Synovus Market Update

February 10, 2025

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Investing For Chickens: A Deep Dive on Buffered ETFs

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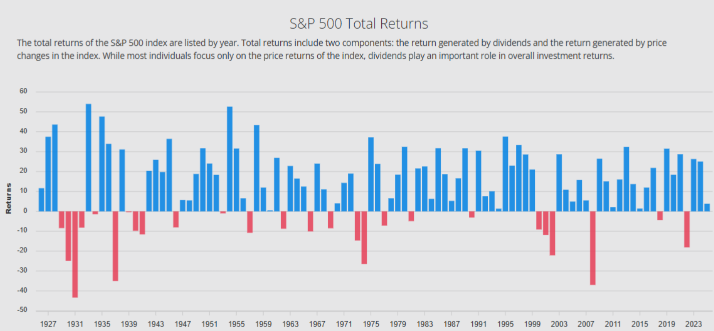
When Fear Strikes

Investing in the equity markets can be extremely rewarding for long-term investors. Studies have shown that long-term diversified equity investing has been one of the top solutions to hedge against inflation, along with commodities like gold and real estate investments. Investing in a high-quality diversified equity portfolio has become easier and easier over the past decade. Staying invested during volatile market conditions is the biggest challenge for your investment outcomes. I've listened to long-term investors during good-to-flat market conditions — with a sound and active financial plan — tell me, "I'm comfortable investing over the long term," or "as long as I'm diversified, my investment will be fine," or "if I see the stock market go down, I'll just buy the dip!"

In reality, when the bear market comes out of hibernation, irrational fear begins to take over the rational investment decisions and financial planning that you have created over the past few years. And before you know it, you've exited the markets and have blown up your plan. Mike Tyson once said it best, "Everyone has a plan until you get punched in the face."



Source: *Slickcharts*

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Top Economic and Market Themes for 2025

Daniel Morgan, Senior Trust Portfolio Manager, Synovus Trust Company, N.A.

Well, it is that time of the year for market performance predictions for the upcoming year. After back-to-back, double-digit performance in the broader equity benchmarks in 2023 and 2024 it seems hard to believe a repeat performance in 2025 is in the mix. That said, let's examine some of the key headwinds and tailwinds that should impact market performance for 2025.

- **Continued GDP Growth:** The U.S. economy could see a healthy Gross Domestic Product (GDP) growth of around 2.1% to 2.5%, fueled by upper-income spending, artificial intelligence (AI) investments and government policy. The incoming Trump administration could push economic growth even higher, depending on whether the new administration is serious about the fiscal deficit or not.

- **Strong Corporate Earnings:** A healthy mix of mid-single-digit revenue growth and margin expansion drives 2025 and 2026 earnings per share (EPS) growth forecasts of 13% and 12%, respectively. Expect the recent broadening in earnings growth to continue in 2025 as the Federal Reserve System (the Fed) cuts rates into next year and business cycle indicators continue to improve.

- **Favorable Tax Policy Environment:** Extension of the 2017 tax cuts and targeted regulatory relief could further boost business investment and growth.

- **Tariffs "Bark Worse Than Their Bite":** Many argue that President Donald Trump's tariffs 2.0 are going to be extremely similar to the Trump tariffs 1.0 and thus have little to no effect on inflation. Despite enacted tariffs in 2018, the U.S. did not experience any significant inflation. Further, it is important to consider that Trump's tariff threats in 2025 might turn out to only be a negotiating tactic. (side note: Joe Biden and his administration continued many of Trump's 1.0 tariffs).[1]

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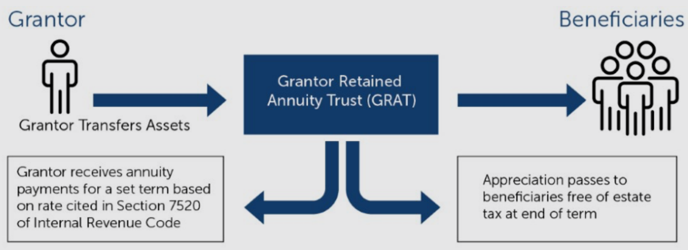
Optimizing Wealth Management with Grantor Retained Annuity Trusts (GRATs)

Amy Piedmont, J.D., LLM, Vice President, Sr. Trust Relationship Manager and Katherine “Kate” Gambill, J.D., Vice President, Sr. Trust Relationship Manager



Source: [Kitces.com]

Are you a high-net-worth individual with assets that are projected to appreciate or produce income?
If so, a Grantor Retained Annuity Trust (GRAT) could be a game-changing strategy for your estate and tax planning.

In our series, “The Personal Trust Corner: A J.D.’s Perspective,” we aim to spotlight one planning strategy each month in response to the ever-changing Estate Tax Laws. These strategies can be employed individually or in combination.

For high-net-worth couples and individuals, estate planning often involves intricate strategies designed to safeguard wealth and ensure a solid financial legacy. With the Federal estate tax generally at 40% on an individual’s entire estate, we understand that this issue is top of mind for most individuals. This month, we turn the spotlight on GRAT.

Understanding GRATs
A GRAT is a type of trust that allows you, the grantor, to transfer assets to beneficiaries while receiving a stream of annuity payments for a set term.

Essentially, a GRAT allows you to "freeze" the value of an asset, excluding future appreciation or income from your taxable estate. Plus, you can continue to pay income tax for the trust without the payment being considered a taxable gift, further reducing your estate tax liability. The annuity payments you receive are calculated based on the fair market value of the assets at the time they are transferred into the trust.

How GRATs Calculate Asset Appreciation
The appreciation of assets is calculated based on their projected growth, including income, from the date of transfer to the trust until the grantor’s death. This appreciation can be calculated using an investments growth rate, residential real estate value growth rate, or the Consumer Price Index rate. These rates can be manually adjusted to align with your specific financial situation.

★ *Read the full article.*

1. Erica York, “Americans Are Still Paying for the Trump-Biden Tariffs,” updated May 14, 2024. Accessed January 27, 2025

We’re here if you have questions.

If you have questions or want to talk with a Synovus financial advisor to learn more, go to **Synovus.com or call us at 888-SYNOVUS (888-796-6887).**

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