FINANCE WITH THE FRIDAYS TREASURER

A Financial Literacy Newsletter

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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.



Bottom Line With Brad

GETTING BACK ON TRACK

I SUCK AT INVESTING

My office, and all the items in it, have a story to tell. I sit at former Treasurer Harlan Boyles' desk – it reminds me of the legacy of stewardship of our state's finances that I must live up to. On my wall is an antique map of North Carolina from the 1890s, before there were even 100 counties in our state (fun fact, there were only 96 back then), which reminds me of how this state continues to evolve for the better. We also have many historical stock and bond certificates from great North Carolina companies that adorn the walls, a nod to all the amazing banks, industrial companies, railroads, counties and towns who comprise so many of the employers still today in this state.



And then there is the one item on my shelf that everyone notices… the small plaque that just reads: “I Suck at Investing.” I’ve spent my career building companies and teams focused on investing, so people generally find it a bit ironic. But to me it’s an important memory - a memento from a stock-picking contest where I finished in *last* place in 2020. In my defense, I didn’t see Covid or the extreme response to it coming in December 2019… but it doesn’t really matter my excuses, the reality is that I wasn’t very good at my job that day.

I keep it in my office not only to remind me of the friends I competed with, but also to remind me that sometimes I do actually suck at investing. And so do we all, when it comes to matters requiring consistency and discipline - perhaps most notably in the area of personal finance. While it is better not to have bad days, or bad weeks/months, the truth is we all have them. The trick to success is in recovering from those tough times. How do you pick yourself up, learn from your mistakes and be a little better next time? Of course it’s embarrassing to perform poorly, or overspend or overindulge. But it does happen, particularly when we are celebrating special occasions like Christmas or New Years.



For January, challenge yourself to get back on track. We talked to a lot folks for the newsletter this month to help guide you through the new year reset. See if you can make some small progress today in correcting where you may have veered off course over the holidays. For me, I’m going to try and go all of January without buying coffee at a coffee shop. And I’ll use that money to build my retirement savings. If I can make some good investments with that money this time, then my golden years will be that much more golden!



HITTING RESET

Smart Ways to **Rebuild Your Budget** After the Holidays



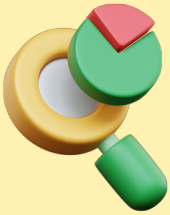
By Crystal D. McLean
Founder and President
Money Box Academy Inc.

The holidays are a beautiful time full of family, food, generosity and celebration. But let's be honest: they can also leave many of us looking at our bank accounts and thinking, "Okay... it's time to reset." If that's you, you're not alone. In fact, this is one of the best times of the year to get intentional, regain control, and build a plan that carries you into the new year with confidence.

A financial reset isn't about shame, guilt or beating yourself up for what you spent. It's about awareness, clarity and small steps forward. Whether you're a teenager managing your first debit card or an adult building your financial stability, this reset can be the turning point that sets your entire year up for success.



Here are practical, doable and empowering ways to rebuild your budget after the holiday season.



Start With an Honest Look at Where You Are

A reset begins with awareness. Before making a plan, take a deep breath and gather the numbers. What did you spend during the holidays? What's your current bank balance? Do you have any holiday-related credit card charges to pay down? What expenses are coming up this month?

This isn't about feeling bad. It's about getting a clear picture so your money decisions can match your real-life situation. Teens and young adults especially can benefit from this habit early. Learning to pause and reflect before moving forward is a powerful lifelong skill.

Sort Your Spending Into "Must Have" and "Nice to Have"

A simple and effective way to get back on track is to categorize your expenses. Your must haves are your basic needs and responsibilities like rent or housing, groceries, transportation, insurance, minimum debt payments and school supplies or educational costs.

Your nice to haves aren't bad, they just require intention. These include eating out, streaming subscriptions, shopping and impulse purchases and convenience spending like DoorDash or Uber.

Once everything is sorted, ask yourself: "Which of my nice to haves can I pause, reduce or temporarily eliminate for the next 30 to 60 days?" Even small cuts add up fast when they happen consistently. We're talking $5 here, $12 there, $20 saved on something else. It all counts.

Build a Simple Month by Month Plan

Think of your budget like a GPS. You don't need to map out the entire year, just the next month.



Here's a quick start.
Month 1: Recovery. Reduce or pause unnecessary spending, create a realistic grocery plan, and put extra money toward any high-interest holiday debt. Set one or two micro goals (more on that in a minute).

