FINANCE FRIDAYS WITH THE TREASURER

A Financial Literacy Newsletter

Issue 9, Dec. 5, 2025

NC Cash | NC ABLE

In this issue:

Finance Fridays
is a publication of the N.C. Department of State Treasurer. Treasurer Brad Briner is focused on preserving, protecting and sustaining the state's pension and health care plans. Briner was most recently the Co-Chief Investment Officer for Willett Advisors and has held positions at Morgan Creek Capital, the UNC Management Company, ArcLight Capital and Goldman Sachs.

"If you don't know where you are going, you might wind up someplace else." **—Yogi Berra**

There aren't many situations in life to which a good Yogi Berra quote doesn't apply. As we head into the holiday season and 2026, it's a great time to check in on where you are, and where you are going.

We have talked a lot about financial health this year – good habits being the central theme. But one other habit that is very relevant to financial literacy and health is the annual checkup. Just like going to the doctor each year, there are sources of potential dread in a financial checkup – do I really want to know? Can it have gotten better with another year of age? It sure is easier to ignore problems!

So, just like your annual physical, if you don't already take an annual snapshot of your financial picture, find some time over the holidays to do that. What that entails is up to you, but at a basic level I would suggest building your own "balance sheet" and potentially a cash flow plan for next year.

Brad and Cheryl getting married in 2002.

When my wife and I were planning our wedding, one of the traditions in the Catholic Church is pre-cana classes. These classes go through many of the logical issues that you would imagine the church would focus on, but they also covered the basics of a financial plan. As we went through the session on this, it was amazing to me how many other engaged couples had no clue that their future spouse had massive credit card debts, or, in one case, that they were the beneficiary of a large trust fund. Knowing these things is really important to having any kind of a plan together, or even on your own.

Making your balance sheet is straightforward – you are looking to comprehensively total up your assets and your liabilities (or debts). Making a simple spreadsheet that lists the things you own and the amounts you owe not only will give you a good snapshot of where you are, but also it makes planning much easier in the future. You'll start next year's check-in from last year's balance sheet, and the updates can be incremental that way. Moreover, your balance sheet will greatly simplify things for your heirs in the event tragedy strikes.

Starting with this snapshot, I would then suggest building a plan for next year. It can be simple – what are the big sources of funds that will come in next year, and what are the big uses of funds next year? I like to project mine monthly – I know what my paycheck should be, and what my mortgage payment and other monthly recurring expenses will be. Then

Young Brad *calculating* the best Christmas present he can ask Santa for.

I can see what I'll have left over after the basics for more optional expenses.

As you do these over time, you get a good picture of the progress you are making toward whatever goals you have. Progress won't be linear – you'll have some good years and some less good years, but by knowing where you are, you'll have a much better chance of knowing where you are going...

Happy Holidays to everyone!

DEMYSTIFYING
A Simple 10-Step Year-end Checklist

By Kenneth V. Nelson,
President, Financial Advisor
Nelson Wealth Advisors

10 Year-end Financial Issues to consider:

1. Rebalance your portfolio. The equity markets have rallied substantially since the April low. Your asset allocation is likely unbalanced if you have not adjusted your portfolio. Review your current asset allocation and compare that with the appropriate allocation consistent with your risk tolerance.

2. Take tax losses in your investment portfolio in your taxable accounts. Try to pair off gains with losses.

3. Start a Defined Benefit Plan if you are self-employed or own a family business and are highly compensated. You can defer and deduct roughly $300,000 a year. This is substantially better than the $70,000 maximum contribution allowed for SEP-IRAs. Defined Benefit Plans are more expensive to administer, so speak to your CPA or Financial Advisor to see if this is a good fit for you.

4. Consider a ROTH conversion - especially if you have recently retired. This is tax arbitrage. Make deductible IRA or 401k contributions when you are in a high tax bracket and convert those assets in a ROTH conversion after you've retired and are in a low tax bracket.

