

Will Gibson, CFA

Top of Mind
Will Work Invest in Your Kids?

Some of you know that Cassidy and I had our first child last month. In that spirit, this month's newsletter has a kids tilt.

There are tons of ways to invest in your children. I think the most important "investments" are typically non-financial, but this is a personal finance newsletter, so we'll keep it largely financial.

In the [July](#) and [August](#) newsletter I talked about parental gifting, but most people don't have extra money just sitting around for that purpose - especially young people.

What about your employer? They might...

Trump Accounts are supposedly in the works for July of 2026. The specifics are still vague, but it may be worth asking if your employer has plans for participating.

Why? It [currently states](#), "Employers may make an annual contribution of up to \$2,500 to a Trump Account and that contribution will *not impact the employee's taxable income.*" And that contribution limit is expected to increase with inflation -

It sounds like parents could then put in another \$2,500 but it won't be deductible.

Trump Accounts are expected to function like a Traditional IRA. "Deposits cannot be withdrawn prior to the beneficiary turning 18 years old. After that point, the account generally is treated as a traditional IRA and generally is subject to the same withdrawal rules as other traditional IRAs."

More to come, but if your personal finances aren't in a place to save for your kids, it may be worth starting a conversation at work.



2025 End of Year Financial Planning Checklist

As we approach the end of 2025, here is a general financial planning checklist:

1) **Ensure You Paid Enough Tax**

Underpayment penalties are expensive. Paying 100% (or 110% for high earners) of last year's tax liability is a helpful [safe harbor provision](#), among others.

2) **Capital Gain Harvesting**

Review non-retirement accounts for unrealized gains. If earning under a certain threshold, long-term capital gains could be realized at 0%. Beware of wash sales though.

3) **Tax Loss Harvesting**

Consider realizing losses in your taxable brokerage account to offset realized gains and/or reduce your earned income. The max net offset to income is a \$3k capital loss.

4) **Check Employer Retirement Plans**

Ensure contributions to a 401(k), 403(b), and 457 plan are optimized. If not, consider adjusting your elections. Good practice is to review your contributions twice a year.

5) **Roth (& Backdoor) Conversions**

That is: paying taxes now on pre-tax savings to reduce future taxes, extra Medicare charges, or support inheritance goals.

6) **Complete RMDs and QCDs**

Some are required to distribute money annually from retirement accounts (RMDs) or face a penalty. Those 70.5+ can perform Qualified Charitable Distributions (QCDs).

7) **Finalize Charitable Giving**

If you're on the edge of itemizing, you could consider front loading gifts. The OBBA also made some [key changes](#).

8) **Use Expiring Funds/Benefits**

Check for expiring FSA funds, credit card perks, travel credits, reward points, etc.

Roth IRA and HSA contributions for 2025 can be made until April 2026. If you're near the Roth income [phaseout limit](#), see your taxable income before contributing.

This is not an exhaustive checklist, but hopefully a decent place to start.

ON THE NEXT PAGE

529 to Roth IRA
It's Not That Simple...

If your child's education is done and the 529 has leftover funds, a Roth IRA conversion might make sense. However, it's not as simple as it sounds.

Feeling Generous?
Gifting Unused Credits

Many credit cards offer food and travel credits that expire monthly and/or annually. If you're feeling generous, consider gifting these to someone.

Collective Wisdom
Articles, Tweets, & More

Three investments that should never go in your IRA. A 22-year-old trying to be a millionaire by 30 got humbled. Do house rich millionaires count? The gambling epidemic is serious.

529 to Roth IRA



Sticking with the kid theme, let’s talk about 529 to Roth IRA conversions.

If your child’s education is done, the 529 still has funds, and there’s no new beneficiary in mind – it may make sense to convert the account to a Roth IRA.

It’s a [relatively new option](#) that debuted in 2024 so there are still some vague elements, but it can be a great route.

Alright, how do we do this thing? What are the requirements?

- 1) The 529 must be open at least 15 years for the *current* beneficiary.
- 2) Only 529 contributions made 5+ years before a potential rollover qualify.
- 3) You can only roll over \$7k max per year, with a \$35k lifetime cap.
- 4) The 529 plan beneficiary and the Roth IRA owner must be the same.
- 5) The Roth IRA owner must *earn* at least the rollover amount that year.
- 6) It must be a trustee-to-trustee transfer.

Oh, and if you change the beneficiary, it may restart the 15-year clock. That’s a long wait, so consider opening a 529 early for each child to get the clock ticking.

Those are the key hurdles. If you clear them, it’s then best to call the holding firm and request the specific paperwork.

However, if Roth funding is the true end goal, a [custodial IRA](#) with earned income is usually a more efficient route.

Gifting Credits

Expanding on point eight from the featured checklist above, review your monthly and annual credits for donation or gifting opportunities.

For example, over 20 credit cards offer monthly Instacart credits. **Redundant, yes*

If you have one of [these cards](#) and do not have plans to use the credit (or are simply feeling generous) there’s now a way to donate these unused credits to a local [food pantry](#).

You can also consider booking trips, concerts, restaurants, or shopping retail offers through your credit card program.

If you have the Chase Sapphire Reserve or AmEx Platinum, especially take note: many credits released late this year will expire if unused on 12/31.

The point: scan your credit card perks with a gifting eye - you may be able to give more while technically spending less.

Article Arcade

3 Investments That Should Never Go in Your IRA

[Root Financial](#)

I agree with two of James’s points in this video yet find his gold analysis weak. The case is not absolute performance but inter-portfolio correlation and return sequences. There are far better arguments against gold.

22-Year-Old Trying to Be a Millionaire by 30

[The Money Guy Show](#)

A young fella went on the Money Guy Show and received some sage (humbling) advice. His goal is to be a millionaire by 30, which is very achievable, but based on his current path unlikely. I think he took the advice pretty well.

Distribution of Mortgages

[Apollo Academy](#)

This was an awesome visual by Torsten showing the percentage of outstanding mortgages by interest rate. It’s slightly dated now, but roughly 30% of households had a sub 4% rate; the 6% cohort was growing fast though.

House Rich Millionaires

[A Wealth of Common Sense](#)

Nearly 20% of American households are millionaires if you include home equity and retirement accounts; however, you have to move up the wealth scale a decent amount until the liquidity profile changes substantially.

Saving on Property Tax

[Ownwell](#)

Apparently, you can appeal your property taxes. I was reading *All the Hacks* and Chris reportedly saved over 20% in CA. I tested a few addresses in Ownwell without success, but maybe it’ll work for your place or start a good convo.

The Gambling Epidemic

[Coffeezilla](#)

A good friend and TRC reader sent me the video above that investigates how gambling has infiltrated American culture. The video also details unique psychological manipulations. It’s about 30 minutes long but worth the watch.

Talk of the Month

**Below is a hypothetical conversation based off [this](#) blog post. We spent the last month isolated at home talking to a newborn baby, so my outside conversations were relatively limited.*

Concentration Protestor: The S&P 500 is broken and riskier than ever.

Author: Why do you say that?

Concentration Protestor: Because the top 10 stocks make up nearly 40% of the index. It’s concerning for our country.

I can’t imagine putting all my money into just a handful of stocks.

Author: It’s not the crisis people think.

Concentration Protestor: Why is that?

Author: When compared globally, the U.S. is actually far *less concentrated*.

**See chart two in the link above.*

Concentration Protestor: Well, I guess it’s a global problem then...

Author: Whether market cap weighting is an appropriate investment strategy, and to what degree, is a different argument.