Month 2: Stabilize. Reevaluate your spending categories and restart one small nice to have if you can afford it. Increase your savings or debt payments slowly.

Month 3: Momentum. Add consistent savings habits, revisit long-term goals and celebrate small wins.

Consistency matters more than perfection. One solid month can completely change your financial confidence.

Automate What You Want to Grow

A powerful way to rebuild your budget is to remove the stress of remembering everything. Set up automatic transfers for savings. Even $10 to $25 per week adds up fast. Automate transfers for emergencies and debt payments too.

When your savings moves before you see the money, your brain adjusts to spending what's left instead of trying to "save what's left," a habit that rarely works.

Most banks and apps also allow you to sweep spare change into a savings account every time you spend. A $3.80 purchase becomes $4.00, and the 20 cents goes into savings. It seems tiny, but those small amounts accumulate quickly and painlessly.

Automation takes discipline and turns it into a system.



Set Micro Goals to Keep Yourself Motivated

Financial goals don't have to be big to be powerful. In fact, micro goals work better because they help you win early and often.

Try saving $50 this month. Pay $25 extra on a credit card. Reduce eating out from six times per week to two. Put $10 into a holiday savings fund every paycheck.

Each small win builds confidence. Confidence fuels consistency. And consistency builds financial strength.

Create a "Holiday Recovery Fund" for Next Year

One of the best ways to avoid the same stress next year is to plan ahead, even if it's small. Start with $5 a week, $10 a paycheck or round up savings dedicated to a holiday account. By the time November arrives, you'll have a cushion that makes gifting and celebrating feel lighter.



Give Yourself Grace and Keep Going

A financial reset is not about perfection. It's about direction. Every step you take, no matter how small, moves you closer to financial confidence.

And here's the best part: each new month gives you a fresh opportunity to move toward the goals you care about.

You deserve that fresh start. Your future self will thank you for it.



DEMYSTIFYING Feeling Overwhelmed by Debt?

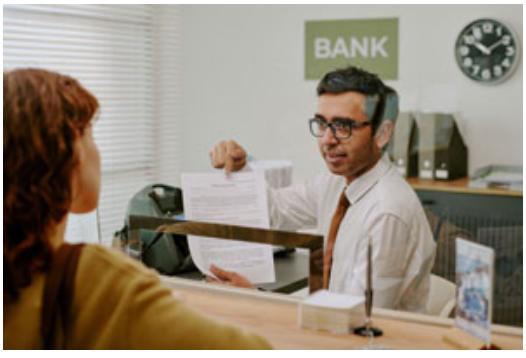


By Melissa Tulis Smith
Partner in Smith Debnam's Raleigh office

If you're staring at bills you can't realistically pay right now, you're not alone — and you're not out of options. While every situation is different, let's demystify the two core principles that can help you regain control: (1) communication with the lender or debt collector and (2) caution of scams that promise easy fixes. Keeping these ideas front and center can protect your finances and help you move toward a realistic solution.

Communication:

If your account is still with the bank or original lender, reach out as soon as you realize you're struggling. Creditors often have hardship programs that may temporarily reduce interest rates, waive late fees, allow a modified payment plan or offer a settlement for less than the full balance (usually after delinquency). You won't know what's available unless you ask.

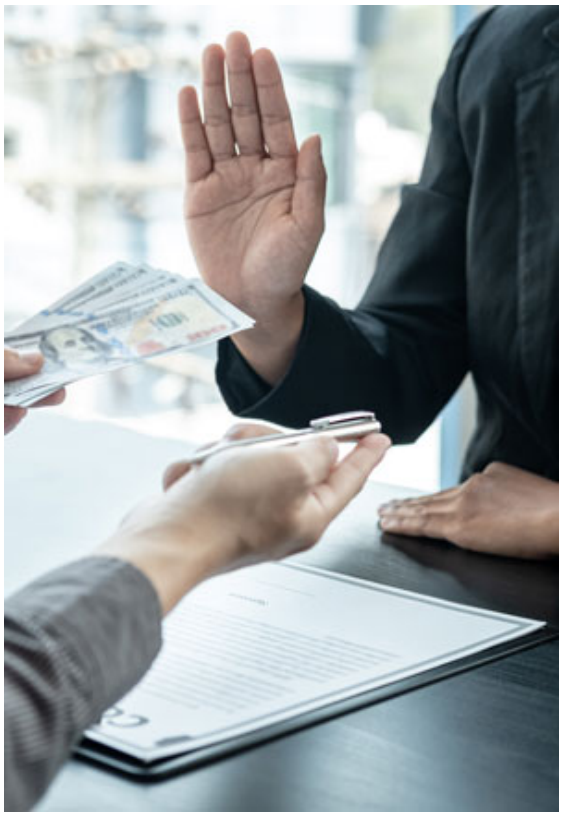


If the debt is with a third-party collection agency or collection law firm, communication still matters. Speaking with them can allow you to confirm the debt is legitimate and