5. Gift highly appreciated assets to grandchildren or children in a low tax bracket. Many grandchildren are in the zero percent capital gains bracket. If you will be making gifts to children or grandchildren in the zero percent capital gains tax bracket, consider gifting highly appreciated assets instead of cash.

6. Chat with your CPA to see if you should lump 2 years of deductible expenditures into a single year. You may be able to swing back and forth between the standard and itemized deductions every other year. If, so try to lump 2 years of deduction in a single year.

7. Gift highly appreciated assets to charity. You'll receive the full market value of the appreciated asset, and neither you nor the charity will pay capital gains on this appreciated asset.

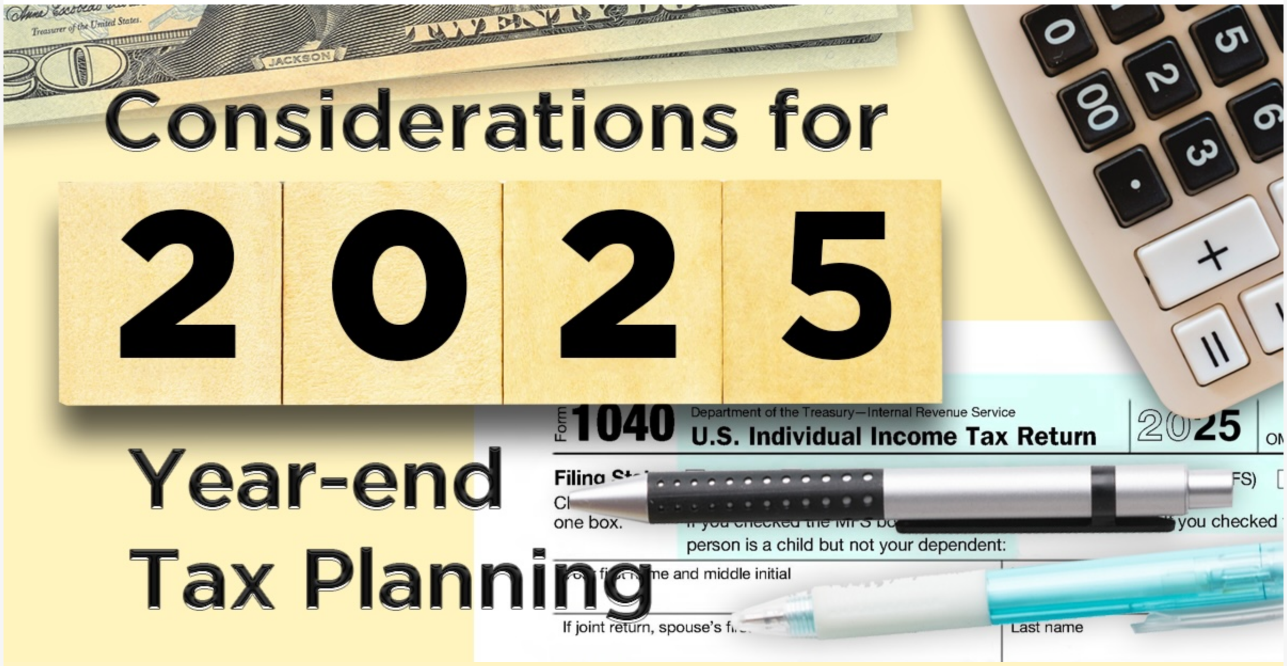
8. Defer income. (This is similar to #6). Especially if you alternate between itemized and standard deductions, you may want to defer income to minimize your tax liabilities. (Talk to your CPA or Financial Advisor to see how this affects you.)

