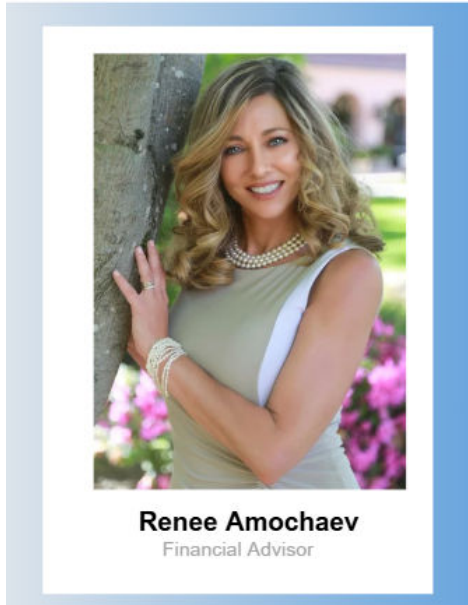


Advisor Spotlight: Renee Amochaev



Renee Amochaev began her career in 1999 as a financial advisor at Merrill Lynch in Santa Rosa, CA. After 15 years working at institutional brokerage houses, in 2013 Renee decided to take her practice to the next level as an independent registered investment advisor DBA R. A. Wealth Management, Inc. Her decades of expertise garnered from volatile markets and dynamic economic growth has been instrumental in collaborating with clients. She has demonstrated expertise in asset/liability management, extensive knowledge of global equity markets and a consistent history of financial strategic competencies. She provides individualized client attention with access to a multitude of investment options through her affiliation with Fiscal Wisdom Wealth Management, RIA.

Continued page 2, Advisor Spotlight: Renee Amochaev

INSIDE THIS ISSUE

2. Advisor Spotlight: Renee Amochaev
3. Understanding Capital Gains Tax on Real Estate: How Rising Home Values Could Affect Your Tax Liability, Question & Answer, Noteworthy News
4. \$ Quiz; Protecting Your Identity: A Review of LifeLock and Essential Cybersecurity Tips
5. Inspirational Quotes; Housing Market Reality

Understanding Capital Gains Tax on Real Estate: How Rising Home Values Could Affect Your Tax Liability

In 1997, Congress passed the Taxpayer Relief Act, signed into law by President Clinton, allowing for an exemption from capital gains taxes of up to \$500,000 in gains on the sale of a primary residence (for married couples filing jointly; single filers are exempt up to \$250,000). Capital gains taxes are levied on the sale of highly appreciated assets such as stocks, businesses, and other valuable assets, including land, commercial real estate, and cryptocurrency.

For many years, very few homes appreciated enough in value between purchase and sale to exceed the half-million-dollar exemption cap. However, a recent report from CoreLogic found that in 2023, 229,600 homes sold in the U.S.—or 7.9% of all transactions—had gross capital gains exceeding \$500,000, potentially triggering tax liability. This is a significant increase from an annual share of just 1.3% two decades ago.

The Section 121 Exclusion, also known as the primary residence exclusion, is a valuable benefit if and when you sell a home that has been your primary residence for at least two out of the last five years. It is also important to keep track of home improvements (such as a new roof), as they can significantly reduce the taxable gain.

Since the exemption amount has not increased while home prices continue to rise, more home sale profits are expected to exceed the primary residence exclusion limits.

Continued page 3, Understanding Capital Gains Tax on Real Estate: How Rising Home Values Could Affect Your Tax Liability

Advisor Spotlight: Renee Amochaev Cont

Renee obtained her B.A. in International Relations, emphasizing global politics at the University of California, Davis. Her professional path was slated for a career as a covert operative in the CIA until, shortly after graduation, she attended an international professional trade and commerce meeting in Northern CA where a Merrill Lynch advisor encouraged her to instead pursue a career on Wall Street. Her professional achievements include negotiating a high profile \$33,000,000 nationwide class action gender discrimination/unequal pay settlement in 2008 on behalf of female advisors at Citigroup/Smith Barney. She is outspoken and enthusiastic about women and the economic power of the purse. Her media appearances include “Live” on CNBC Street Signs, ZDF Germany, interviews in the NY Times, London Financial Times, New Yorker Magazine, Vanity Fair, and numerous other books and publications during her 25-year career for her leadership role pursuing equal pay and gender discrimination on Wall Street. In 2020 she was recognized by The Impact Fund, a national civil liberties organization, for her contribution to American social justice. She often speaks on the subject at national women’s organizations, including the YWCA USA. She served on the YWCA USA national endowment investment committee in Washington D.C. and serves as Treasurer to her local Sonoma County, CA YWCA chapter for over 15 years. She is a graduate of Leadership Santa Rosa, CA and a Top 40 under 40 North Bay Business Leader award recipient*. After the death of a friend in 2005 by fatal leap off the Golden Gate Bridge in San Francisco, CA Renee joined the Bridge Rail Foundation as Treasurer, a small nonprofit dedicated to ending suicide by lethal jump at the bridge by erecting a suicide barrier completed in 2024. She is recognized during her career as a top/best practices advisor within her firms.

