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Top of Mind

Is Gold a Collectible?

According to the Internal Revenue Service (IRS), yes...

Gold had a stellar run in 2025, posting one of its best returns in modern history.

Hopefully you owned some gold in your portfolio. Historically it has been helpful from an asset allocation standpoint, that is, if you can handle the drawdowns and lags.

Given the metal's performance last year, many are likely to sell – whether for rebalancing purposes or pure speculation.

If you sell gold within an IRA or 401(k) it's nothing special, but if you're planning to sell gold within a taxable brokerage account there could be a catch.

Long-term realized gains on *physically backed* gold funds (like GLD) are subject to the collectibles tax which is notably higher than cap gains – maxing at 28%!

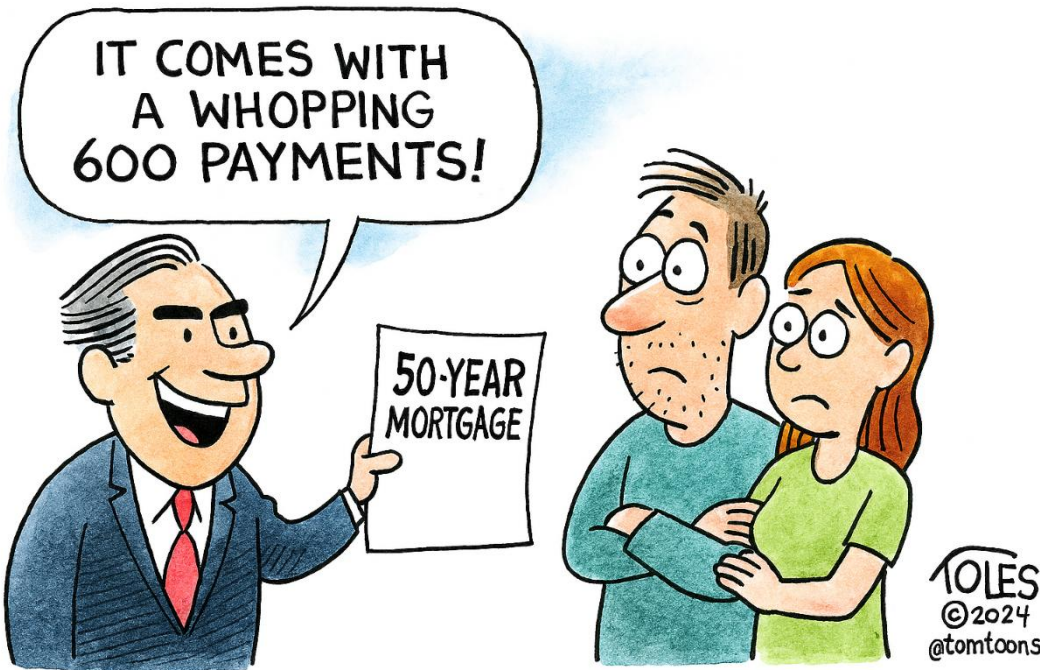
The heck is a physically backed gold fund?

A physically backed gold fund like GLD is an exchange-traded trust that holds real gold bullion in secure vaults, allowing investors to track the spot price of gold without directly handling or storing the metal.

Other gold funds are backed by futures contracts (derivatives) while some hold companies that mine the actual gold.

Futures-backed funds are taxed at a unique 60/40 cap gain and ordinary income split. The miners are taxed at the usual cap gains rates, assuming you hold for > 1 year.

Point: pay attention to what you own, where it's held, and how long it's been there.



Let's Talk About The 50 Year Mortgage Proposal

FHFA Director Bill Pulte stated last November that the Trump administration is preparing to introduce 50-year mortgages.

And the online response since has been nothing short of spectacular...

In exchange for a lower monthly payment, you would pay more interest if you kept the same mortgage for 50 years. Okay, but how much more interest? UBS ran the math:

“As a percent of total home price, a 50-year mortgage results in total interest paid being 225% of the total home price. This is more than twice the level under a 30-year loan.”

Well, how much lower would the monthly payment be? Not much, arguably immaterial.

It's a nice gesture, but the math is awful. Now I'll play Devil's Advocate...

Who would live in the same house for 50 years? The Consumer Affairs data reports the average length of homeownership is about 12 years. Not even close to 30 years!

So, the reality of someone paying 200%+ of home value in interest is beyond unlikely.

What about the amortization schedule? It's like all interest for a decade! Yes, but...

Home equity (and by extension net worth) isn't primarily built through principal payments – it's home price appreciation due to financial leverage coupled with locking in a fixed cost of living.

^ *Technically an opinion, but defensible.*

Said differently, your mortgage payment itself is not a great return on investment.

It keeps you away from greedy landlords and allows you to financially benefit if home prices rise. (And for most people, their house is their biggest financial asset.)

Am I advocating for a 50-year mortgage? No, but it's not the crisis people think.

What's an alternative? As a buyer, interest-only mortgages. As a country, build more houses and improve zoning.

Somebody suggested first-time homebuyers should get an exclusive 3% mortgage rate. It's not the worst idea, but it would take a ton of policing.

ON THE NEXT PAGE

A HELOC Strategy

Debt “Arbitrage”

Should you take out a Home Equity Line of Credit (HELOC) to pay off your high interest debt – like student loans and credit card balances?