9. Look at the valuation of all your investments. Some companies have seen a surge in their price, much faster than their increase in earnings and may be worth paring back. For example, consider your allocation between the S+P 400, S+P 500, and S+P 600. Many people have overweighted their portfolio in the part of the market with the highest valuation and the lowest expected return. As of Nov. 14, the S&P 500 (Large Caps) is trading at 22.1 times forward earnings. The S+P 400 (Mid-Caps) is trading at 15.7 times earnings. The S+P 600 (Small-Caps) is trading at 14.8 times earnings. Since 1928, Small Caps have outperformed Mid-caps, and Mid-caps have outperformed Large Caps. Review your allocation and see if you have overweighted the asset class with the most expensive valuation and the lowest expected return. This is a very common mistake.

10. Max out your retirement plan contribution. Check your

401k contribution year to date and see if you can contribute more. In 2025, for those under 50, the contribution limit is $23,500. Those over age 50, can contribute an additional $8,000 and those 60-63 can contribute even more.

Chat with your CPA or Financial Advisor and see if any of these year-end tips make sense for your specific circumstances.



By Jack Cintorino,
Vice President - Wealth Strategist
Janney Montgomery Scott

As the end of 2025 approaches, it’s a good time to implement strategic tax planning to minimize your tax liability, maximize savings and get on track for 2026.

End-of-year tax planning isn’t just about potentially reducing this year’s bill — it’s about building habits that can benefit you for years to come. Take the time now to review your current situation, consult with your Financial Advisor or tax professional and make decisions that put you in better control of your financial future.

Here are several steps to consider before the beginning of 2026.

1. Explore Roth Conversions

If you have considered converting your Traditional IRA or 401(k) funds to a Roth IRA, 2025 may be a fitting year to do so. Although Roth conversions generate immediate taxation, federal tax rates remain low. If you are reluctant to absorb a large tax bill, consider a series of smaller, partial conversions over time, utilizing lower tax brackets.

Keep in mind that Roth conversions are permanent, so be certain there are sufficient funds to pay the taxes before completing the conversion. All conversions must be completed by Dec. 31 to qualify as 2025 taxable income.

2. Take Your Required Minimum Distribution (RMD)s

IRA owners aged 73 or older must take RMDs. Participants in employer plans who are age 73 or older are also subject to RMDs if they do not qualify for the "still-working exception." Beneficiaries may also be subject to RMDs.

Dec. 31, 2025, is the deadline for most RMDs. However, there is an exception to this deadline for a person's first RMD. If 2025 is the first year an RMD is required for a retirement account owner, the deadline for that RMD is extended to April 1, 2026.

3. Consider Charitable Giving

Consider donating appreciated securities to charities and avoiding a potential taxable capital gain when you sell. Avoiding the capital gains tax is one advantage, a tax deduction for those itemizing their deductions is another potential benefit, and, of course, the benefits reaped by the charity itself. (See more about this in the next article.)

Setting up a donor-advised fund also allows you to make a sizable philanthropic contribution now, claim the deduction this year, and distribute the funds to charities over time.

4. Consider Qualified Charitable Distributions

Qualified Charitable Distributions, or QCDs, are distributions from your IRA account directly to a qualifying charity. IRA owners 70½ years of age and older are eligible. While the SECURE Act raised the RMD age from 70½ to 73, QCDs remain available at age 70½. The benefit of giving to charities from your IRA is that you do not pay income tax as you would on funds distributed from your IRA. The charity gets the full donation, and the donor does not have to claim the distribution as income.

For tax year 2025, you can donate up to $108,000 ($115,000 for 2026), and you can also use up to $54,000 of a QCD to make a one-time donation to a Charitable Remainder Trust. For married couples, you can each donate up to your individual annual limit.

5. Stay Informed About Tax Legislation Changes

In July 2025, many key provisions of the 2017 Tax Cuts and Jobs Act were made permanent, including current tax brackets and increased standard deductions. However, some provisions, such as the increased SALT deduction cap and new deductions for tips, overtime, and car loan interest, are temporary and set to expire after 2028.