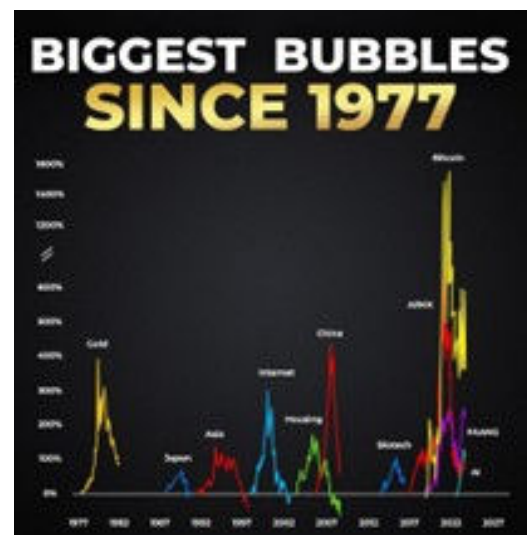
Renee is married without children. She and her husband of over 34 years reside in northern California wine country and Kauai, Hawaii. Renee is first generation German American; a dual citizen and fluent in German. Her interests include photography, design, organic gardening and cooking, outdoor adventure, trekking, foreign travel and spending time with her family. She volunteers her time to numerous nonprofit organizations in her local communities. Her moto in life is, “If you’re going to kick up dust, wear cowboy boots.”

“* The Top 40 Under 40 North Bay Business Leader award was granted on 4/18/2008 for the period covering calendar year 2008. The award was granted by the North Bay Business Journal and there was no compensation paid or received for consideration. The Journal editorial staff selected the winners based on their leadership in companies and organizations across the North Bay Area, California. “

The Bubble of a Lifetime

Many ask if we’re in a bubble, and we always answer with a resounding YES—it’s not going to last forever. Markets today are grossly overvalued by any metric in America, and this won’t last. How long it continues, none of us know, but what is wise is to position yourself away from the most expensive assets on the planet, as they take the biggest hit when the bubble pops!

Here’s a quick graphic comparing the size of the current bubble to previous ones. Crypto is the biggest winner here—be careful, folks! The most popular asset is often the riskiest. AI is a close second, far surpassing the peak of the internet bubble. FAANG comes in third, hovering around dot-com bubble levels.



Now, let’s switch gears and go old school with the Oracle of Omaha. The Buffett Indicator compares the total stock market’s market cap to U.S. GDP. By this measure, we have never, ever been more expensive.

No matter which metric you choose, today’s valuations are off the charts. What remains undervalued and fundamentally strong is the commodity sector—one of the few areas where you can still buy assets at a discount to book value. That’s a deep moat if you can acquire a solid business at a discount.

We can’t stop the cycle, but we can position ourselves to be as safe as possible as this cycle ends and the next begins. If you’d like to discuss this further, feel free to reach out anytime!

Noteworthy News!!!

- Deepest sympathies to the Spezio family on the passing of Sandra, her family was everything to her, she will be missed!
- Congratulations to Ty Baran on his recent retirement!
- Our condolences to the Grabherr family on the passing of Mike, a wonderful man, son, father, brother, uncle and friend.
- Congratulations to the Keith Veney on his new job with the Dallas Mavericks!

