FINANCIAL WELLNESS

6 Timely Financial Planning Topics

From market volatility to 401(k) rule changes, here's what every practice owner needs to know now.

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For veterinary practice owners, changes in tax laws and retirement plan rules are not just abstract policy updates. These changes directly affect owner income, staff benefits, and the practice's long-term financial strategy. But tracking — and truly understanding — financial policy updates can be overwhelming. This article breaks down six topics practice owners should be paying attention to.

Bull and Bear Markets: Understanding Volatility in a Long-Term Context

It's important to observe how financial markets behave over time. While short-term movements often appear unpredictable and unsettling, long-term market behavior can show more consistent trends.

According to Fidelity Investments, a bear market, defined as a decline of 20% or more from a recent high, has historically been associated with an average decline of approximately 34% and an average duration of 9.8 months. In contrast, a bull market, defined as a rise of 20% or more from a recent low, has averaged approximately 237% in total growth and persisted for an average of 4.4 years.

Historically, these figures highlight a critical asymmetry in market behavior: The Bulls dwarf the Bears in terms of frequency, magnitude, and duration. Periods of growth not only last longer but also generate substantially greater cumulative returns than the declines that intermittently interrupt them.

Taken together, these observations support a simple but powerful conclusion: Historically, the stock market is in a long-term uptrend that is regularly, but temporarily, interrupted by a decline of 20% or more.

This perspective is essential because the experience of investing during periods of market stress often feels nauseating. When markets are declining, anxiety can be amplified by increasingly urgent headlines and more extreme forecasts. Media coverage, by its nature, tends to emphasize disruption and negative outcomes, as these are more effective at capturing attention than steady, incremental growth.

As a result, downturns are frequently accompanied by a strong implicit message: Take action, reduce exposure, or exit the market before conditions worsen. However, historical evidence suggests that such reactive behavior may be detrimental to long-term investment outcomes.

For veterinary practice owners, the most effective investment approach is consistency and adherence to a well-constructed long-term plan built on the expectation that downturns will occur. The goal is not to eliminate exposure to bear markets, but to remain appropriately invested through them.

Maintaining focus on long-term objectives and resisting short-term noise is not a passive stance. It's a deliberate and strategic decision grounded in the historical behavior of markets.

Dollar-Cost Averaging: A Disciplined Approach to Investing

Dollar-cost averaging is one of the most practical and widely used approaches for effectively investing through market fluctuations. It involves investing a

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fixed amount of money at regular intervals regardless of market conditions. This results in purchasing more shares when prices are lower and fewer shares when prices are higher, thereby reducing the average cost per share over time without requiring market timing.

Consider an investor who commits a lump sum of $8,000 for $10 per share. Over the subsequent periods, the market fluctuates, rising as high as $14 and falling as low as $7.50, before ultimately returning to $10 per share. Despite this volatility, the lump sum investor realizes a 0% return.

In contrast, an investor who contributes $1,000 per month over the same period benefits directly from those fluctuations. By consistently investing, this individual purchases more shares during periods when prices decline and fewer shares when prices increase. As a result, in this scenario, the investor achieves an average cost basis of $9.61 per share compared to $10 for the lump-sum investment. When the price returns to $10, the dollar-cost averaging strategy produces a 4.07% return despite the market itself showing no net change.

Beginning in 2026, charitable deductions for taxpayers who itemize are only allowed to the extent that total contributions exceed 0.5% of adjusted gross income.

DID YOU KNOW?

The term “bear market” is thought to derive from the way a bear attacks — swiping downward. “Bull market” follows as the natural opposite, a bull thrusting its horns upward.

This example underscores an important principle: Volatility, while often perceived as a risk, can also serve as a mechanism that benefits disciplined investors. Dollar-cost averaging does not rely on predicting market movements or identifying optimal entry points. Instead, it systematically incorporates market variability into the investment process.

For veterinarians, this approach is particularly appropriate. The demands of running a practice leave limited time for active investment decision-making. A structured, consistent investment strategy reduces the need for reactive behavior and supports long-term financial objectives.

