Five Lessons From Five Volatile Weeks 2

Your 401(k) Gift Could Be A Trap 3

What To Know About Home Sale Gains 4

SCOTT SCHECHTER'S FINANCIAL NEWS DIGEST

MONEYLINE

Avoiding Lifestyle Creep

Courtesy of Scott Schechter, CFP®, MBA, AEP®, CAP®

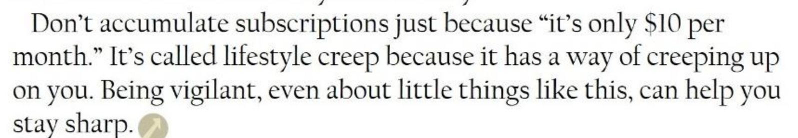
You don't need a Maserati just because you have Maserati money now. If you're not a car enthusiast, there's no reason to ever buy a luxury car. If you are, have at it.

The same logic applies to everything you spend money on, but especially ones that are an ongoing expense, like your house and monthly bills. It's fine to splurge on the things you care about now that you've got more room in your budget. But it's important to be intentional about those splurges.

Some ways to avoid lifestyle creep that can happen as your net worth increases:

Don't buy more house than you need, even if you can afford it. Remember that a bigger house also means more maintenance and more cleaning. Even if money is no object, the time and energy you'd need to put into the home still are.

Don't upgrade your phone every year. The same applies to your other gadgets and tools. Doing so might not be a budget-killer, but it's still wasteful and mostly unnecessary.



Don't accumulate subscriptions just because "it's only $10 per month." It's called lifestyle creep because it has a way of creeping up on you. Being vigilant, even about little things like this, can help you stay sharp.

Eagle Strategies LLC

Scott Schechter, CFP®, AEP®, CAP®
Financial Advisor

CA Insurance License #0E52859
AR Insurance License #7026896

(619) 350-3600
sschechter@eaglestrategies.com

Find a lost 401(k) or other retirement account. According to recent data there are 29.2 million forgotten 401(k) accounts estimated to hold about $1.65 trillion in assets. Where to start searching: The US Department of Labor's retirement savings lost and found database and the National Association of Unclaimed Property Administration database which connects to unclaimed property sites for all 50 states. Also look for abandoned plans through the Abandoned Plan Program run by the Employee Benefits Security Administration

Source: kiplingers.com

Only 40% of consumers plan in advance how they will use their money. The remaining 60% handle finances reactively, rarely or only occasionally paying off credit card balances and keeping less than $2500 in savings. Planners consistently pay off credit cards or carry average balances below $2000 and have more than $2500 in available savings. Planners have become less common in all income groups. The percentage of high-income earners who are planners has fallen to 25% since February of 2024 and the majority now identify as (Continued on page 3)

"Many a man thinks he is buying pleasure, when he is really selling himself to it."

-Benjamin Franklin

Five Lessons From Five Volatile Weeks

By Jill Schlesinger, Jill on Money

Here's what we learned from the first five trading weeks of the year:

1. Beware of the bandwagon

After the 2024 presidential election, bitcoin crossed the 100,000 mark, as investors believed that President Donald Trump would be true to his promise of being the first "crypto president."

His administration was filled with crypto-friendly people, who watered down regulations, prompting all sorts of investors to buy into the craze. Bitcoin did soar above $126,000 in October 2025, but just a few months later, its value has almost been halved. Ouch.

2. Beware of the NEXT bandwagon

Some investors who didn't get their buy orders in for crypto were lured into gold and silver, which have enjoyed massive gains over the past year or so.

Considering that my career started as a gold, silver and copper options trader on the floor of the Commodities Exchange of New York, I can state with certainty: Beware of the whippy nature of commodities markets!

Like Bitcoin, some wanted a piece of the action, but they soon learned just how much commodities can whip around. On Friday January 30, gold plunged 9 percent and silver lost a quarter of its value... in just one day.

3. Limit your exposure

Let's say you ignore the advice above and want to be part of the mania associated with speculative investments like cryptocurrency, commodities, or even individual stocks. If that's the case, then limit the amount invested to under 5% of your total investments. By doing so, you can manage risk while still allowing for potential upside.

Think of it this way: If 5% of your portfolio loses half of its value, you've only lost 2.5% of your total invested wealth. That's recoverable. But if 30 or 40% of your portfolio is concentrated in a volatile asset that crashes, you're looking at losses that could take years to recoup, potentially derailing your retirement plans or other financial goals.

For the core of your portfolio, maintain a diversified portfolio. Diversification among various asset classes should help you weather market turbulence. Use volatile assets as the spice in your investment recipe, not the main course.

4. Avoid daily market check-ins

Most of us are saving for a long-term goal, like retirement or college, which is likely years or decades in the future. Reviewing market action on a daily basis will not help you achieve those goals, but it might encourage you to act — and that's rarely going to work out in your favor.

5. Don't keep money you need in a volatile asset

Do you need to make a house down payment, purchase a car or pay a tuition bill within the next 12 months? Did you "forget" to free up that money and now it's stuck in something that has gone down in value?

If so, that money should never have been at risk at all, so admit that you blew it and get whatever you need out and keep it in a safe savings, checking or money market.

Your 401(k) Gift Could Be A Trap

By Donna Fuscaldo, Kiplinger's Personal Finance

You just retired and are sitting on a pile of cash in your retirement accounts thanks to a decades-long bull run in the stock market.

It's only natural to want to spread the wealth and give some of that nest egg to the kids or grandkids. In fact, 69% of retirees do, according to a recent MetLife study.

