2022 peaks but remain healthy compared with longer-term history. Banks and private debt funds have capital to deploy and are actively lending, which should continue to fuel transactions in 2026, with or without a rate cut.

US PE Dry Powder

(Pitchbook, As of 6/30/2024)

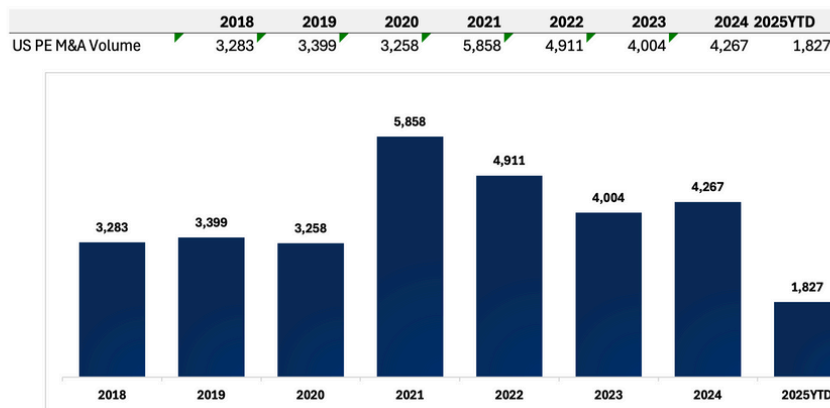
Sourced via Pitchbook



US PE M&A Volume

(Pitchbook, As of 6/30/2025, \$25M-\$500M Enterprise Value)

via Pitchbook



US PE deal count by size bucket

	2018	2019	2020	2021	2022	2023	2024	2025-YTD
\$25M-\$100M	1,531	1,771	1,744	2,834	2,400	1,968	2,284	924
\$100M-\$500M	1,752	1,628	1,514	3,024	2,511	2,036	1,983	903

Continued: Investment Banking Outlook

Private equity plays a key role in middle-market M&A. Funds hold more than \$1 trillion in dry powder, with recent years of slower deal flow adding to the pressure to put capital to work. That dynamic should sustain strong buyer demand heading into 2026.

How to Prepare for a Successful Sale

If you are convinced that the market is healthy enough, how do you plan for a successful sale transaction in 2026?

Two factors drive M&A outcomes: the financial and operating performance of the business, and the seller's level of preparation before engaging buyers.

On the performance side, buyers consistently place the most value on businesses that demonstrate:

- Consistent revenue growth with a clear path for scalability
- Strong, sustainable profit margins that demonstrate barriers to entry
- An experienced management team motivated to remain with the business
- A diversified customer and supplier base

These attributes are often baked into the DNA of a business and take years to build. That said, owners still have opportunities to improve positioning in the 12–18 months leading up to a sale.

And that's where preparation becomes the difference-maker. During the due diligence process, buyers will put every aspect of the business under a microscope, and sellers who are organized and proactive are better positioned to control the narrative. Owners and their advisors should know the business inside and out, present a clear story and back it up with easy-to-access, accurate data.

Actions that strengthen positioning ahead of a sale include:

- Selling into periods of strong demand
- Exiting low-margin or unprofitable business lines
- Making key management hires to strengthen leadership depth
- Broadening supplier or customer relationships to reduce concentration risk

These steps give buyers confidence in the stability and growth prospects of the business, which directly influence valuation and deal terms. A company that demonstrates strong fundamentals and can quickly provide clean, reliable information reduces uncertainty for buyers. Less uncertainty often translates into better offers for the seller.

Continued: Investment Banking Outlook

Transaction Preparedness Checklist

- ☐ Prepare 3 years of GAAP-compliant financial statements
- ☐ Develop financial projections
- ☐ Evaluate ERP, accounting software and confirm integrity of
- ☐ Evaluate management team
- ☐ Resolve any ongoing legal, regulatory or compliance issues
- ☐ Assess revenue concentration and dependency risks

Sellers should approach the process with the right mindset. The best outcomes often come from running a competitive process, engaging more than one buyer and creating competition. It also helps to go in with clear limits, knowing in advance what's acceptable and when to walk away.