6. Maximize Retirement Savings and Health Savings Accounts

IRA and Roth IRA contributions have an April 15, 2026, deadline, but employer-sponsored retirement plans need to receive contributions by Dec. 31, 2025. Your contribution to an HSA also needs to be received by Dec. 31, 2025.

7. Use Your Flexible Spending Accounts

Flexible Savings Accounts (FSA) follow a "use-it-or-lose-it" rule. If you funded an FSA with pre-tax dollars, be sure to use it to its full advantage. Spend down all money that you would otherwise lose on Jan. 1, 2026.

8. Other End-of-Year Thoughts

- **Tax-loss Harvesting.** Investment losses can be used to offset any gains you've realized in 2025, or up to $3,000 of income. Consider selling depreciated securities that no longer fit your strategy, have poor prospects for future growth, or can be replaced with similar investments that play a similar role in your portfolio.
- **New Bonus Deduction for Older Adults.** Individuals aged 65 and older may qualify for an additional standard deduction, subject to income limitations.
- **Child Tax Credit:** The Child Tax Credit has increased to $2,200 per qualifying child.

Year-end planning is an opportunity to take control and make informed decisions for the year ahead. These are just a few options to help you evaluate your options and develop a strategy designed to support your goals today and in the future.

By Harrison Miller
Vice President and Charitable Planning Consultant
Fidelity Charitable

Last year, individual donors gave a record $392 billion to charity, according to *Giving USA*, showcasing the importance of generosity in America. Whether you live in a major city like Charlotte or a small community like Calabash, charitable giving can be one of the most personally rewarding financial decisions you make. In addition to helping nonprofits you care about and directly improving lives and your local community, you may also be able to reduce your tax bill. Charitable giving can potentially reduce three kinds of federal taxes: income, capital gains, and estate taxes. Understanding the tax implications of your giving can make your generosity go even further.

Know that how you file your taxes could affect your deduction

On an annual basis, your ability to claim a tax benefit for charitable donations depends on how you file your taxes. Most people choose the standard deduction, a fixed amount that all taxpayers are eligible to take. Under the One Big Beautiful Bill Act, the new tax law passed in July, that deduction increased to $15,750 for single filers and $31,500 for married couples filing jointly. If your combined deductions — including mortgage interest, state and local taxes, and charitable gifts — don't exceed those amounts, you'll likely take the standard deduction.

For those who itemize deductions, however, charitable contributions can make a significant difference on your taxes. If your itemized deductions surpass the standard deduction, you can deduct the full value of eligible charitable gifts, reducing your taxable income and potentially lowering your taxes.

Starting in 2026, a new "above-the-line" deduction will allow taxpayers who don't itemize to claim cash charitable donations of up to $1,000 for individuals and $2,000 for couples.

Keep records and plan ahead

To be eligible for a tax deduction for your giving, you must make your donation on or before midnight on Dec. 31. If you are giving by cash, credit card or check, mail generally must be received or postmarked by that date. But you may need to initiate some gifts much earlier, for example, if you are using a wire transfer or donating a non-cash asset, such as stock. In those cases, a gift will typically need to be received by the nonprofit by a specific deadline. Furthermore, it's always wise to be aware of any processing timelines from your financial institution, as well as on the part of the receiving nonprofit, to ensure that your gift will count for the current tax year. Additionally, documentation is key. Keep receipts, acknowledgements from charities, and valuations for non-cash gifts.

> **"think stocks, privately held business interests, or cryptocurrency..."**

Think about what you give, not just how much

Cash is the most common type of donation, but it's not always the most tax efficient. Donating long-term appreciated assets — think stocks, privately held business interests, or cryptocurrency — can be a smarter move. After recent market growth, many people own investments that have gone up in value. If you donate these assets directly to charity, you can eliminate any capital gains taxes you might have owed if you sold the asset and then donated the proceeds. If you itemize, you also are eligible to claim an income tax deduction for the full fair market value of the donated asset.

