Randall & Associates Wealth Management

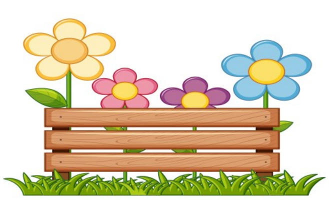
2026 Q2

Springing into Q2!

2nd QUARTER DATES TO REMEMBER:	
Deadline to file income taxes	APR 15
Deadline for tax estimates for Q1 of 2026	APR 15
Deadline to fund IRA contributions for 2025	APR 15
Good Friday **(Markets Closed)**	APR 3
Memorial Day **(Markets Closed)**	May 25
Deadline for tax estimates for Q2	Jun 15
Juneteenth **(Markets Closed)**	June 19

These newsletter articles are authored and brought to you by

Randall & Associates Wealth Management Inc.



Not All Debt is Created Equal

Many consumers believe that, on principle, being in debt is inherently bad. It can feel like a dark cloud looming over one's finances, only going away when the last penny is paid down and the burden is freed. That feeling is completely valid if you experience it, but that does not mean that the debt itself is the only need to address in your plan until it is paid down. When allocating every free dollar to paying down debt, you are giving up the opportunity to save or invest that dollar for the future. That may feel worth it, but depending on your goals and circumstances, it may not be the most efficient use of your money.

Take, for example, someone making extra payments on their home they bought a few years ago when interest rates were significantly lower. It might feel like the debt of a significant mortgage is weighing down a financial plan, but given the interest rate, it may make sense to look at utilizing those dollars elsewhere. If said individual does not have a sufficient emergency fund, it most certainly makes sense to allocate towards that before debt repayment. It may also make sense, dependent on the interest rate and the investment profile of the individual, to invest the excess dollars in an attempt to achieve a higher rate of return long-term than the relatively low interest rate on the mortgage. Depending on rates, it is possible for some extremely low volatility investments such as CD's to outpace a low interest rate on debt.

In contrast, a high APR credit card may have an interest rate in excess of 20%. It is much less reasonable to believe in obtaining long-term returns elsewhere in excess of that, so it may make sense to focus more heavily on paying down that particular debt. None of this is to say there is a blanketed right or wrong approach, but it is to note that analyzing debt paydown strategies based on personal circumstances and the character of the debt is mightily important.

Mental Accounting

Budgeting and segmenting funds can be an extremely healthy habit to have. Whether it is divvying up one's estate in the way they deem fit and fair, or simply saving for that summer beach getaway coming up, almost everyone creates divisions or pools of money that are earmarked for certain goals and objectives. Though this can be beneficial, there are times that this 'mental accounting' can be counterproductive to one's overall financial wellbeing.

Think about, for example, someone saving up for that aforementioned beach vacation. Imagine that same person has to replace something on their car or fix the furnace in their home. Many times, someone who is overly rigid in their mental accounting will leave the vacation funds untouched, as it already has its job description. Instead, they may utilize something like their credit card to pay to fix that car or furnace, potentially putting them in non-ideal circumstances of significant debt with high interest rates. The same can be said about the person dividing up their estate. Often people have certain assets or amounts earmarked for a particular individual or cause even if there are more efficient ways to give. There are many day-to-day examples of mental accounting, and some are completely valid. It is important, though, to take into consideration alternative potentially more efficient approaches as you save and allocate your funds and assets.

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It All Begins With a Plan!

Our Services …

Retirement Planning

- *Retirement Goal Setting*
- *Cash Flow Analysis*
- *RMD and Withdrawal Strategies*
- *Roth Conversions*
- *Socials Security and Pension Analysis*

Investment Planning

- *Asset Allocation*
- *Withdrawal Strategies*
- *Account Consolidation*

Tax Planning

- *Tax Sensitive Investing*
- *Review of Realized and Unrealized Gains*
- *Tax Loss Harvesting*
- *Roth Conversion Opportunities*
- *Tax Return Review*

Trust & Estate Planning

- *Minimize Estate Taxes*
- *Analyze Trust Needs*
- *Analyze stepped up cost-basis for highly appreciated assets*

Assistance to Others

- *Charitable giving through Qualified Charitable Distributions (QCDs)*
- *Charitable giving of appreciated assets*
- *529 College Saving Plans*
- *Donor-Advised Funds*

When Should I Collect?

One of the most integral parts of many retirees or soon-to-be retirees financial plans are their social security benefits. Retirees around the country are, to varying degrees, dependent on social security to retire and live comfortably. Many, though, do not understand the intricacies of Social Security optimization strategies for their particular retirement. That is, they are unaware that there may be a more ideal time to collect social security. If an individual is fully insured (40 quarters of work completed), they are entitled to begin collecting social security on their own working record at age 62. This, however, will be a reduced benefit, as their full benefit is based on their full retirement age (FRA), which is dependent on the year you were born (if you were born in 1960 or beyond, your FRA is 67). Furthermore, delaying collecting your benefit past your FRA will give you an 8% increase in your monthly benefit for every year you delay until 70 (there is no benefit delaying beyond 70). The large variance in benefit based off of age of collection can have a huge impact on one's retirement, and for some, it can be the difference between living comfortably throughout retirement or running into significant financial shortfalls. There are a litany of other considerations to take into account, such as how one spouse growing their Social Security benefit can affect a surviving spouse after they pass, or how turning on social security while you are still working may or may not affect your benefit. All in all, Social Security collection strategies are more complicated than many expect, and it may make sense to take a second look at what the optimal time is to begin receiving those benefits.

Q&A...

Q: Does the new enhanced deduction apply to me?

A: As part of the One Big Beautiful Bill Act (OBBBA), individuals over the age of 65 will get an additional $6,000 deduction for tax years 2025-2028. There is a phaseout however beginning at $75,000 in modified adjusted gross income for single filers and $150,000 for joint filers.

Q: What is a reasonable amount of money to keep in savings?

A: The general rule of thumb is to have 3-6 months of living expenses in savings. That said, an ideal savings balance is completely tailored to the individual. Someone with a lower risk tolerance or higher likelihood of needing easily accessible cash for larger expenses might want to keep a larger balance.

Q: I heard I can delay my first required minimum distribution (RMD) to the following year. Is that true?

A: It is true, but it may not be advisable. If an individual turned 73 this year and had to take their first RMD, they could delay it to 2027 and take it before April 1st. That said, they would have to recognize two RMD's in the calendar year of 2027. This often creates unfavorable tax consequences, recognizing significantly more income and potentially climbing up into higher tax brackets.