And because M&A can take several months, patience and support are essential. Owners who lean on experienced deal teams to handle the back-and-forth are better positioned to stay focused on the big picture and preserve negotiating leverage.

The Bottom Line

While overall M&A activity remains subdued, the conditions for private business owners are “healthy enough” to support attractive outcomes. Buyers have capital, financing is available and well-positioned companies continue to command strong valuations.

What matters most now is preparation. Owners who shore up performance and enter the market with a clear, well-documented story are more likely to achieve favorable outcomes. Engaging an M&A advisor early can help identify blind spots and align the process to the company's goals, creating confidence before buyer conversations begin.



Qualified Small Business Stock Provisions

The One Big Beautiful Bill Act (OBBBA), signed in July, reshaped the rules around Qualified Small Business Stock (QSBS). For owners and investors, the changes open new planning opportunities and raise new considerations about entity choice, exit strategy and timing. Here's an overview.

New Rules Under the OBBBA

At its core, QSBS offers a powerful tax incentive: If you hold stock in a qualified small business for at least five years, you may exclude a significant portion—in some cases up to 100%—of the gain from federal income tax when you sell.

To qualify, the stock must be issued by a domestic C corporation (with some opportunities to convert certain other types of entities after formation), the company must operate an active business (not an investment or service business), and the value of the company's gross assets must fall under certain limits when the stock is issued.

The OBBBA preserved this foundation but introduced several important updates:

- Higher qualification thresholds. Previously, only corporations with gross assets under \$50 million at the time of issuance qualified. The OBBBA raises this ceiling to \$75 million, allowing more companies—particularly those in capital-intensive industries—to issue stock that qualifies for QSBS treatment. This shift is designed to encourage scaling businesses to stay structured as C corporations without losing access to the exclusion.
- Refined exclusion amounts. While the maximum 100% exclusion remains available, the law introduces phased percentages depending on the year of acquisition and sale. The phaseout looks like this:
 - 3 years: 50% of gain excluded
 - 4 years: 75% of gain excluded
 - 5+ years: 100% of gain excluded



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ESSENTIAL INSIGHTS FROM THE OBBBA

- <https://www.comerica.com/insights/wealth-management/business-ownership/section-1202-small-business-owners.html>

Continued: Qualified Small Business Stock Provisions

- Ability to roll forward. For investors, QSBS now comes with added flexibility. When shares are gifted or transferred to a qualified recipient, the original holding period and basis carry over. In addition, an investor who sells before meeting the holding period can reinvest into a new QSBS to defer the tax and still qualify for the exclusion once the new stock meets the holding requirements.
- Adjusted limits for multiple shareholders. The OBBBA reinforces that the exclusion applies per taxpayer, not per company. This means distributing equity among founders, employees and early investors can multiply the overall tax benefit when handled strategically.
- Clarified business eligibility. The law reaffirms restrictions on certain industries (like professional services and financial institutions) but creates new guidance for emerging sectors, particularly those straddling technology and services, offering more certainty on what qualifies.

Implications for Entity Choice

Only C corporations are eligible for QSBS treatment, which means entity choice is more critical than ever.

For entrepreneurs aiming to scale and eventually exit through a sale, C corporation status positions them to maximize the QSBS benefit. By contrast, business owners who prioritize ongoing income through distributions may still find that an S corporation or partnership offers greater tax efficiency.

The decision ultimately comes down to long-term goals: A founder planning to scale a software company for five years before acquisition faces a very different calculus than the owner of a professional services firm who relies on steady annual income.

Planning Opportunities

The revised rules create several ways to expand the benefit with thoughtful planning:

- Earlier exit flexibility. A sale at year three or four can now deliver substantial savings, which may matter for founders navigating acquisition offers or changing market conditions.
- Broader participation. Gifting stock to family members or allocating it to key employees can multiply the exclusion across multiple taxpayers, significantly increasing the collective benefit.
- Stacking strategies. Families, including family members and certain types of trusts that receive stock through a gift, or teams of co-founders can use multiple shareholders to “stack” exclusions, turning what would have been a single benefit into a much larger tax advantage.