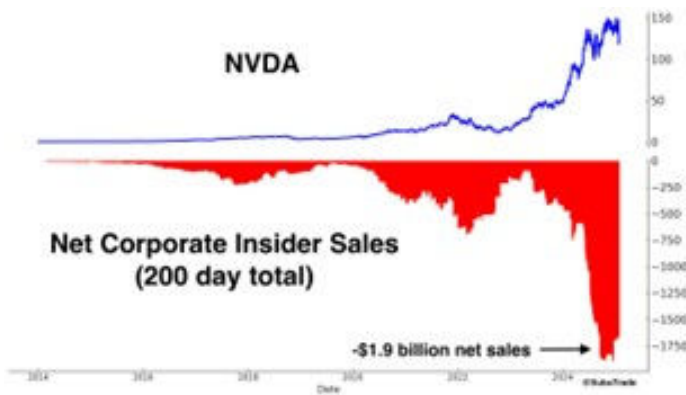
Question & Answer

Ask any financial question you have, and we will address it here.

Q: Is Nvidia a good buy today? It's pulled back.

Absolutely not! This is by far the most popular stock on the planet today, and it has pulled back recently, so people are calling in masse to ask whether it is a good buy. I want to share with you what corporate insiders think about Nvidia as a good investment.

The chart below represents insider selling in the bottom half, while the top half shows the stock's price action. Nvidia has had a massive 1,000%+ gain over the past few years, so everyone is chasing this stock. From a valuation perspective, it is one of the worst stocks to own today—every valuation metric is stretched, and the company relies on just four firms for over 80% of its sales.



Sales are also slowing significantly. Look below at the green circles, where I've highlighted earnings growth. At this point, it's priced to perfection and continues to slow.



Understanding Capital Gains Tax on Real Estate: How Rising Home Values Could Affect Your Tax Liability Cont

So far, we have only discussed federal capital gains taxes, but most states also impose their own capital gains taxes. State rates vary widely, ranging from 0% to as high as 14% in California. Unsurprisingly, the same states that do not have a state income tax also have a 0% state capital gains tax: Alaska, Florida, New Hampshire, Nevada, South Dakota, Tennessee, Texas, and Wyoming.

What if the real estate being sold is commercial property or a vacation/rental property? Are there tax strategies to minimize capital gains?

There are several potential solutions to help defer capital gains taxes on highly appreciated assets, whether it be real estate, the sale of a business, stocks, or cryptocurrency. We are happy to discuss your specific situation in detail.

At Fiscal Wisdom, we understand that money does not come with instructions. Email us at info@fiscalwisdom.com or call our office to schedule an in-person or phone consultation at (860) 673-1942.

Median Home Price in the United States (DQYDJ)

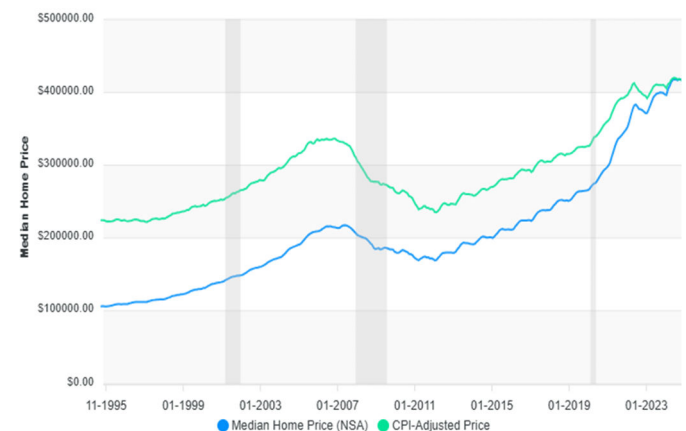


Chart courtesy of DQYDJ.com.

Money Quiz



This month's challenge is a trivia question focused on the Stock Market: When and where was the first stock market originated? The winner gets lunch on us at Chick-fil-A! 😊

Protecting Your Identity: A Review of LifeLock and Essential Cybersecurity Tips



In the last edition of the Fiscal Wisdom newsletter, there was a discussion regarding the value of freezing your credit score. Freezing your credit score is one of the best ways to protect yourself from identity theft and fraud.

Everyone has different lifestyles and spending habits, particularly with online shopping and using smartphones to access banking and financial information on the go.

Here is a review of the identity theft protection service LifeLock. There are several levels of service you can purchase, and an annual membership saves a few bucks compared to subscribing month to month.



Protecting Your Identity: A Review of LifeLock and Essential Cybersecurity Tips Cont.

