



**Cindy Menker, CFP®, CPA, MBA**  
**Financial Planner**  
**Contour Financial, Inc.**  
 9031 W 151st Street • Suite 107 • Orland Park • IL • 60462  
 708-460-3800  
 egonmenker@gmail.com • ContourFinancial.com



## The World's Happiest Countries, 2025

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

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

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



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

# Foreign Stocks Outperformed in 2025

Over the 20-year period ending in 2025, the stocks of large and mid-sized U.S. companies — represented by the Russell 1000 Index — produced an impressive average annual return of 10.94%. By contrast, the stocks of similar-sized companies in foreign countries returned just 6.22%.<sup>1</sup>

A large part of this performance disparity was due to the stronger U.S. economic recoveries after the Great Recession and the pandemic, along with the rise of massive technology companies that provided a large percentage of U.S. market returns. Even so, foreign stocks outperformed U.S. stocks in seven out of the last 20 years, most notably in 2025, with a return of 32.55%, almost double the 17.37% return of U.S. stocks.<sup>2</sup>

## One year or a trend?

The dominance of foreign stocks in 2025 was likely due to a combination of factors, including restrictive U.S. tariff policies, a weaker U.S. dollar, and because foreign central banks were more aggressive than the Federal Reserve in lowering interest rates. It's too early to know whether this marks a fundamental shift, but some analysts believe foreign stocks — which remain significantly less expensive than U.S. stocks based on their price/earnings (P/E) ratios — still have plenty of room to grow and could experience strong performance over the next decade.<sup>3-4</sup>

On the other hand, those who remain skeptical of foreign stocks point out that large multinational U.S. companies provide global exposure, U.S. companies typically have higher profit margins than foreign companies, and U.S. technology juggernauts are unparalleled in foreign markets (although there are some large foreign technology companies).<sup>5</sup>

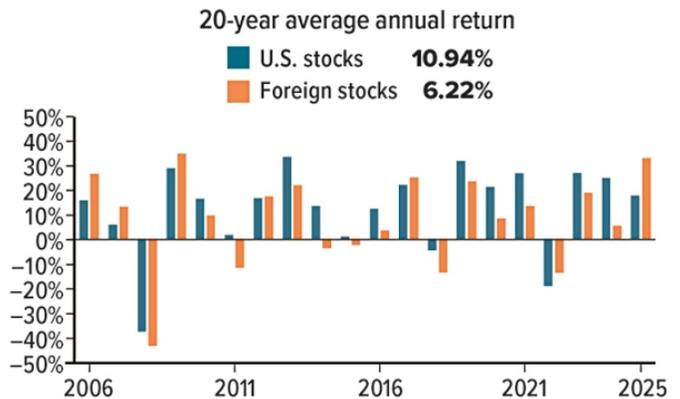
Holding foreign stocks is a standard diversification strategy, but some investors have backed away from it in recent years due to poor performance. If you are interested in adding a global dimension to your portfolio or expanding your current international holdings, here are some considerations.

## A world of choices

One way to participate in global markets is by investing in mutual funds or exchange-traded funds (ETFs). In late 2025, about 1,280 mutual funds and almost 900 ETFs focused on global equities.<sup>6</sup>

International funds range from broad global funds that attempt to capture worldwide economic activity to regional funds and those that focus on a single country. Some funds are limited to developed nations, whereas others focus on nations with emerging economies, which may have greater growth potential but could be substantially more volatile, risky, and less liquid than the stocks of companies located in more developed foreign markets.

## Stock performance, annual total returns



Source: London Stock Exchange Group, 2026, for the period 12/31/2005 to 12/31/2025. U.S. stocks are represented by the Russell 1000 Index, and foreign stocks are represented by the MSCI World ex USA Index. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Rates of return vary over time, especially for long-term investments. Past performance is not a guarantee of future results. Actual results will vary.

The terms "ex US" or "ex USA" typically mean that the fund does not include domestic stocks. On the other hand, "global" or "world" funds may include a mix of U.S. and international stocks, with some offering a fairly equal balance between the two. For any international stock fund, it's important to understand the mix of countries and types of businesses represented by the securities in the fund.

## Additional risks

All investments are subject to market volatility, risk, and loss of principal. However, investing internationally carries additional risks such as differences in financial reporting, currency exchange risk, and economic and political risk unique to a specific country.

Diversification is a method to help manage risk; it does not guarantee a profit or protect against loss. The return and principal value of all stocks, mutual funds, and ETFs fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost.

*Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.*

1-2) London Stock Exchange Group, 2026, Russell 1000 Index and MSCI World ex USA Index for the period 12/31/2005 to 12/31/2025

3) Morningstar, August 20, 2025

4) CNN Business, January 4, 2026

5) *Forbes*, October 11, 2025

6) Investment Company Institute, December 30, 2025

# Medicare or Medicaid?

It's easy to confuse Medicare and Medicaid, because they have similar names and are both government programs that pay for health care. But there are important differences between the programs. Medicare is generally for older people, while Medicaid is for people of all ages who have limited income and resources.