Continued: **Qualified Small Business Stock Provisions**

Why It Matters Now

By softening the old “all-or-nothing” holding period rule, the OBBBA creates planning opportunities that didn’t exist before. Founders can now design around shorter exit horizons without losing all tax benefits, while long-term builders still capture the full 100% exclusion.

The QSBS updates under the OBBBA reinforce a simple but important truth: How you structure your business on day one can shape your after-tax outcome when it’s time to exit. The phased rules give entrepreneurs more flexibility, but the best results come from planning ahead and aligning your tax strategy with the future you’re building.

Before making decisions about entity type, shareholder structure or exit timing, it’s important to speak with your tax and financial advisors. They can help you evaluate the best ways to take advantage of QSBS and design a plan that fits your long-term goals.



1031 Exchange

For many real estate investors, tax planning is as important as property selection. The ability to manage when and how capital gains are recognized can materially affect the wealth you build. One proven approach to managing the timing of capital gains taxes is the 1031 Exchange.

A 1031 Exchange allows real estate investors to defer capital gains tax by rolling the entire sale proceeds into another qualifying property. As long as the exchange follows IRS rules, no capital gains are triggered at the time of sale, keeping more funds working for your next investment.

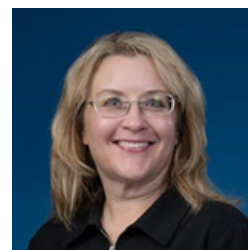
To qualify, the transaction must follow IRS guidelines, including:

- Like-kind property. The replacement property must be of similar nature or use (e.g., investment real estate for investment real estate).
- Strict timelines. Investors must identify potential replacement properties within 45 days and complete the purchase within 180 days of the original sale.
- Full reinvestment. To defer the entire gain, all sale proceeds must be reinvested. Any unused portion may be subject to tax.

1031 Exchanges Under the One Big Beautiful Bill Act

The One Big Beautiful Bill Act (OBBBA), signed into law in July, left the core rules of Section 1031 intact. This is welcome news for real estate investors who strategically use like-kind exchanges to defer capital gains tax.

But notably, the environment around 1031s has shifted. The OBBBA reinstated 100% bonus depreciation for qualifying real estate, allowing investors to immediately deduct the full cost of certain property improvements or eligible assets in the year they are placed in service, rather than depreciating them over time.



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[Andrea's Bio](#)

ESSENTIAL INSIGHTS FROM THE OBBBA

- <https://www.comerica.com/insights/wealth-management/wealth-preservation/tax-planning-for-real-estate-capital-gains.html>

Continued:

1031 Exchange

This creates a clear upfront benefit, but it also accelerates the reduction of your property basis, meaning that when you eventually sell, your taxable gain could be larger. Higher gains translate into higher potential tax exposure, and with that comes even more reasons to consider a 1031 Exchange as part of your long-term planning.

If you are selling appreciated property, planning to reinvest or evaluating your broader real estate strategy, this is a good time to revisit the role of a 1031 Exchange with your advisor. The current environment offers a particularly favorable window for maximizing tax efficiency.

Delaware Statutory Trusts in 1031 Exchange Planning

A Delaware Statutory Trust (DST) can serve as an alternative replacement property in a 1031 Exchange. Instead of purchasing a new building or parcel of land outright, investors can exchange into a fractional interest in a professionally managed real estate portfolio.

Structurally, a DST operates as a formal tenant-in-common ownership structure. It allows investors to participate in commercial real estate (often institutional-grade properties) without taking on the day-to-day responsibilities. And because the IRS recognizes DSTs as qualifying replacement property, they can be used to complete a 1031 Exchange and defer capital gains.

DSTs are most common when investors are:

- Concerned about timing. If there is a risk you won't find a suitable property within the 45-day identification window, a DST can serve as a qualified fallback.
- Looking to step back from active management. For those no longer interested in the day-to-day responsibilities of property management, a DST offers access to high-quality properties with the potential for hands-off income.

Before including a DST in your 1031 Exchange strategy, it is important to understand how the structure differs from traditional real estate ownership.

