

**Subject:** Newsletter: Answers about Gifting Money and Gen Z's Financial Concerns

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**From:** Greenleaf Financial Group

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## **Hello Greenleaf: Welcome to Our Client Newsletter**

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**-- Market News: Ups and Downs During December**

### **Answers to Gen Z's Financial Concerns**

Members of Generation Z -- those born between 1997 and 2012 -- are more focused on financial security at a young age than their predecessors.

Perhaps this is due to Gen Z's tech savviness or to families having more conversations about finances. However, 70% of Gen Z'ers say they lose sleep over money.

### **Question: I want to make some financial gifts to various people, but are there taxes to pay?**

**Answer:** Whether you are making holiday gifts or giving at other times, you may give generously without taxes.

Under the **gift tax exclusion**, you may give any individual \$19,000 in 2025 without having to report the gift or pay any taxes. There is no limit on

### **Market News:**

#### **Ups and Downs During December with A Strong Year Behind Us**

December is finishing up much like the rest of 2025: A good start, followed by a stretch of difficult days, followed by a strong rebound.

The month's significant swings were initially due to fears of a bubble in high-priced AI stocks. Then, an

Some financial concerns will resolve over time with good financial habits. For example, credit scores typically increase with age because a person's credit history becomes longer and more robust. If your credit score is 680 (the Gen Z average), keep paying your bills on time and your score will go up.

Other concerns require more involvement. Here are a few common questions:

### **1) How Can I Afford Rent and Still Save?**

Doing both is not easy, but it can be done. The key is to make intentional decisions with your money. Eliminate "convenience spending" where you pay a high cost for speed or accessibility. For example, restaurant delivery comes with high food costs, delivery and service fees, and the cost of a tip.

Instead, cook mostly at home and substitute pickup for the times you want to splurge. Forbes magazine says cooking at home is five times cheaper than restaurant delivery.

### **2) Should I Open a Roth Account Now or Later?**

In a Roth IRA or Roth 401k, you contribute money that has already been taxed, so your

the number of gifts and this applies to all individuals.

If you are married, you and your spouse may each give \$19,000.

Therefore, if you are married and you wish to give your nephew \$25,000 to help with a home purchase, that amount is less than the combined \$38,000 that you are allowed to give.

Next year, the amount will be \$20,000 per person.

### **Amounts above the limit**

Perhaps you want to give your nephew \$50,000 this year and you are single. You may give him \$19,000 under the gift tax exclusion.

You can still give your nephew another \$31,000, but you must file a gift tax return form (**IRS Form 709**) with your 2025 tax return in order to report your \$31,000 gift.

Good news: you still have no tax payments. Instead, the \$31,000 counts toward your **lifetime** gift exemption amount.

### **What is the lifetime exemption amount?**

Currently, the lifetime gift and estate tax exemption amount is \$13.99 million.

expected Federal Reserve interest-rate cut of 0.25% came through and the likelihood of more cuts in early 2025 caused markets to strengthen. Most recently, data that suggested inflation was lower than anticipated helped stocks rally.

However, economic data analysts noted that the delayed Consumer Price Index numbers -- the first since the government shutdown -- are incomplete since the October inflation numbers were not released.

Therefore, it is impossible to tell if the November numbers are the beginning of a downward trend and if inflation is under control or if they are the result of temporary price-cutting to attract holiday buyers.

One way or the other, the year has been robust. The S&P 500 Index has gained more than 16% already. Impressively, this double-digit gain follows two years of returns above 15%.

International markets have outperformed the U.S. this year, especially China, which has gained 30%. Pro-market policies, rising corporate profits, and a significant relaxation in tariff and trade policies by the U.S. have drawn

withdrawals are tax-free. You get no tax break now, but you get a great tax break later.

Since you are likely in a lower tax bracket now than you'll be in later, making some Roth contributions will provide an excellent future benefit.

### **3) How do I Maintain a Budget When My Income Changes Every Month?**

According to the 50/30/20 budget rule, 50% of your income should be allocated to "needs", 30% to "wants", and 20% to savings and investments.

Always prioritize the 50% needs and the 20% savings components.

If your income fluctuates, change the 30% portion to 15% wants and 15% fallback money.

By building a fallback savings account in your higher income months, you'll have money to use during leaner months.

Upon your death, your estate will pay estate taxes only if your lifetime gifts (above the annual exclusion amount) along with the value of your estate exceeds \$13.99 million.

In 2026, the combined exclusion amount becomes \$15 million per person.

Spouses who do not use their full exclusion get to transfer the unused amount to their spouse.

As you can see, there are essentially no taxes for individuals wishing to make financial gifts to others. This is one of the many areas of the tax code that benefit very wealthy individuals.

### **Is there a tax deduction?**

Only financial gifts to qualified non-profits provide a tax deduction. You cannot claim gifts to individuals as a deduction on your tax return.

The one exception is if you make a contribution to a 529 college savings plan. In some states, the contribution makes you eligible for a state tax deduction or credit.

investors from around the globe to Chinese stocks.

Consequentially, while AI stocks continue to dominate the headlines, diversified investors have enjoyed a very good year and they are positioned with less risk going forward.

Please don't hesitate to contact us with questions about your investment strategy. We appreciate your business throughout the year. Thank you!

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