accurate, negotiate a lump-sum settlement or monthly payment plan and get payment terms in writing for your records. Keep in mind that negotiation is normal. Consumers too often assume they have no leverage, but creditors and collectors prefer partial repayment, or repayment over time, over no repayment at all.

Scam Awareness:

If it sounds too good to be true, it probably is. When you're under financial pressure, promises of fast and painless debt relief can be incredibly tempting. Unfortunately, consumer debt is a common target for scams. Watch out for red flags such as: guarantees to "erase" or "eliminate" debt entirely; claims that they can fix your credit score overnight; requests for large upfront fees before providing any help; instructions to stop communicating with creditors entirely; or pressure tactics that demand immediate decisions. While lawful debt relief options exist, no legitimate company can magically make valid credit card debt disappear.



Be cautious even with legitimate debt settlement and repair companies. These companies offer to negotiate with creditors on your behalf. While the service itself is legitimate, many for-profit debt relief companies charge significant fees, require you to stop paying creditors (which can damage your credit further) and deliver results you could achieve on your own. Before signing anything, research the company thoroughly. Check complaints with the North Carolina Attorney General's Office and read independent reviews. Never assume that professional-looking websites or ads mean legitimacy.

Rising debts can feel overwhelming, but they don't define your future. Progress often starts with a difficult but necessary step: opening the conversation. At the same time, protect yourself from shortcuts that don't exist. Scams thrive on desperation, and the promise of an easy way out is often the biggest warning sign of all. If you're unsure about your rights or options, consider seeking guidance from a reputable nonprofit credit counseling organization or a qualified consumer law attorney in North Carolina. Debt problems don't happen overnight and they won't disappear overnight either. But with clear communication and caution of "too good to be true" offers, you can take meaningful steps toward financial stability.





By Luis Espinoza Zarzar
Lecturer, Department of Economics,
UNC Asheville

With the holiday season, spending tends to tick up a notch or two. Overspending and holiday splurges may occur, which can lead to your taking on debt or increasing the debt you already owe.

Perhaps you charged purchases on credit cards to meet expectations from friends and family. Interest expenses pile up, and pretty soon the true cost of your holiday gifts, travel and celebrations has increased significantly. Relieving yourself from those pesky interest charges that keep inching up requires strategies to help climb out of the debt cycle.



Step 1: Triage Your Debt

Financial distress happens. But if you feel like you dug yourself into a financial hole this past holiday season, the first step is to evaluate how you got there. Was the debt caused by a lack of income due to a medical emergency or job loss? These are common reasons why people take on debt. In such cases, loan consolidation or refinancing may be helpful — especially since interest rates have fallen in recent months. Consult your loan officer to determine if refinancing a sizable debt is a wise option for you.

If, however, the debt was accumulated due to overspending, you may be living beyond your means, plain and simple. Before entering a debt detox program, you must assess and reflect on the spending behavior that got you into the situation in the first place.

Part of this assessment is psychological and emotional since how we're feeling impacts our spending. Create a list of all debts, including balances and interest rates. Identify your highest-cost debt first. This will guide your payoff strategy.

Step 2: Strengthen Your Foundation



The first step toward a debt detox is building a strong foundation of a few essential virtues: patience, determination and discipline. Clawing out of debt can be a long process but you will get there. When these virtues collapse or are muffled by noise, we face psychological pitfalls that can lead us into debt: overconfidence, impulsivity and, most prominently, loss aversion.

- **Overconfidence** creates a veil of optimism, convincing individuals they can simply "pay it back later," underestimating the catastrophic long-run effects of compounding interest.
- **Impulsivity** and instant splurging with borrowed money. As the Stoics taught, pleasure and pain are temporary; patience and discipline pave the path toward financial freedom.
- **Loss aversion**, or the fear of missing out (also known as "FOMO"), tempts people to buy unnecessary items simply to avoid feeling left behind. Economist Thorstein Veblen even named this behavior "conspicuous consumption" — purchasing items not out of need, but to impress others. He used the example, back then, of individuals who draped velvet curtains over their horse carriages.