Car Rentals on Uber

With a Gift Card Hack

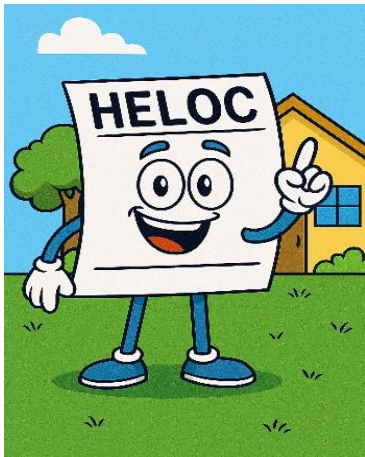
Check Uber next time you need a car rental. We made a booking for next summer and were pleasantly surprised. Also, s/o to Costco for extra savings.

Collective Wisdom

Articles, Tweets, & More

Why is the working age population not working? Is \$140k the real poverty line? The boomers have way too much house...

Debt Arbitrage?



For those unaware, HELOC stands for Home Equity Line of Credit.

A HELOC lets you borrow against the equity in your home, using it like a credit card with a revolving balance.

You can draw funds as needed during the “draw period,” then repay them over time - often with variable interest rates.

HELOC loans are traditionally used for home renovations and repairs, but some tactically use them to refinance debt.

To save on interest expense, you could borrow against your house via a HELOC (at about 8%) and then use those funds to pay off your student loans at 12%. Going forward, you would then pay off the HELOC at a lower interest rate.

The savings could be amplified if paying off higher interest debt, like credit cards.

Be super careful. Most HELOC rates are variable, meaning a temporary interest benefit could vanish. Fees are a thing too.

There are also some adverse tax notes. For example, student loan interest is an above-the-line tax deduction (up to certain limits), while HELOC interest is generally no longer tax deductible if the borrowed funds are not used to buy, build, or substantially improve your home.

I prefer to have a HELOC open yet never use it (unless rates tank). It’s usually additive to your credit report in the long run and the extra liquidity lever is nice.

If you’re someone who struggles with spending, stay away. While helpful, a HELOC can get you in a lot of trouble.

Car Rentals on Uber

Cassidy and I are flying into Boston next summer for a family gathering.

Direct flights were cheap, but car rental prices were killer. Renting a small SUV for a few days was nearly going to cost more than a round-trip flight for three.

Until I checked Uber...

It turns out that Uber has been offering car rentals with major partners (Hertz, Avis, Dollar, etc.) since 2021!

Booking through Uber was materially cheaper – like over 25%.

Also, to save a few more bucks, we bought Uber gift cards at Costco for 20% off. A \$100 gift card literally sells for \$80.

How does that work? Still not 100% sure, but this [thread](#) has some good thoughts.

Turns out, family will be getting us in Boston. That means we now have \$80 to burn on Uber and my scheming was a waste, if not outright counterproductive.

Article Arcade

Working Age Not Working <u>Center for Immigration Studies</u> Nearly 22% of U.S.-born working-age men are out of the labor force in 2025, double the share in 1960. This growing pool of sidelined Americans is reshaping debates on labor and immigration policy. Not sure where gig work falls here though.	My Life is a Lie <u>Michael Green</u> This is long but worth reading. Michael talks about the real math of survival, which he figures to be a household income of about \$140k per year. He also explains how a family can effectively get a pay cut for making more money.
Unclaimed Property Search <u>VA Department of the Treasury</u> Reminder: Start off the year by seeing if you have unclaimed property. Cassidy and I have submitted claims successfully in the past. Obviously, you must be the rightful owner - you can’t just claim anything.	^ Anddd The Rebuttal <u>Of Dollars and Data</u> Nick makes a strong rebuttal to Michael Green’s \$140k poverty argument, which is linked directly above. He says that the averages are misleading and highlights the informal market where people save.
Housing Misallocation <u>Moody's</u> Capital gains tax caps are locking millions of empty-nest seniors into oversized homes, creating a housing logjam that squeezes families and first-time buyers. Moody’s argues that reforming these exclusions could unlock mobility.	Spirit’s First Points Partner <u>BILT Rewards</u> BILT just became the first external points program to offer 1:1 transfers to Spirit Airlines. I would not preemptively transfer BILT points to Spirit nor would I expect to do this frequently given their valuation, but it’s a nice one-off option.

Talk of the Month

Me: You two excited about the baby due next month? (*this was in December*)

Friend: Yeah...I really hope we aren’t in the hospital over New Year’s though.

Me: Fair. It wouldn’t be the ideal place to celebrate the new year.

Friend: I just don’t want our medical deductible to reset.

Me: No way. Is that how it works? I’ve never considered split calendar year stays.

Follow-Up:

Turns out, it is technically possible. Hospitals usually split elongated stays (like childbirth) into different bills, so it’s possible they would have to pay their entire deductible for 2025 AND 2026 effectively back-to-back depending on when services were performed.

That would be wildly unfortunate timing. Perhaps the worst timing ever possible.

Hopefully all their big medical expenses were incurred in the same calendar year, but I don’t think it happened...

I would love to hear if anyone else has been in this situation before.