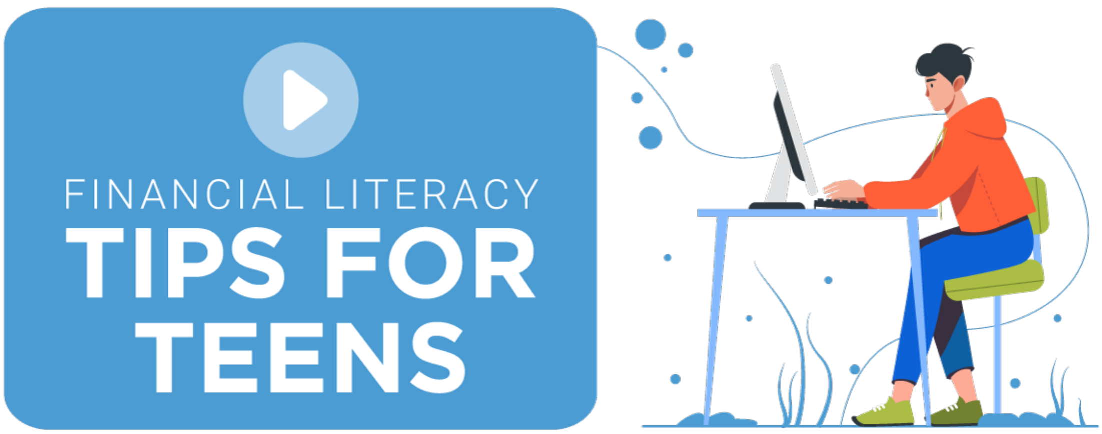
Consider establishing a donor-advised fund

Donor-advised funds (DAFs) have become one of the most popular tools for tax-smart giving. A DAF is like a charitable investment account for the sole purpose of supporting charitable organizations you care about. You become eligible for a tax deduction upon contributing to the sponsoring organization, which is a public charity — such as the one I represent, Fidelity Charitable. Then you can recommend grants from the account, on the timetable that works for you, to support any IRS-qualified public charity, including homeless shelters, educational charities and houses of worship. Additionally, funds can grow tax-free while you're deciding which organizations to support.

A donor-advised fund can make it easy to contribute assets like stock, as well as to stay organized and keep track of your giving to multiple organizations. There are more than 1,000 charities that offer a donor-advised fund. To choose the one that best meets your needs, you may want to consider which types of assets are accepted, any minimum amounts for contributions and grants, the investment options and the support available for your giving needs.

The bottom line: Give with purpose

If you work with a tax professional or financial advisor, it can be a smart idea to have a conversation with him or her about your charitable giving plans, so they can give advice on the best options for you. Additional changes from the new tax law will go into effect in 2026, so it's a great time to check in. But taxes aside, no matter how much you have to give, you can make the greatest impact if you focus your giving on the causes you care about most, make a plan for how much you want to give and choose an impactful organization to support. Everyone can make a difference with their giving.



GOLDEN GUIDANCE
MONEY MATTERS AFTER 50

In partnership with the N.C. Division of Aging

Key Times to Update Your Will and How to Create One

By Steve Hahn
Communications Director
AARP North Carolina

Creating a will is one of the most important steps in securing your financial legacy. Looking ahead to the new year is a good time to make sure you have your needed legal documents in place. When it comes to wills and estate planning, it's not a "set-it-and-forget-it" situation. Life changes, and so should your estate plan. Keeping your will current ensures your wishes are honored and helps avoid family disputes later.

According to a 2024 Caring.com study, only about one-third of Americans have a will. Even if you've taken that step, experts stress the importance of reviewing and updating it regularly. Here are six situations when you should revisit your will — and a simple process for creating one if you haven't yet.

