The Dollar Gazette

by Financial Life Designs

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30%

Percentage of U.S. adults who say that people have a great deal or a fair amount of control over the aging process. By contrast, 39% say that people only have some control over aging, while 31% believe there is little or no control. In general, survey respondents thought that people have more control over physical health and mobility than over mental health and appearance.

Source: PEW Research Center, November 6, 2025

The Voice of Experience: Advice on Aging from Older Americans

More than 2,500 Americans ages 65 and older were asked what advice they would give younger people on preparing for getting older. They were allowed to answer in their own words, but their responses fell into the following general categories, with up to three categories per person. Focusing on health came first, followed by finances and mindset or outlook on life.

Source: PEW Research Center, November 6, 2025

Mega Backdoor Roth: A Tax-Friendly Retirement Strategy for Serious Savers

Contributing to a traditional 401(k) or IRA can help reduce your current tax bill, but you may run into some drawbacks in retirement. Withdrawals are taxed as ordinary income, and you must take required minimum distributions (RMDs) once you reach age 73 (age 75, for those born in 1960 or later). On the other hand, qualified Roth distributions are tax-free after age 59½, as long as you've held the account for at least five years.* Plus, Roth accounts are not subject to RMDs during your lifetime.

Roth IRA contribution limits are somewhat low ($7,500 in 2026, or $8,600 if you are age 50 or older), and you can't contribute at all if your income exceeds certain annual limits ($168,000 for single filers and $252,000 for joint filers in 2026). You can make larger contributions to a Roth 401(k) regardless of your income.

If you have a sizeable income and would like to shelter as much as possible in a Roth account for the future, find out if your employer's 401(k) plan allows both after-tax contributions and in-service withdrawals. If so, you could also make special after-tax contributions to your traditional 401(k) and then move (or convert) the funds to a Roth IRA or a Roth 401(k). This strategy — called the mega backdoor Roth — is only an option for some people under limited circumstances.

Saving to the max

The employee contribution limit for 401(k), 403(b), and government 457(b) plans is $24,500 in 2026, with an additional $8,000 catch-up contribution for those age 50 to 59, and 64 and older, for a total of $32,500. Workers age 60 to 63 can make a larger "super catch-up" contribution of $11,250 in 2026 for a total of $35,750. Like all catch-up contributions, the age limit is based on age at the end of the year, so you are eligible to make the full $11,250 contribution if you will turn 60 to 63 any time during 2026 (but not if you will turn 64). However, there is one important change that takes effect in 2026: high earners with incomes exceeding $150,000 (based on the previous year's W-2 wages) must direct all of their catch-up contributions to a Roth account.

The combined total for salary deferrals in 2026 (not including catch-up contributions), employer contributions, and employee after-tax contributions is $72,000 or 100% of compensation, whichever is less. You generally must max out salary deferrals before you can make additional after-tax contributions. For example, if you are age 60, and you contribute the maximum $35,750 to your 401(k), and your employer contributes another $18,000, you may be able to make an after-tax contribution of $29,500 for a grand total of $83,250.

Fast track your Roth conversion

Your after-tax contributions are not taxable upon withdrawal, but any converted earnings would be taxed as ordinary income. Thus, if in-service withdrawals are permitted, it may make sense to transfer your after-tax contributions to a Roth account as soon as possible to help reduce the amount of investment growth and the resulting tax burden.

If you have a sizeable income and would like to shelter as much as possible in a Roth account for the future, find out if your employer's 401(k) plan allows both after-tax contributions and in-service withdrawals.

Bear in mind that 401(k) distributions are subject to the pro-rata rule, which requires you to withdraw proportional amounts of pre-tax and after-tax amounts if your account balance contains both types of contributions. So if your 401(k) balance is $100,000 ($80,000 in pre-tax money and $20,000 in after-tax money), any distribution, including a conversion, must also consist of 80% pre-tax dollars and 20% after-tax dollars. In this case, you might avoid triggering taxes on the distribution by moving your pre-tax dollars to a traditional IRA at the same time your after-tax dollars are transferred to a Roth account.

If your employer accounts for pre-tax and post-tax contribution amounts and associated earnings separately, you might be able to withdraw your entire after-tax balance (including the taxable earnings) and leave your pre-tax account balance in the 401(k). Again, the tax bill may be minimal if the conversion is completed soon after making the after-tax contribution (or you roll the earnings portion into a traditional IRA).

You might consider yourself lucky if your plan allows after-tax contributions; it's not very common, especially at smaller companies. If your workplace plan allows after-tax contributions but doesn't permit in-service withdrawals, this strategy might still be worthwhile if you expect to retire or leave your employer in the near future.

**Distributions from traditional or Roth accounts taken prior to age 59½ may be subject to a 10% federal tax penalty, with certain exceptions, as well as ordinary income tax.*

Be Storm Smart: How to Prepare for Extreme Weather

According to a 2025 report from Realtor.com, an estimated 26.1% of U.S. homes are exposed to at least one type of severe or extreme weather risk.[1] Extreme weather can strike unexpectedly, resulting in costly damage to your home and putting your family's safety at risk. While you can't control the forecast, you can control how prepared you are for it.