First, DSTs are passive investments. Property decisions, management and the timing of a sale are handled by the trust sponsor, not the investor. Second, DSTs are designed to be held for a fixed period, usually between three and ten years, making them illiquid. Early exit options are rare.

There is no one-size-fits-all solution. Evaluate the trust's structure, fees and sponsor track record carefully, and work with your advisor to determine whether a DST aligns with your investment goals and time horizon.

Continued:

1031 Exchange

Steps to Take Now

A 1031 Exchange can be a powerful tax planning tool, but it requires careful coordination. If you are considering selling investment property in 2025 or early 2026, these steps can help you prepare:

- Review your timeline. Determine whether a sale is likely in the near term and whether reinvestment will be part of your strategy. Timing is critical for meeting IRS requirements.
- Talk to your advisor. Engage your tax and financial team early. They can model the potential gain, evaluate reinvestment options and flag any timing issues before they become obstacles.
- Know your replacement options. Explore traditional real estate, DSTs or a mix that aligns with your goals and risk appetite. Having a clear plan for reinvestment avoids last-minute decisions.
- Prepare for documentation. A qualified intermediary must facilitate exchanges. Your advisory team can help coordinate the process and ensure all paperwork aligns with IRS guidelines.
- Keep an eye on the big picture. A 1031 Exchange is just one piece of your broader investment and legacy plan. Confirm it aligns with your long-term objectives.



Financial Wellness for Women in Business

Financial Wellness Isn't a Luxury, It's a Strategy

As the year winds down, it's worth asking: Is your money working as hard as you are?

For many households, the answer is “not really.” Savings sit idle in low-interest accounts, debt payments chip away at income and big goals feel further away than they should.

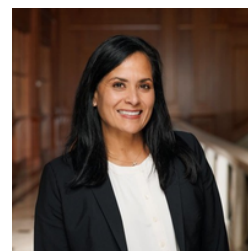
A financial wellness strategy shifts the focus from reacting to planning. It helps you direct income toward what matters most, whether that's strengthening retirement savings, paying down debt, setting aside money for future healthcare bills or planning for a once-in-a-lifetime trip.

The point isn't perfection. It's clarity. A personalized plan helps you make decisions with greater peace of mind.

Key Areas to Review

A strong financial wellness plan considers every part of your financial life. These are the areas worth checking at year-end:

- Retirement planning. Are your long-term goals aligned with your current lifestyle? An annual review helps you adjust contributions, allocations and assumptions to stay on track. For example, if a bonus arrives at year-end, directing part of it toward a retirement plan can accelerate progress without disrupting day-to-day cash flow.
- Deposits and cash flow. Do you know where your money goes each month? Tracking inflows and outflows helps reduce surprises and provides more control over decisions. Many families discover that small recurring charges, such as subscriptions, unused memberships or delivery fees, add up to thousands over the year. Redirecting even part of that toward savings or debt repayment can shift your financial outlook.



Theresa Bazan

Director of Frontline Division
Sales Enablement and
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Continued:

Financial Wellness for Women in Business

- Savings strategy.
 - Short-term needs: An emergency fund reduces the risk of turning to credit when the unexpected happens. A \$1,500 car repair or an unplanned medical bill is less disruptive when funds are already set aside.
 - Long-term goals: Saving with intent—for a home, education or travel—keeps your money working toward defined priorities. Separating accounts for each goal helps you track progress and reduces the temptation to repurpose funds.
- Credit and debt management. Credit represents access and flexibility. Managing debt effectively and maintaining strong credit can save you thousands in borrowing costs. For example, improving a credit score before refinancing a mortgage or applying for a business loan can secure a lower rate and immediate savings. Consolidating higher-interest debt or negotiating lower rates with creditors are practical steps that quickly strengthen your position.

Why Partnering With a Banker Matters

Digital tools can help track numbers, but they cannot replace guidance that connects directly to your personal goals and risks. That is where an experienced banker adds value, helping you prioritize, plan and adjust as life changes.