How to Create a Will: A Simple 5-Step Process

1. **List Your Assets and Liabilities** Start by making a comprehensive inventory of what you own (property, investments, savings) and what you owe.
2. **Choose Your Beneficiaries** Decide who will inherit your assets. This can include family, friends, or charitable organizations.
3. **Select an Executor** Appoint someone you trust to carry out your wishes and manage your estate.
4. **Draft the Will** You can use an attorney for legal guidance or an online will-making service for convenience. Ensure the document clearly states your wishes.
5. **Sign and Witness** Most states require your will to be signed in front of witnesses. Some also require notarization for added validity.

Tip: Store your will in a safe place and let your executor know where to find it.

How to Choose an Executor

Choosing an executor is critical because this person will manage your estate and ensure your wishes are carried out. Here's what to consider:

- **Trustworthiness Is Key** Pick someone you trust completely—they'll handle sensitive tasks like paying debts and distributing assets.
- **Organizational and Financial Skills** The role involves paperwork and financial decisions, so choose someone detail-oriented and financially savvy.
- **Availability and Willingness** Confirm they have the time and are willing to take on the responsibility.
- **Location Matters** Executors who live in your state may find it easier to meet legal requirements.
- **Age and Health** Select someone likely to outlive you and remain capable of performing duties.
- **Consider a Backup** Always name an alternate executor in case your first choice cannot serve.
- **Professional Option** If your estate is complex or you don't have a suitable person, consider a professional executor, such as a trust company or attorney.

Tip: Talk to your chosen executor before naming them in your will to confirm they're willing and understand the responsibilities.

6 Times You Should Update Your Will

1. **Major Life Events** Marriage, divorce, or the birth of a child? These changes can dramatically affect your estate plan.
2. **Changes in Your Beneficiary's Life** Illness, death, or financial challenges may require adjustments.
3. **Moving to a New State or Country** Estate laws vary by location, so update your will after relocating.
4. **Significant Increase in Assets** A financial windfall calls for a review of your estate plan.
5. **Changing Your Mind** Relationships and priorities evolve. Update your will accordingly.
6. **It's Been Years** Even without major changes, review your will every five years.

Bottom line: Refresh your will as one way to make a fresh start in 2026. A will isn't a one-time task. Regular updates ensure your wishes are clear and legally sound. Work with an attorney to make changes correctly.

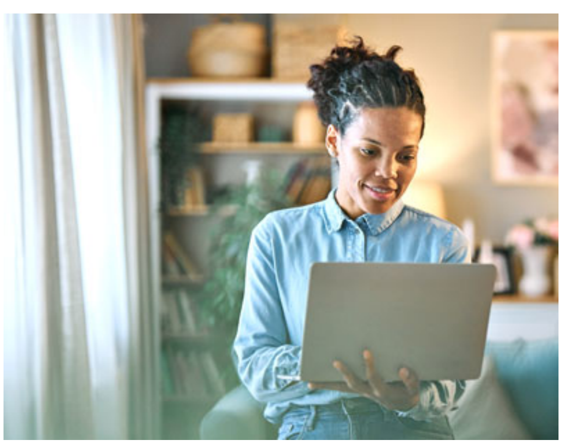
Six key times to update your will were compiled for AARP in 2024 by Lynnette Khalfani-Cox, a personal finance expert, speaker and author of 16 money-management books, including the 'New York

Times' bestseller 'Zero Debt: The Ultimate Guide to Financial Freedom.'

By Ann Benjamin Zuraw
President
Zuraw Financial Advisors, LLC

A Year-End Financial Audit After a major life change, like a divorce, is vital to help you see and understand your current financial picture, enabling you to better plan for stability and stay engaged with your progress.

Divorce can alter everything: your routines, your cash flow and what feels possible. A year-end financial check is one of the most grounding and empowering things you can do. A financial check helps you regain clarity and control. You don’t need a complete overhaul, but small, consistent adjustments can rebuild stability and confidence and help you take control of your financial future.



