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Top of Mind
Cash Back Asymmetry

At 18 I opened my first credit card. I wasn't into the points/miles game then, so it's just a generic 2% cash back card.

It's not part of our core card strategy, but it's unwise to close the card for credit history purposes, so I've been thinking of alternative ways to use the cash back.

I keep coming back to asymmetry: \$10 a month won't materially affect our budget, but it can create real upside. No real downside, uncapped potential. Two ideas:

- 1) Take a moonshot - investing in a speculative asset class, funding financial "entertainment" accounts like sports betting, or buying lottery tickets (more metaphorical, not a recommendation).

The point is that this type of behavior is easier to mentally justify with passive cash back income than active income from your paycheck or savings.

- 2) Give it away. I find that a dollar given away is of far greater value than if spent on yourself.

Buy someone a gift card, put it in your friend's 529 account, give it to a person experiencing homelessness - each of these produce outcomes worth far more than \$10 in your bank account.

For the record, there is compelling [psychological research](#) around financial gifts. A book called *The Soul of Wealth* dives further into this phenomenon too.

Worst case, it just slushes around in your checking account with no purpose.



Trump Accounts Go Live: Key Considerations & Tactics

If you opted into a Trump Account, an activation email should already be in your inbox. Most people made their election on the 2025 tax return; however, if you didn't and would like to participate, you can enroll using [this IRS link](#).

There is also a [smartphone app](#), naturally.

I see three groups of (related) people who should absolutely participate.

- 1) If you have (or will have) a child born between 1/1/2025 and 12/31/2028, the program provides a \$1,000 federal pilot contribution. That's essentially free cash.
- 2) If you have a child under 10 and live in a ZIP code with median household income under \$150k, the [Dell family](#) will add a \$250 jumpstart. You can't receive both the federal \$1,000 and the Dell \$250. Again, it's free money.
- 3) If your employer plans to contribute. Despite being capped at \$2.5k per year, these contributions are NOT treated as taxable income to the employee! As a tangent, note the federal \$1k and Dell family \$250 do not count toward the annual \$5k total account limit.

If you don't fall into one of those three groups, meh...

There is an interesting wrinkle for people who have accumulated some wealth. Various [tax](#), law, and [wealth](#) management firms have stated:

Parental contributions to Trump Accounts would seemingly require gift tax reporting AND could *reduce* a person's lifetime gift and [estate tax exemption](#).

Because Trump Accounts do not allow the child to access the funds until they reach age 18, the IRS could see contributions as "future interest" gifts. Consequently, they would not currently be eligible for the standard annual gift tax exclusion.

Practitioners expect this gap to be resolved, potentially even by the time you read this.

Remember these accounts are slated to become Traditional IRAs at age 18, which will present creative ways to get money *out* - I'm thinking early Roth conversions or dripping money out under the standard deduction during low-income years.

Here is the Trump Account [FAQ section](#), which seems to frequently update.

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Withholding Wins
Cheeky Tax Planning

The IRS treats "paycheck" withholdings and estimated payments differently, creating a unique way to avoid penalties.

Financial Friction
You Need Some Constraints

Technology is great at removing friction, but not all friction is bad. You *should* have some financial friction in your life.

Collective Wisdom
Articles, Tweets, & More

Is SpaceX the end? Gift card data. It's hard to predict job loss. And a huge update for the Chase Preferred Card...

Withholding Wins



Underpayment penalties are sneaky.

Common catalysts for underpayment penalties are big stock sales, tons of interest income, and rentals.

Two common ways to avoid these penalties: larger paycheck withholdings and estimated payments. However, they aren't treated equally by the IRS.

The IRS sees money withheld from your paycheck as if it was paid evenly throughout the year. Estimated payments work the opposite way.

The IRS stamps them on the exact date you pay. So, a payment made on December 31 is credited as of December 31, not spread back to January.

That means if you underpaid in the first or second quarter, a late estimated payment won't fix that shortfall, and you may still owe a penalty for those periods!

This creates a useful year-end strategy.

If you realize in the fall that you've underpaid taxes, you're generally better off asking your employer to increase withholding on your remaining paychecks rather than making an estimated payment.

Just keep in mind that the fewer paychecks left in the year, the larger the adjustment needs to be – so the earlier you catch it, the easier it is to fix.

There will be a lag between your request and the actual reduction, and you'll also need funds to cover any living expense shortfall due to the withholding change.

Note that tax withholdings from pensions, social security, and IRAs/401(k)s receive the same treatment – so there are options.

Financial Friction

Technology is great at removing friction, especially in a financial world that used to be slow, gated, and full of paperwork.

“Quick apply for a margin account.”

“Click to buy this 3x levered ETF.”

“Tap here to Apple Pay.”

...but not all friction is bad. You *should* have some financial friction in your life.

Accessing retirement funds, home equity, speculative assets, and illiquid investments should be relatively cumbersome to allow for multiple involuntary sanity checks.

I think the most tangible example of financial friction is paying with cash.

Another idea is to keep investment apps off your phone to prevent overtrading and reacting to daily fluctuations.

I'm not suggesting you go that far, but you get the idea – set some intentional roadblocks between you and your money.

Article Arcade

The Beginning of the End

Downtown Josh Brown

“Once everyone has ‘access’ to all the stock they could possibly want, the prices stop rising. This changes the mood. Disillusionment sets in. It's hard to get the psychology back on track once this happens. Go ask your friends in crypto.”

Gift Card Data

Capital One Shopping

Capital One Shopping reports on gift card statistics. “Americans lost out on about \$23 billion in unused gift cards each year...and among consumers who overspend their gift card balance, the extra spending averages \$108.”

Will SpaceX Cost You?

Of Dollars And Data

Nick put together a helpful piece on the theoretical impact of SpaceX going into index funds. Although the IPO was massive, it's tangible impact on your invested dollars (in index funds) is small.

The Job Often Changes

Benedict Evans

“We spent a century automating accounting...yet more accountants appeared. If it's cheaper to do something, do you do the same for less or more for the same money?” Great read on AI.

Chase Preferred Card!

Chris Hutchins

The Chase Sapphire Preferred Card just underwent a big change. It's easily one of my favorite entry level travel cards - and especially now with a 100k point welcome bonus. Full disclosure: we use the Chase points ecosystem and can refer you.

Real Estate Newsletter

Constructions Construed

A friend of mine recently started a real estate focused newsletter, *Constructions Construed*. I read the first edition and expect future material to be worth the email inbox space. The July edition is linked above with a subscribe link.

Reader Question

Q: We're 30, make \$300k a year, and have \$700k saved for a home purchase. Do you think we should pull the trigger?

A: Nope...

For context: Despite having strong income and high savings, they simply weren't in the right life stage.

New baby, they may relocate in a couple of years, not sure what type of place they would want, etc.

Saving money is hard, saving \$700k by age 30 is harder, but waiting for the right time to buy is the hardest.

Maybe that perspective is out of touch, but I think it's largely true.

Scrolling Zillow, seeing all the nice places you could buy, and then deciding to stay in your apartment requires a lot of patience and discipline - not to mention the constant fears of missing out.

When it's the right season, I hope the delayed gratification hits hard.