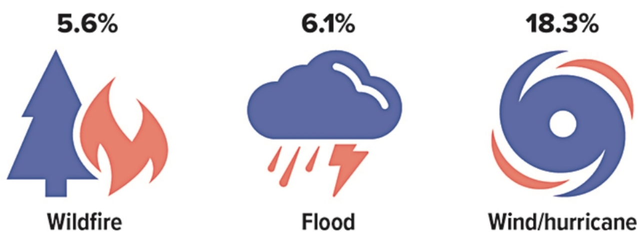
Protect your home before the weather turns wild

Fortunately, there are proactive steps you can take to help protect your home from extreme weather, but it's important to start the process before the storm season starts. To help prepare your home for wild weather, be sure to:

- Inspect and repair roof shingles and flashing
- Clean your gutters and downspouts
- Trim overhanging tree limbs and secure outdoor items
- Check windows, doors, and shutters to make sure they are properly sealed/reinforced

If you live in a fire zone, keep roof surfaces and gutters free of flammable materials, such as pine needles, leaves, and branches, and consider installing fire-resistant roofing and/or siding materials.

Percentage of U.S. homes that faced the following types of severe or extreme climate risk in 2025



Source: Realtor.com, Housing and Climate Risk Report, September 3, 2025

Be prepared with a plan

Extreme weather can sometimes cause power outages that last for days. It can also result in downed power lines, fallen trees, and/or flooding that make roads impassable. Know evacuation routes and have an emergency communication plan that identifies a safe place to meet in the event that family members become separated. Keep important addresses and phone numbers readily accessible and identify a place where you can safely stay for an extended period of time, if necessary. In addition, assemble an emergency kit with the following items:

Food/supplies. Stock up on several days' worth of nonperishable food and bottled water. Store other items that are specific to your family's needs, such as infant formula, diapers, pet food, clothing, and blankets.

First aid/medicine. Be prepared for possible medical needs by having a first-aid kit. Also talk to your doctor about obtaining an extra prescription for important medications you take.

Communication/safety items. Make sure your cell phones are fully charged. Also gather additional safety items, such as matches, flashlights, batteries, and a battery-powered AM/FM radio. Have copies of your driver's license or identification card and other important documents.

Make sure your insurance coverage can weather the storm

Review all of your insurance policies to make sure that you have appropriate coverage for your property and belongings. Consider insuring your home and its contents to their full replacement cost, including any new additions, remodels, and furniture. To assist with extreme weather-related insurance claims, be sure to take pictures/videos and make an inventory of your home and valuables in case they are damaged or destroyed.

If your home suffers severe damage from extreme weather, you'll need to file a claim with your insurance company. To make the claims process easier, take pictures to document the damage as soon as possible. While your claim is being processed, take steps to prevent further damage (e.g., putting a tarp on a damaged roof), since the insurance company may not cover anything beyond the initial damage to your property. Claims may be paid up to policy limits.

Keep in mind that certain types of extreme weather damage (e.g., flood damage) may be excluded from a standard homeowners policy, but separate coverage is often available. Contact your insurance agent or company to determine if you need to purchase additional insurance tailored to the risk in your area. If your home is deemed to be at high risk of extreme weather due to its geographic area, you may want to look for an insurance company that specializes in high-risk home insurance. High-risk policies often have significant exclusions and policy limits and are more expensive than traditional home insurance policies. However, they can provide coverage to a home that might otherwise be uninsurable.

For more information on extreme weather preparedness, visit the U.S. Department of Homeland Security's website, ready.gov.

1) Realtor.com, Housing and Climate Risk Report, September 3, 2025

New Auto Loan Interest Deduction Explained

With the enactment of the One Big Beautiful Bill Act (OBBBA) in 2025, taxpayers may now benefit from a new annual deduction of up to $10,000 for interest paid on qualifying new auto loans, effective for tax years 2025 through 2028.

Vehicle requirements

- "Qualified vehicles" include cars, SUVs, vans, pickup trucks, minivans, and motorcycles with a gross vehicle weight of 14,000 pounds or less, provided final assembly occurred in the United States.
- The vehicle must be new; used vehicles are not eligible.

To verify domestic assembly, taxpayers may consult the Vehicle Identification Number (VIN) Decoder at nhtsa.gov/vin-decoder to identify the vehicle's manufacturing plant.

To claim the deduction, taxpayers must report the VIN of the qualifying vehicle on their federal tax return.

Loan requirements

Interest paid qualifies for the deduction only if the loan meets all the following requirements:

- The loan originates after December 31, 2024.
- It is secured by a lien on the purchased vehicle.
- It finances a vehicle intended for personal use, not business or commercial activity.
- It is used to purchase a new vehicle, and the buyer is the original owner; leased vehicles are not eligible.

Lenders must issue annual statements summarizing the total interest paid by the taxpayer.

For a refinanced qualifying loan, the interest is deductible only up to the original loan's amount and term.

Eligibility and income phaseouts

The deduction is available to taxpayers who itemize or claim the standard deduction and begins to phase out for individuals with modified adjusted gross income above $100,000, or $200,000 for married couples filing jointly.

Taxpayers may now deduct up to $10,000 annually in interest paid on qualifying new auto loans.

The temporary auto loan interest deduction offers taxpayers a potential pathway to offset the cost of buying a new car. If you are planning to purchase a new vehicle, consider consulting a tax professional to confirm the vehicle's eligibility for the deduction.

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