LifeLock offers identity monitoring, including dark web surveillance, and, for higher-tier plans, social media monitoring. Credit monitoring is available for Equifax, with more expensive plans providing annual credit reports and monitoring from all three credit bureaus (Equifax, TransUnion, and Experian). If you choose a mid-tier plan or higher, financial account monitoring is also included.

Their services assist in cases such as losing your wallet and needing help canceling and replacing credit cards, driver's licenses, etc. The most valuable aspect of LifeLock is likely its Restoration Services, which help you clean up the mess if you become a victim of identity theft. All plans include up to \$1 million in coverage for experts and lawyers, including reimbursement for personal expenses and stolen funds.

Since LifeLock is owned by Norton, most plans also include Norton antivirus software and a VPN (Virtual Private Network) for additional cybersecurity.

LifeLock has competitors as well, so I encourage you to conduct your own research.

www.lifelock.norton.com

The best way to stay secure is to be cautious with your online activity, minimize the number of credit cards you have, and freeze your credit if it aligns with your lifestyle.

Remember, using a credit card is more secure than using a debit card. If fraud occurs with a debit card, the money is immediately withdrawn from your account, whereas fraudulent charges on a credit card are easier to dispute and resolve.

An additional cybersecurity tip is to purchase a Chromebook, which is far less expensive than a traditional laptop. The purpose of this Chromebook would be solely for financial matters—paying bills, accessing bank accounts, managing investments, etc. Do not use this device for general web browsing; only access financial accounts and websites. This approach reduces the risk of viruses and malware infecting your device.

If you only access your bank account online from this dedicated device, it also makes it easier for the bank to identify fraudulent activity if someone attempts to access your account from a different device or IP address.

Hats off to radio host Clark Howard for this tip!

Inspirational Quotes

- The best way to keep money in perspective is to have some. ~ *Louis Rukeyser*
- All bull markets end badly ~ *Ben Graham*
- It wasn't raining when Noah built the ark. ~ *Howard Ruff*
- The man who is a bear on the United States will eventually go broke. ~ *J.P. Morgan*
- History may not repeat itself, but it rhymes. ~ *Mark Twain*
- I realized technical analysis didn't work when I turned the chart upside-down and didn't get a different answer. ~ *Warren Buffett*
- In my whole life, I have known no wise people who didn't read all the time---- none, zero. ~ *Charlie Munger*
- The four most dangerous words in the world of investing are: this time is different. ~ *John Templeton*

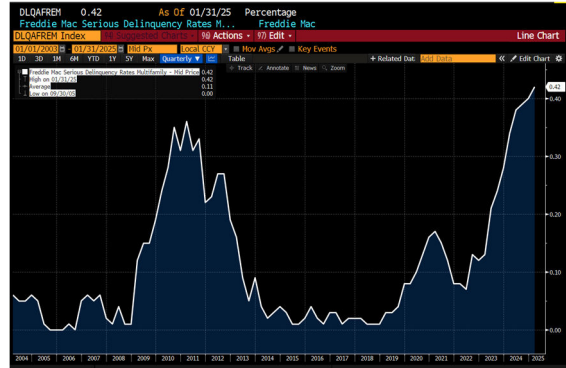


We can piece the puzzle together and make your money work for you!

Investing is subject to a high degree of investment risk, including the possible loss of the entire amount of an investment. An investor should carefully read and review all information provided by Fiscal Wisdom Wealth Management, including, the Form ADV, Part 2A brochure and all supplements there to, before making an investment.

Housing Market Reality

The housing market is still red hot in New England. It's starting to cool in hotspots like Florida and Arizona, but this trend hasn't yet spread across the country. Since a picture is worth a thousand words, feast your eyes on the serious delinquency rates on Freddie Mac mortgages.



This suggests that foreclosures will soon be widespread, and if the amplitude of the chart is accurate, they could reach levels much higher than those seen in 2007.

Now, let's look at the number of pending home sales—it would make you think we're in the midst of a much worse recession than in 2009. What we're seeing is a standoff: buyers know better prices are coming, while sellers still wish they could get the prices from the past few years.

Bottom line: sell if you plan to in the next few years. Buyers, be patient—you're in the driver's seat!

If anyone you love or care about would benefit from receiving our newsletter, tell us who they are and they will be included on our mailing list. They'll certainly appreciate you thinking about them and having their best interests at heart!

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