1. Look at Your New Numbers
Recalculate all financial details, including housing costs, insurance premiums, child support or alimony and household expenses, to ensure your financial picture reflects your current situation and helps you regain clarity and control, making your review more meaningful.

Review:

- Housing costs.
- Insurance premiums.
- Child support or alimony (paid or received).
- Household expenses that used to be shared.

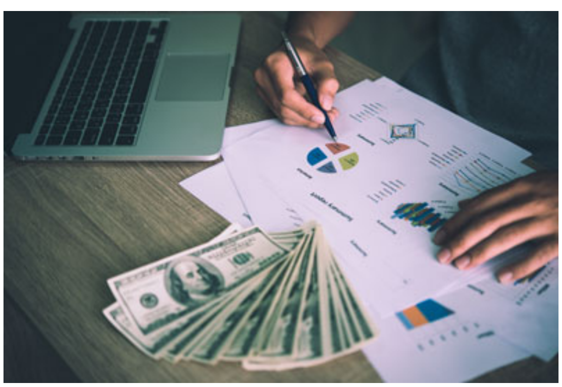
Don't assume your old budget still works. Update the numbers so you can make decisions based on your new life.

2. Reset Your Savings and Investing Goals to Match Your New Reality
Priorities shift after divorce. What mattered before may not matter now.

Ask yourself:

- Where do I need to rebuild first — emergency fund, savings, retirement or debt?
- What savings level matches my new lifestyle?
- Which long-term plans need adjusting — retirement age, college savings, homeownership?

Set clear, measurable goals that align with your current reality, such as specific savings targets or a debt-reduction plan. This gives your financial planning direction and purpose, making your progress easier to track and more motivating.



3. Automate What You Can
When you're navigating emotional and financial changes, decision fatigue makes everything more challenging. This is where automation helps reduce your mental load, making it easier to stay on track with your financial future. Consider setting up:

- Automatic transfers to savings or investment accounts.
- Automatic bill payments to avoid late fees.
- A small monthly transfer to a dedicated "rebuild fund."

Even a small automated amount, like a regularly scheduled monthly transfer to a rebuild fund, can help you stay on track with little effort.

4. Rebuild Your Emergency Fund
Emergency savings are often depleted during or shortly after divorce; now is the time to rebuild.

Start simple:

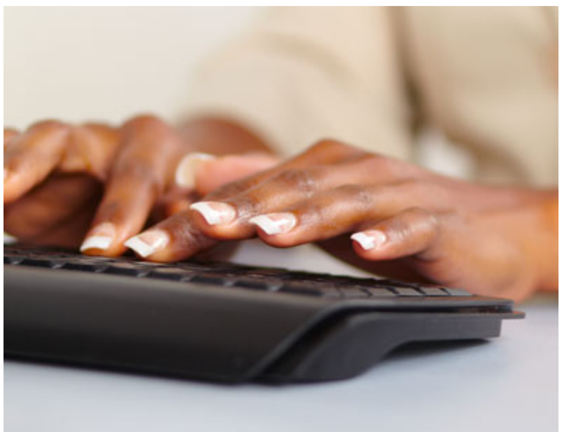
- Aim for 1–3 months of expenses based on your current cost of living.
- Gradually increase as finances begin to stabilize.
- Keep it in a separate account to avoid accidental spending.

A small buffer can make the difference between panic and breathing room.

5. Review Your Insurance
Your coverage almost always changes after a divorce. Check the following:

- **Health insurance:** Do you have your own plan now?
- **Auto insurance:** Rates often shift when policies split - check rates.
- **Home/renter's insurance:** New address, new needs.
- **Life insurance:** Update beneficiaries and coverage amounts.
- **Disability insurance:** Can be important now, given a single income.

Making a few changes now can help prevent big, expensive surprises later.