But gifting some of your 401(k) right out the gate may cause more harm than good. Here's why and how to be generous without putting your retirement at risk.

What could go wrong with gifting from a 401(k)?

Few people think about taxes when they're helping a child with a down payment on a home, contributing to a college fund, or taking the family on a once-in-a-lifetime vacation. But not preparing for tax consequences is one of the biggest risks in taking a 401(k) lump sum at retirement.

"If that asset is pretax money, you can have a tax consequence," says John Jones, an investment advisor representative at Heritage Financial. "The person has to be mindful if they withdraw and spend in whatever way, it might trigger another tax bracket or IRMAA."

Bracket creep occurs when a large withdrawal pushes your total income into a higher tax tier. For example, if you are retired in the 22% bracket and withdraw an extra $100,000, that money is taxed as ordinary income. This can push a portion of your distributions into the 24% or 32% range, significantly increasing your tax bill for the year.

Retirees should also be mindful of the IRMAA (Income-Related Monthly Adjustment Amount), a Medicare surtax that often catches people by surprise.

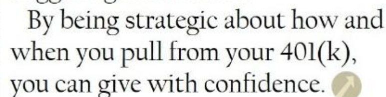
Because Medicare Part B and D premiums are calculated based on your Modified Adjusted Gross Income (MAGI) from two years prior, a large lump-sum withdrawal today could trigger a collision course with higher costs down the road. If a withdrawal spikes your income this year, you may face an IRMAA surcharge two years later.

Beyond taxes, using your 401(k) for gifting could impact the type of retirement you have later on.

Even if you think you have enough saved, removing a big chunk of your portfolio early in retirement means it can no longer grow and compound.

If you are aware of the risks and still committed to gifting from your 401(k), there are steps you can take to mitigate them.

For starters, spread the withdrawal across two tax years. If you want to gift $100,000, withdraw $50,000 in December and the remaining $50,000 in January. By splitting it across two years, you may prevent bracket creep or avoid triggering the IRMAA.



By being strategic about how and when you pull from your 401(k), you can give with confidence.

"My idea of planning for the future is programming the DVR."

(Continued from page 2)
reactors. Baby boomers are the only age group with a majority of planners, 54%. Among Generation Z consumers 73% are reactors.
Source: pymnts.com

"Quick cash for home" offers inevitably leave big bucks on the table, warn some home financing experts. Companies that make these offers assume that interested home sellers must be desperate for fast cash and/or have homes in need of extensive repairs. These offers typically are as-is with no home inspection so their offers fall far below the market. Options for selling a home fast for a better price include: informing an experienced real estate agent that you need an expedited sale… setting an asking price below the market to spur competitive offers or… selling at auction.
Source: bottom line personal magazine

"People are living longer than ever before, a phenomenon undoubtedly made necessary by the 30-year mortgage."
-Doug Larson

SCOTT SCHECHTER'S FINANCIAL NEWS
DIGEST

Scott Schechter, CFP®, CLU®, MBA, AEP®, CAP®
Financial Advisor

3161 1st Avenue, #2N
San Diego, CA 92103

This third-party newsletter is provided as a courtesy by Scott Schechter, Financial Advisor offering advisory services through Eagle Strategies LLC, a Registered Investment Adviser. Registered Representative offering securities through NYLIFE Securities LLC., member FINRA/SIPC, a licensed insurance agency. NYLIFE Securities LLC and Eagle Strategies LLC are New York Life Companies. This publication is provided to our readers as an informational source only. The ideas, opinions and concepts expressed here should not be construed as specific tax, legal, financial or investment advice. You should consult your professional advisers regarding your particular situation.

Certified Financial Planner Board of Standards Center for Financial Planning, Inc. owns and licenses the certification marks CFP®, CERTIFIED FINANCIAL PLANNER™, and CFP® (with plaque design) in the United States to Certified Financial Planner Board of Standards, Inc., which authorizes individuals who successfully complete the organization's initial and ongoing certification requirements to use the certification marks.

What To Know About Home Sale Gains

By Joy Taylor, Kiplinger's Money Power

Q: My husband and I are thinking of selling our home. Will the gain be taxed?

A: It depends. Generally, if you have owned and lived in your main home for at least two out of the five years before the sale date, up to $250,000 ($500,000 for joint filers) of your gain is tax-free. Any gain exceeding the exclusion amounts is taxed at long-term capital gains rates of 0%, 15% or 20%, depending on the amount of your taxable income.

Q: I am married, and I bought my home 14 months ago. My company is relocating and I must move out of state for work, so I plan to sell the home next month. Can I exclude any gain from the home sale?

A: Early sales due to job changes, illness or unforeseen circumstances qualify for a partial exclusion. The percentage of the gain exclusion you can take is equal to the portion of the two-year period that you used the home as a residence. For example, say you bought your home for $740,000 in February 2025 and you sell it for $790,000 in May 2026 because of your move for an out-of-state job. The maximum gain exclusion in this instance is

$312,500 ($500,000 x [15 months ÷ 24 months]). So, your gain of $50,000 would be tax-free.

Q: My partner and I own our primary residence together and have lived here for 10 years. We plan to sell it next year. We aren't married, and we file our taxes separately as single filers. When we sell the home, can each of us claim a $250,000 gain exclusion?

A: Yes, and any excess capital gain would be split between the two of you. Each of you on your single-filed tax returns would report your share of the selling price and tax basis in your home to arrive at the gain.