Once you understand how your spending is influenced by psychological and emotional tendencies and build a shield of virtues to support more financially-savvy spending behavior, you are ready to begin the detox process.



Step 3: Choose a Payoff Strategy—Avalanche or Snowball

One recommendation is to take on the **avalanche approach**, where you pay down the credit card with the highest interest rate and become laser-focused on reducing that balance. Get aggressive. Try doubling the minimum payment, or more if possible.

Consider the math: A balance of **$10,000 at a 25% APR**, compounded daily (as most credit cards do), costs about **$6.85 per day**, or roughly **$205–$208 per month** in interest alone. The longer you wait, the more interest quietly but quickly accumulates.

An alternative payoff strategy is the **snowball method**, where you start by paying off the smallest balance first. This builds quick momentum and emotional wins, which can be motivating for those who will benefit from seeing a zero balance earlier in their debt payoff process to build confidence. It may cost slightly more due to interest, but for some individuals, the psychological boost is worth it. Choose the method that best

aligns with your personality:

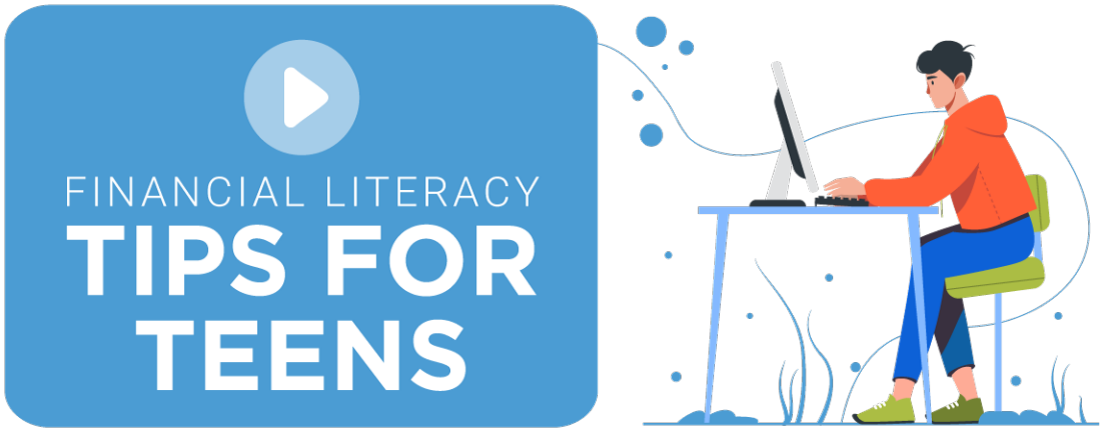
- **Avalanche:** Best for those driven by numbers, discipline, and efficiency.
- **Snowball:** Best for those who need visible progress early on to stay motivated.

Step 4: Consider Debt Consolidation



Another way to detox from debt is to bundle your balances. Companies such as BestEgg or Upstart offer debt consolidation programs that provide a loan at a given interest rate and fee. The result: instead of juggling multiple payments, you make one monthly payment — typically lower than the total of your credit card minimums and often at a significantly lower interest rate. If you pursue a consolidation, be wary of extra fees and approach the loan payoff aggressively. Make double payments when possible to reduce both your payoff time and overall interest expense.

The path out of post-holiday debt is not quick, but it is achievable. With clear self-reflection, disciplined strategies, a grounded behavioral mindset and the right payoff method, you can detoxify your finances and set the stage for a healthier financial year ahead. Keep your eyes peeled in future months for additional advice on how to plan for an enjoyable holiday season next year without putting yourself into a financial hole.







By Marcus Sturdivant Sr.
Board of Directors
Kaizen Foundation of North Carolina

As we move into our 2026 financial reset it may be worth considering using technology to improve your savings and spending habits. Let's look at a few apps that offer some tools you can use.

Blocking and Tackling:

To start this, figure out how much you earn (income) and how much you spend (expenses) as a starting point. One huge point people miss is not how much you make but how much you spend, or save, that determines financial growth. Sometimes the math does not work, and you need to earn more, but that is a different article.

The basic building blocks are setting up automatic savings, bill payments and investments that occur at regular intervals and go to designated locations. If you are employed and your employer offers a retirement plan (401K or 403B), automate your set percentage for a payroll-deduction each period, at a minimum to your company's match. If your job offers a 3% match, set your contribution amount to 3% or above; the

match is free money.