## What is Medicare?

Medicare is a fee-for-service federal health insurance program that provides health insurance for retired individuals, regardless of their medical condition, and for certain disabled individuals, regardless of age. It is managed by the Centers for Medicare & Medicaid Services.

## What is Medicaid?

Medicaid, unlike Medicare, is a health insurance assistance program that is jointly administered by state and federal governments. Medicaid serves individuals and families with low income who are also elderly, disabled, blind, or parents of minor children.

## Who is eligible for Medicare?

You are eligible for premium-free Part A (hospital insurance) if you are age 65 or older and you (or your spouse) worked and paid Medicare taxes for at least 10 years. If you (or your spouse) did not pay Medicare taxes while you worked, and you are age 65 or older and a citizen or permanent resident of the United States, you may be able to buy Part A. Medicare coverage also may be available for disabled individuals and people with end-stage renal disease.

While most people do not have to pay a premium for Part A, everyone must pay for Part B if they want it. This monthly premium is deducted from your Social Security, Railroad Retirement, or Civil Service Retirement benefit.

## Who is eligible for Medicaid?

Each state has different rules about eligibility and applying for Medicaid. To qualify, you must be a resident of the state in which you are applying and a U.S. citizen (or have qualified immigration status). While eligibility varies by state, federal law requires states to cover certain groups of individuals. Low-income families, qualified children and pregnant women, and individuals receiving Supplemental Security Income (SSI) are examples of mandatory eligibility groups. In addition, a financial eligibility requirement must be met. The individual must be financially needy, which is determined by income and asset limitation tests.

## What does Medicare cover?

Currently, Medicare consists of four parts: Original Medicare Part A helps cover costs related to inpatient care in a hospital, a skilled nursing facility, hospice

care, and home health care. Original Medicare Part B helps cover services from doctors and other health-care providers, outpatient care, ambulance services, lab tests, physical therapy, durable medical equipment (like wheelchairs, walkers, and hospital beds), and many preventive services, such as screenings and vaccines. Medicare Advantage (Part C) is an option that replaces Parts A and B and enables beneficiaries to receive health care through managed care plans such as health maintenance organizations and preferred provider organizations. Medicare Part D helps cover the costs of prescription drugs.



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

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## What does Medicaid cover?

Each state administers its own Medicaid program within broad federal guidelines. Thus, states determine the amount, duration, and types of benefits that Medicaid will provide. Typical Medicaid programs cover inpatient and outpatient hospital services; physician and surgical services; lab tests and X-rays; family planning services; preventive care (including immunizations, mammograms, colonoscopies, and other needed care); mental health care; and services for pregnant women. There are also numerous optional benefits that states may offer.

## Can you be covered by both Medicare and Medicaid?

Some people who qualify for both Medicare and Medicaid are called "dual eligibles." If you have Medicare and full Medicaid coverage, most of your health-care costs are likely covered.

## What about long-term care?

Most long-term care isn't medical care, but rather help with basic personal tasks of everyday life, called custodial care. Medicare does not pay for custodial care. However, Medicare may pay for skilled care (e.g., nursing or physical therapy) provided in a Medicare-certified skilled nursing facility for up to 100 days after a qualifying hospital stay of at least three nights. States may differ as to benefits offered and services provided by their respective Medicaid programs. Generally, if you meet your state's eligibility requirements, Medicaid will cover some or all of the cost of nursing home services, home- and community-based services, and personal care services. Qualifying for long-term care coverage under Medicaid will typically depend on your income and assets, as well as other factors.

# The One Big Beautiful Bill Act Extends Tax Breaks for Small Businesses

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

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

## Qualified business income deduction

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

The deduction may be limited or eliminated if taxable income exceeds certain thresholds. A married couple filing jointly in 2025 would generally be able to claim the full QBI deduction if their taxable income was less than \$394,600; if the couple's taxable income was between \$394,600 and \$494,600, the deduction would be phased out. (The 2025 phaseout range for all other filing statuses is \$197,300 to \$247,300.)

Starting in 2026, the income range over which the deduction is phased out is expanded from \$100,000 to \$150,000 for married joint filers and from \$50,000 to \$75,000 for all other filers. As a result, the phaseout

range for joint filers is \$394,600 to \$544,600 in 2026 (\$197,300 to \$272,300 for other filing statuses).

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

## Enhanced Section 179 expensing

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

## 100% bonus depreciation

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

1) National Federation of Independent Business, 2025

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This is a resource that will answer your most important financial question, namely:

- If employed – When can I retire?
- If not employed – Can I stay retired?

Contour Financial will answer this question, suggest alternative scenarios, if needed, and implement investment strategies in order to reach your objectives.

Customized strategies are developed and implemented. Personalized service is provided by Certified Financial Planners (CFP) and/or Certified Public Accountants (CPA) to clients. Investment, retirement, tax planning & preparation, estate, insurance, cash flow and education planning are all integral parts to the process.

Contour Financial is a private wealth management business located in Orland Park, Illinois. We work primarily with middle income and wealthy clients. As a long-term National Association of Personal Financial Advisors (NAPFA) fee-only firm, all compensation is fully disclosed. For clients seeking investment management by our firm, assets are held at Charles Schwab Institutional, an industry leader.