Military Conflicts and Markets: Why Discipline Matters Most

Periods of geopolitical conflict often create some of the most emotionally charged environments for investors. Headlines become more urgent, uncertainty increases, and the instinct to react can feel especially compelling.

At this writing, the U.S. is engaged in a major military conflict with Iran. As you read this, we might still be in this conflict, or the world might already be on to the next headline. (Remember, we had an operation in Venezuela earlier this year, too.)

The point is not to minimize the seriousness of global events, but to highlight their impermanence relative to long-term investment horizons.

Data from the investment firm Avantis’s ETF Field Guide reinforces this perspective. An analysis of U.S. market performance following major geopolitical conflicts shows that while markets may experience increased short-term volatility, long-term outcomes have historically been resilient. In fact, across the conflicts studied, three-year returns following each event were positive, with an average annualized return of approximately 12.7%.

Importantly, this is not limited to U.S. markets. Similar patterns are observed internationally, where longer-term returns across developed and emerging markets also trend positive despite short-term variability following conflicts.

The takeaway is that while markets react to conflict, those reactions are often temporary and unpredictable, whereas long-term growth historically has continued.

Enhanced 401(k) Catch-Up: Contributions for Ages 60 to 63

This change is immediately relevant for many veterinary practice owners and senior staff. Beginning in 2025, individuals aged 60 through 63 are eligible to make enhanced or "super" catch-up contributions to their 401(k) plans. Instead of being limited to the standard age 50 and over so-called "catch-up," this group is permitted to contribute a meaningfully higher amount during this specific four-year window. Thus, the term "super catch-up."

In 2026, the standard employee deferral limit is $24,500. Individuals aged 50 and older are permitted a catch-up contribution that brings the total to $32,500. For those aged 60 through 63, the enhanced provision increases the total allowable contribution to $35,750.

This incremental increase, while seemingly modest on an annual basis, can become significant when applied over multiple years, particularly for individuals in peak earning periods. For many veterinarians, income tends to be highest in the later stages of one's career, making this provision especially valuable as a "final savings window" before retirement.

This provision may also serve as a meaningful benefit for key employees. Senior veterinarians or long-tenured staff members within this age range may place significant value on the ability to accelerate retirement savings.

Trump Accounts: Early Wealth Building for the Next Generation

Trump Accounts represent a newly proposed savings vehicle designed to help children begin building assets at an early age through an initial government-funded contribution and ongoing annual contributions. For veterinarians, this is best viewed as a potential complement to — not a replacement for — existing family financial planning tools. These accounts may exist alongside 529 plans, custodial accounts, and Roth individual retirement accounts for working children, each serving a different purpose within a broader strategy.

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The primary advantage is time. Beginning the investment process earlier allows compounding to work over a longer horizon, meaning even modest contributions can grow meaningfully over time.

There may also be a practical benefit beyond the numbers. These accounts can serve as a simple way to introduce children to saving and investing, helping build financial awareness early in life.

As with any new program, details matter. Eligibility, contribution limits, and tax treatment will ultimately determine how these accounts fit into a comprehensive plan. For now, the most appropriate approach is to stay informed and talk to your financial planner about how they may integrate into your long-term planning strategy.

Charitable Giving: The 0.5% Adjusted Gross Income Limitation

Beginning in 2026, charitable deductions for taxpayers who itemize are only allowed to the extent that total contributions exceed 0.5% of adjusted gross income. In practical terms, this introduces a threshold below which charitable contributions may not generate a tax deduction.

For charitably minded veterinarians, this change does not eliminate the benefit of giving, but it does make the timing and structure of contributions more important.

For example, you may want to consider being more strategic with giving patterns, such as stacking multiple years of donations into a single year to exceed the threshold or aligning contributions with higher-income periods. These approaches may help preserve deductibility while maintaining philanthropic intent.

As with many tax-related changes, the key takeaway is not necessarily to give more or less, but to be more intentional about your giving. Careful coordination with a tax adviser and your financial planner can help to keep charitable efforts impactful and tax-efficient under the updated rules. TVB