You may also have your pay deposited into multiple accounts such as your high-yield savings account, IRA, or money market account. This method will apply a bit of pressure when you begin, but eventually you will feel the money crunch less as time goes on. If you can reach 15-20% combined savings, employee match, employee retirement plan and personal savings per pay period, you are on a strong footing moving forward.



Budgeting is an area most people struggle with; even those who create a budget have a hard time sticking to it. However, do not get discouraged if you miss your budget one month or if you struggle with implementing and maintaining your budget. Budgets are dynamic, as prices change, life changes and income changes. Certain items may be reduced, increased or eliminated. The awareness of having a budget and the mindset shift of thinking before you spend or swipe work to create better spending habits.

Pick a specific time, be it weekly, biweekly or monthly, to check on your budget and its progress. I shared this with GQBanking earlier this year on budgeting:

Pick a Day That Works for You

The best day of the week is arbitrary. Pick a day and make it static. A good day to review your budget might be two to three days before any funds come into your account. Put this day as a reminder in your phone, or if you prefer analog, your physical calendar — also note when bills are due in these reminders.



Click here for the full article.

We have time to budget, how much to save 15-20 percent, and where to save. Some people like to track this stuff analog — pen and paper. Some use spreadsheets. Both work just fine if that is your prerogative, but most are looking at apps. Most banks offer budgeting tools and online resources for their consumers via their apps. A couple of other options to look at are below.

Monarch Money:

This is a paid app that offers a deep, interconnected experience with your finances. Like most money apps, you have the ability to sync all of your accounts and see everything in one place. It can be daunting to set up if you are over a certain age or not quite as tech-savvy as some other people. Good tool, but if you are just starting out, a free tool may provide a better option.

Rocket Money:
Offers a free version that is good for just getting started and seeing where everything is at in your finances, a snapshot in one place. They rave about their ability to gather all of your subscriptions and subscription negotiation in one place and offer instructions for canceling unused ones more easily. The free version is limited, and the paid version's subscription model may get a bit confusing. The easy-to-use interface and automated tracking make it a great tool for those new to budgeting.

Envelope Method:
This is one made famous by Dave Ramsey, and it involves zero tech. You calculate your bills, expenses and costs each month — think $100 for gas — and you create an envelope for each category. In this case, you would take $100 cash and place it in the gas envelope. Your corresponding expenses, groceries, eating out, entertainment and anything not automated will have an envelope and the amount of cash in there for the month. Once the funds are gone for that category, they are gone - and you have to move other cash, probably cutting back on some extras to adjust.

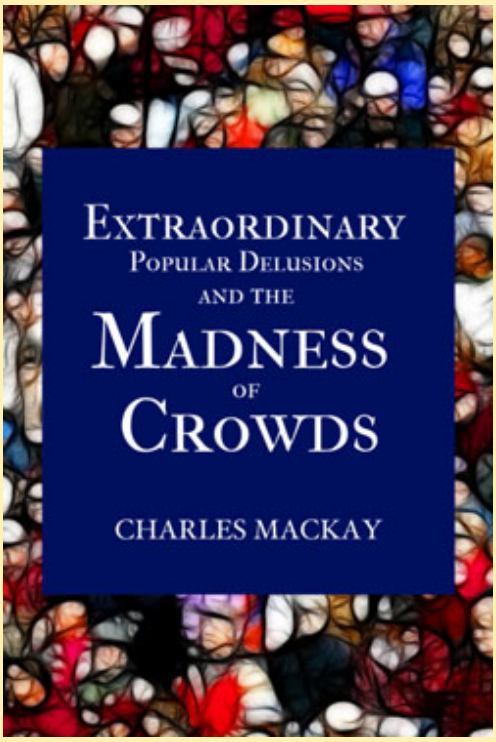


If we have said it once, we have said it a thousand times. The first step is the hardest step and sometimes the next step is the hardest step.

Do not let a lack of financial literacy, industry jargon or technology impair your ability to make informed decisions about your personal finances. Seek more information and learn more about the topic on your own. Also, when needed, call in an expert for advice.

Recommended Reading: Extraordinary Popular Delusions and the Madness of Crowds

This month Brad's recommended reading is Extraordinary Popular Delusions and the Madness of Crowds by Charles MacKay. This is a "classic" in the area of crowd psychology - first published in 1841 (that's not a typo — it is over 180 years old!). This book looks at many areas that are influenced by group-think, from sociology to economics. The full text of the book is available here, or you can buy it here.