A dedicated banker can:

- Provide guidance that reflects your specific goals and challenges. A young professional saving for a first home has different needs than someone nearing retirement.
- Bring clarity and structure, aligning short- and long-term objectives. For instance, setting up automatic transfers to build an emergency fund while also increasing retirement contributions over time.
- Create accountability through regular check-ins and plan updates. Just as a trainer keeps you on track in fitness, scheduled reviews help keep financial goals moving forward.
- Connect you with solutions you may not know about, from lending and savings options to protection strategies and investment referrals. A business owner, for example, may qualify for retirement plans that allow higher contribution limits than traditional IRAs.

The relationship grows with you. If a child is born, priorities shift. If a career change leads to fluctuating income, cash flow strategies need review. If you sell a business or receive an inheritance, the conversation moves to tax efficiency and long-term preservation. A banker helps you adapt to each stage with perspective and practical solutions.

Closing Thoughts

Financial wellness puts you in a stronger position year after year. With a strong plan and an experienced partner, you can reduce uncertainty, prepare for unexpected changes and approach decisions with greater confidence.

Consider a focused 30-minute conversation with a banker to set your strategy on track for 2026 and beyond.



Global Currency Market and Policy Updates

Currency markets are heading into one of the most complex and politically charged periods in decades. U.S. monetary policy, tariffs and federal spending are colliding to drive volatility across 2026 and 2027, with ripple effects felt across global currency markets. The section ahead outlines the key forces at play and what they could mean for businesses and investors.

The Future Path of U.S Monetary Policy

U.S. monetary policy enters 2026 at a delicate crossroads. The Fed has slowed the pace of quantitative tightening that began in 2022, bringing headline inflation down from double-digit highs. However, core inflation remains above the 2% target, and unemployment is ticking up, especially in labor-intensive sectors like manufacturing and construction.

Political dynamics are also adding new uncertainty. Chair Jay Powell's term expires in May 2026, and President Trump is widely expected to nominate a successor more sympathetic to the administration's growth agenda. The White House has already moved to shape the Fed, appointing top economic adviser Stephen Miran to the Board of Governors and openly calling for the resignation of Governor Lisa Cook. These actions have raised questions about the Fed's independence and the potential for a more politicized approach to policy.

For businesses and investors, the key risk is that rate decisions could be disconnected from inflation dynamics, especially if political considerations take precedence in the run-up to the 2026 midterms.

Investors must be prepared for a less predictable policy environment, where the Fed's credibility in anchoring inflation expectations could be called into question, and the current administration puts pressure on the Fed to align monetary policy to its fiscal goals.



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ESSENTIAL INSIGHTS FROM THE OBBBA

- <https://www.comerica.com/insights/wealth-management/business-ownership/big-beautiful-bill.html>

Continued:

Global Currency Market and Policy Updates

Tariffs and Domestic Costs

The Trump administration's tariff package on Chinese goods, select European imports and Mexican components will phase in through 2026. The stated goal is to strengthen U.S. competitiveness by encouraging more domestic production and reducing reliance on foreign supply chains.

Many analysts caution that the near-term effect is more likely to be higher costs. Structural challenges, including a shortage of skilled industrial labor, long lead times to expand capacity and dependence on specialized technology from Asia and Europe, make it difficult for U.S. firms to scale quickly. As a result, businesses may face higher input costs before meaningful gains in domestic output are realized.

For businesses and investors, the implications are twofold: Tariffs may create upward pressure on consumer prices while limiting real GDP growth, complicating monetary policy and currency performance in the next 24 months.

Recent Exchange Rate Dynamics

Donald Trump's return to the White House in January triggered higher volatility in global currency markets. Investors quickly reassessed U.S. policy trajectories, factoring in the aggressive use of tariffs, protectionist trade policies, and looser fiscal discipline.

In response, the euro has rallied from ~1.03 to ~1.17 against the dollar, even as eurozone growth remains weak and monetary policy remains dovish. The move highlights how U.S. policy volatility is driving flows as much as interest rate differentials.