6. Updating beneficiaries
Divorce doesn't automatically change beneficiaries or legal authority. You must update them. Updating beneficiaries and legal documents ensure assets are protected and aligned with your current life situation, preventing future complications.

Review:

- Retirement accounts.
- Life insurance.
- Bank accounts.
- Wills and estate plans.
- Powers of Attorney.

If your ex is listed somewhere, you don't want them — fix it now.

7. Create One or Two New Money Habits for the "New You."

You don't need to reinvent yourself, but tiny habits help create stability.

Try:

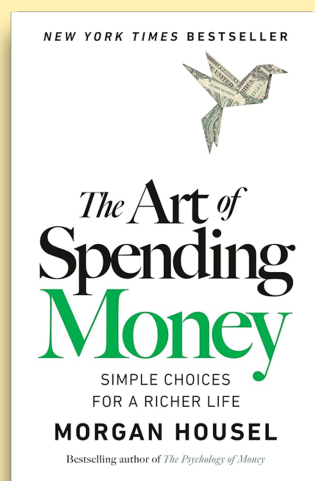
- A 15-minute weekly spending review.
- A 1% annual increase to your retirement contributions.
- A separate account for miscellaneous expenses (kids' activities, car repairs, holidays and gifts).
- Have a monthly "money check-in" with yourself.

A year-end financial audit after divorce will help you feel like you're taking back control, one small step at a time.

Update, reset your goals and automate what you can. You don't need perfection, just consistent, manageable moves that help you rebuild stability and give you room to breathe again.

Recommended Reading: The Art of Spending Money

This month Brad's recommended reading is The Art of Spending Money by Morgan Housel. In his new book, Housel looks at the "next step" after building wealth — what you actually do with the money. Do you know what you want to do with your money beyond treating it as a benchmark for success? You can borrow this book here or buy it here.



For Teens:

Why create a budget for the new year?

- A. To understand expenses and save money for the iPhone 17 Pro Max.
- B. To know how to live within your means, develop saving habits, prepare for unexpected expenses and equip money management skills for the future.
- C. To develop saving habits, understand expenses, become financially irresponsible, gain interest and receive cash back on purchases.

What is opportunity cost?

- A. The cost of sacrificing the next best choice because of the choice made; the value of the next best choice, which is forgone once a choice is made.
- B. The cost of future consumption.
- C. The cost of choosing between buying a Cook Out milkshake or making a milkshake at home.

What are SMART Financial Goals?

- A. Specific, Manageable, Achievable, Relevant, Time-sensitive.
- B. Specific, Measurable, Achievable, Relevant, Time-bound.
- C. Singular, Measurable, Accomplishable, Related, Timely.

For Adults:

What happens if your income is less than your expenses?

- A. You face a budget deficit and need to reduce expenses, increase income and possibly seek financial advice.
- B. Cut unnecessary expenses, take out a loan and pay off your expenses.

- C. You face a budget surplus and need to reduce expenses, increase income and deposit earnings into a money market account.

Which of the following is not an example of an Equity Asset?

- A. Variable Annuities.
- B. Income Funds.
- C. Mutual Funds.

Why should seniors review Social Security Tax withholding at the end of the year?

- A. To increase Medicare eligibility.
- B. To receive more Social Security benefits.
- C. To ensure sufficient withholding so they aren't surprised with a tax bill.

Click here for the answers.

Sources:
2.1 Income and Expenses | Personal Finance
Reasons to Start personal budgets explained for teens - UMA Technology
The Financial Planning Process Quiz! Trivia - Quiz & Trivia
Financial Planning for Teens: Step-by-Step for Smart Choices | ReVroom
Social Security Tax Break For Seniors: Updated Sep 2025

BRADFORD B. BRINER
STATE TREASURER OF NORTH CAROLINA

North Carolina State Treasurer
3200 Atlantic Avenue
Raleigh, N.C. 27604
(919) 814-4000

Contact us with questions about financial literacy or suggestions for topics.