Reduce 2026 Stress Start Reviewing Required Minimum Distributions Now!





By Misty L. Piekaar-McWilliams
Consumer Affairs Program Manager
N.C. Department of Health and Human Services

Congratulations on surviving the holidays. It's always a fun time of year, but also a stressful one. Now, it's time to start focusing on reducing 2026 stress by thinking about what you should be doing financially to start the year off right. It is an ideal time to review your financial plans, including your Required Minimum Distributions (RMDs).

Definition: **Required Minimum Distribution**: *mandatory amount the Internal Revenue Service (IRS) requires you to withdraw each year from most tax-deferred retirement accounts. This includes traditional IRAs, SEP IRAs, SIMPLE IRAs, and employer-sponsored plans like 401(k)s and 403(b)s*

$$\frac{\text{Previous Year's Account Balance}}{\text{Life Expectancy Factor}} = \text{RMD}$$

(Use the appropriate IRS table.)

Roth IRAs are not subject to RMDs if held by the original owner. Whereas the IRS determines the amount required for you to withdraw, the account owner is responsible for calculating and taking it. In general, the formula involves dividing the previous year's account balance by a life expectancy factor from the appropriate IRS table. Your first RMD must be taken by April 1 of the year following the year you turn 73 years of age.

For example, if you turned 73 in 2025, you would be required to draw your first RMD by April 1, 2026.

Reviewing these rules early in the year helps ensure you stay ahead of deadlines, avoid costly penalties and make thoughtful decisions about how your withdrawals fit into your broader financial strategy, including tax strategy. If you work with a financial advisor, January is an ideal time to meet with them and review your RMDs for the year, confirm the correct calculations and discuss strategies that may help you manage taxes or align your withdrawals with your income needs. If you do not have a financial advisor, the beginning of the year is still an appropriate moment to look at your RMD requirements on your own so you understand when you must take your distribution, how much you are required to withdraw and which of your accounts are affected.

Planning early also gives you time to explore what to do if you do not need the money from your RMD. One option is a Qualified Charitable Distribution (QCD) which allows you to send up to an IRS-approved amount directly from your IRA to a qualified charity, satisfying all or part of your RMD while potentially reducing your taxable income. (You can read more about QCD's in last month's Finance Fridays.)

While you are checking your accounts, there is no time like the present to review all beneficiary designations on your retirement and financial accounts. Keeping your beneficiaries updated ensures your assets transfer smoothly, potentially avoiding probate.

There is a great multisector initiative at the Division of Aging called All Ages, All Stages NC. One of the missions of All Ages, All Stages is to build financial stability and preparedness across the lifespan, recognizing that long-term financial security requires attention well before retirement. Click this link to learn more about the work of this group in areas related to sound retirement planning.



For Teens:

What does the analogy "budgeting to a GPS" emphasize?

- A. Budgets constantly change and can't be trusted.
- B. You only need to focus on the next step, not the whole year.
- C. You only need to focus on one thing at a time, not the near future.

What is a financial reset?

- A. Creating awareness, clarity and taking small, intentional steps to enhance your financial health.
- B. Identify debts, income, monitor expenses and only pay for things in cash.
- C. Creating awareness, clarity and canceling

unused streaming subscriptions to enhance your financial goals.

What do you do if you don't know how to track your income and expenses?

- A. Look at my checking account.
- B. Tell my parents to do it.
- C. Consider using online debt calculators, retirement calculators, budgeting apps or a financial advisor.

For Adults:

At what age must most individuals begin taking RMD's from traditional IRAs?

- A. 70
- B. 72 ½
- C. 73

After the holidays, Maria feels overwhelmed by her spending and avoids checking her bank account. What is the best next step for her?

- A. Focus on paying down debt and ignore savings for now.
- B. Pause all spending and review her bank balance.
- C. Review her bank balance, recent spending and upcoming expenses.

Why is it important to track your income and your expenses?

- A. For peace of mind.
- B. Because knowing whether you can afford your lifestyle or not is the first goal of financial literacy.
- C. Because it can be fun.

Click here for the answers.

Sources:
Three Ways to Get Your Finances in Better Shape | Kiplinger
Personal Finance*: Earning and Spending Unit Test Flashcards | Quizlet
5 Reasons Why It's Important To Track Your Spending - Pete Snaps

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