Other key currencies for our customers have seen mixed performance:

- British pound: The pound sterling has strengthened, but domestic headwinds, including sluggish growth, high fiscal deficits and persistent inflation, are likely to cap upside.
- Canadian dollar: Softer commodity prices and tariff risks to auto exports have weighed on performance.
- Mexican peso: The peso remains one of the most sensitive currencies, with tariff headlines driving sharp intraday swings despite strong nearshoring trends and a disciplined central bank.

This volatility underscores the reality: Tariffs and political uncertainty have amplified risk across FX markets, creating sharper moves even when fundamentals appear unchanged.

Fiscal Policy and Currency Risk

The U.S. fiscal outlook adds another layer of uncertainty, with rising deficits and new spending measures shaping both investor confidence and the dollar's performance. The One Big Beautiful Bill Act, for example, pairs tax cuts with infrastructure spending and industrial subsidies. These measures can support short-term growth but add to already elevated federal debt levels, raising longer-term concerns.

Continued:

Global Currency Market and Policy Updates

In 2026, fiscal policy may act as a tailwind, stimulating short-term growth and supporting dollar strength. By 2027, however, questions about debt sustainability could lift risk premiums on U.S. assets and weigh on the dollar. For businesses and investors, the bill represents both a near-term boost and a medium-term risk, requiring plans that account for both outcomes.

Outlook for 2026 and 2027

The most likely path is a two-stage environment:

2026: Dollar strength and elevated volatility. Tariffs keep inflation sticky, bond yields remain supported and political pressure nudges the Fed toward accommodation.

2027: Rising risks to fiscal credibility and Fed independence create headwinds for the dollar, with potential for underperformance against commodity-linked currencies and select emerging markets.

Outside the U.S., the picture is mixed. Europe and the UK face limited upside given weak growth and trade exposure, while China is expected to keep the yuan managed for export competitiveness. Mexico remains a complex case: Nearshoring trends support the peso over the long run, but tariff uncertainty ensures continued short-term volatility.

Positioning ahead of these shifts will be key to avoiding surprises and capturing opportunities in alternative currencies.

Hedging Strategies

With volatility as the baseline for the next two years, businesses and investors should consider reducing exposure through structured hedging and diversification.

- **Forwards:** Lock in exchange rates to secure budget certainty. Rolling three- to six-month contracts can provide a balance between protection and flexibility in fast-moving markets.
- **Options:** Strategies such as puts, collars or spreads offer asymmetric protection, allowing upside participation while limiting downside risk.
- **Diversification:** Multi-currency deposits can provide indirect protection against both dollar volatility and policy-driven inflation.

Final Thoughts

Currency markets are entering a phase where politics, policy and fundamentals collide, creating outcomes that may defy past patterns. For businesses and investors, the priority is staying adaptable, stress-testing plans and keeping hedges current. Working with experienced FX and risk management teams can help you remain aligned with short-term conditions and longer-term risks.



Payments and Cash Management Trends for Businesses

Business payments are evolving quickly. Real-time transfers, stronger deposit protections and embedded finance tools are changing how companies move and manage cash. Here's what businesses should know, plus practical steps to take.

Real-Time Payments

FedNow and Real-Time Payments (RTP®) allow instant transfers 24x7x365 with full visibility from sender to recipient. A Saturday night transfer can clear before you close your laptop. The practical benefits are readily apparent. A mid-sized manufacturer, for example, can release a product as soon as payment is received instead of waiting two or three business days. Faster settlement means faster decisions, whether that's paying a vendor, finalizing a deal or releasing inventory.

Access is widening as real-time rails are expanding across the industry, businesses of all sizes can begin integrating faster payments into daily cash management. The benefits extend to individuals as well. Comerica clients can use Zelle® in their personal banking to send or receive money in minutes through the Comerica Mobile Banking® app or Web Banking®, making everyday transfers faster and more convenient.

Steps to improve payments speed:

- Review how payments move through your business. Trace a recent payment from invoice to deposit and note every handoff, approval and delay. You'll quickly see where real-time tools could save you time.
- Talk to your bank or payments provider about enabling real-time options. Ask which transactions you can move instantly today, what it would take to expand that list and how fees compare.
- Set up real-time alerts. A clear, up-to-the-minute view means fewer "Did that payment go through?" emails and more confident decisions.



Shannon Barrow

SVP, Deputy General Counsel
Payments/Banking Products
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Comerica Bank

Continued: **Payments and Cash Management Trends for Businesses**

Safeguarding Large Balances

For many businesses, large cash balances are a necessary risk. Imagine logging in before payroll week and seeing a \$1.25 million balance, with \$1 million uninsured above FDIC limits. That exposure is real.

New solutions address this by automatically spreading deposits across multiple banks while appearing in a single account. Many allow balances to earn interest while keeping next-day access to funds. The right setup provides safety alongside liquidity.

These tools also simplify operations. Instead of opening accounts at a dozen institutions, insured sweep programs centralize management in a single dashboard. That means fewer accounts to reconcile and stronger assurance that cash is protected.

Steps to protect your working capital:

- Know your exposure. Review current account balances and compare them to insurance coverage. A quick scan can show if you're holding uninsured cash.
- Ask your banker about insured deposit solutions. Many banks now offer services that extend FDIC coverage by placing your funds in a network of partner institutions—no extra accounts to manage, no added paperwork.
- Stress test your liquidity. If you're using sweep accounts or other investment vehicles, confirm how quickly you can access funds when you need them.

Embedded Finance

Payments no longer happen only at the bank. Increasingly, they happen inside the platforms you already use to run the business. Done well, embedded finance turns those everyday tools into cashflow hubs.

When applied effectively, embedded finance can also provide greater visibility into payment activity. Integrated reporting helps spot duplicate invoices or unusual vendor payments. In contrast, the old model of emailed PDFs and separate banking logins often led to delays and errors.

Steps to improve financial efficiency:

- Map common payment touchpoints. Identify where your team is logging in to send or receive payments most often. Those are prime candidates for embedded solutions.
- Review platform integrations you already have. Many accounting, e-commerce or marketplace tools now have payment capabilities you can switch on with minimal setup.
- Ask about analytics. Strong embedded finance tools give you a clear picture of where funds are coming from and where they're going, helping you spot trends or inefficiencies you might have missed.

Continued: GENIUS Act / Payments

Comerica is actively investing in this space, developing treasury APIs and exploring partnerships with fintechs and other financial institutions. These initiatives aim to expand faster payment capabilities and customized deposit solutions, with the goal of supporting future client needs as adoption grows.

Emerging Trend: Stablecoins

In July, the GENIUS Act became the first comprehensive federal law governing payment stablecoins, digital tokens designed to maintain a stable value by being pegged to assets like the U.S. dollar.

The law sets guardrails around three core areas:

- **Licensing requirements.** Only entities designated as “permitted payment stablecoin issuers,” such as insured bank subsidiaries or state-licensed issuers, may lawfully issue stablecoins in the U.S.
- **Backing standards.** Every stablecoin must be fully backed 1:1 by U.S. dollars, Treasury securities or other high-quality liquid assets.
- **Reserve protections.** Reserves must remain segregated from operational funds, though they are not FDIC insured.

The implications are still unfolding. An e-commerce marketplace might one day use stablecoins to settle with overseas sellers in hours rather than days. For now, most businesses are cautious, waiting for adoption to expand and for banking partners to integrate stablecoin rails into traditional systems.

Takeaway

The latest in payment technology can improve speed, security and visibility.

To take advantage, start simply. Move vendor payments to real-time. Test embedded payments on a single expense category or review cash balances to confirm your exposure. Even small adjustments today can create a more resilient, more efficient payments system tomorrow.



Business Fraud and Payments Security

Being targeted by fraud is now the norm for most businesses. Last year, 79% of organizations experienced attempted or actual payment fraud, according to the [Association for Financial Professionals' 2025 Payments Fraud and Control Survey](#).

Commercial payment systems are under near-constant pressure. Tactics range from business email compromise schemes to check fraud, and AI tools are accelerating how quickly schemes adapt and spread. The result is an environment where schemes can evolve overnight and test every channel.

Ahead, we look at the trends business leaders should watch and the practical steps that can help protect cash flow, maintain liquidity and safeguard payment systems.

How AI is Changing Business Fraud

Since late 2022, when consumer AI tools became widely available, fraud tactics have shifted significantly. Bad actors have moved from isolated, often clumsy tactics to highly coordinated, near-instant campaigns that adapt to their targets. Techniques that once took weeks to build can now be launched in hours, often at scale.

[Deloitte's Center for Financial Services](#) estimates that generative AI could drive fraud losses of \$40 billion in the United States by 2027.

Emerging AI-powered tactics include:

- AI-generated phishing emails: Messages that mirror a company's tone and formatting, making fraudulent requests nearly indistinguishable from legitimate ones.
- Deepfake audio: Synthetic voice technology that replicates an executive's voice to authorize payments or request sensitive information.



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Continued:

Business Fraud and Payments Security

- Hyper-realistic fake invoices: AI-crafted documents with logos, formatting and details that closely match real invoices.
- Automated multi-channel attacks: Coordinated attempts across ACH, wire transfers and checks, increasing the likelihood of breaching at least one payment channel.
- Adaptive scam scripts: AI systems that adjust in real time based on the target's responses, keeping the interaction convincing and the attempt active.

Commercial payment systems, with high transaction values and multiple internal touchpoints, are a prime target. Staying ahead of these tactics requires awareness and layered defenses.

Callout: The One Big Beautiful Bill Act and Fraud Risk

The One Big Beautiful Bill Act reinstates 100% bonus depreciation and expands deductions for certain capital investments. These incentives are expected to accelerate purchases of equipment, software and facilities into 2026.

Fraudsters often watch for these high-value transactions, looking for opportunities to intercept payments or impersonate vendors. As business activity increases, businesses should strengthen payment verification and vendor authentication to prevent opportunistic fraud from turning a planned investment into a costly loss.

Fraud's Impact on Payments, Cash Flow and Liquidity

For business leaders, fraud is a threat to more than a single payment. When funds are intercepted or delayed, the effects ripple through the business.

- Cash positions. An unexpected \$250,000 vendor payment routed to a fraudulent account can disrupt the daily cash position at once. The shortfall might force a midafternoon credit facility draw, accelerate collections calls to key customers or delay a scheduled lease payment.
- Working capital. Disruptions in payment timing, such as a \$500,000 customer remittance diverted to a fraudulent account, can compress the working capital cycle overnight. The gap can make it harder to cover payroll, replenish inventory or meet supplier terms without turning to short-term borrowing or slowing disbursements.
- Liquidity reserves. Fraud loss can deplete reserves set aside for an acquisition, expansion or equipment purchase. Even if insurance eventually covers part of the loss, the delay can reduce investment income or send unintended signals to lenders.

These impacts are amplified when transactions are large, timelines are compressed or new parties are involved—all common conditions during periods of growth and expansion. Even a temporary setback can leave a lasting mark on vendor, customer and lender relationships.

Continued:

Business Fraud and Payments Security

Protect the Business at Year-End

Year-end is a practical time to review your fraud defenses and close gaps.

- **Technology.** Keep payment platforms, ERP systems and treasury tools current with the latest security features. Multifactor authentication and role-based access can help control who initiates or approves transactions. Review alert settings to make sure unusual or high-value transactions trigger immediate review.
- **People.** Finance, AP and treasury teams remain a critical line of defense. Training them to recognize fraud attempts and reinforcing escalation protocols, such as verifying high-value transfers through a second channel, adds important safeguards.
- **Governance.** Use the year-end close as a checkpoint to audit payment policies, vendor onboarding procedures and exception-handling rules. This is also the right time to involve banking partners and insurance providers in tabletop exercises that test fraud response plans.

Final Thoughts

Fraud risk is on the rise. With AI increasing the speed and sophistication of attacks, businesses need to combine strong systems with vigilant people and clear governance. Work with banking partners, technology providers and legal advisors to make sure the right tools and response plans are in place to protect every transaction. Small steps now can preserve cash flow and provide confidence moving into 2026.



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