Leshnak Wealth®

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Celebrating 38 Years 1988-2026

U.S. Flag Flying Outside of Leshnak Wealth Office

Kickoff Newsletter

"Every new beginning comes from some other beginning's end."

—Seneca

January 12, 2026

Although the lyrics are popular from the song "Closing Time" by Semisonic, the original quote is from Seneca and manifests the inspiration that every new opportunity arises from the conclusion of something else. 2025 is complete, now on to 2026, and the new ambitions that lie ahead. My best to all for a healthy, happy, and prosperous year.

First Thoughts

In 2026, the United States of America celebrates its 250th Anniversary since its founding with the signing of the Declaration of Independence in 1776 [97]. Considered the greatest document in political history, the U.S. Declaration of Independence is relatively brief spanning only 1,350 words, but contains the source, the purpose, and the manner of governance for the United States [97]. The 'source' as described in the document as "the Laws of Nature and of Nature's God", puts forth the idea that human beings are equal and thus equal in their rights inherent in our humanity, specifically written "all men are created equal, that they are endowed by their Creator with certain unalienable Rights, that among these are Life, Liberty and the pursuit of Happiness" [97][98]. The 'purpose' of our government is to protect those rights written in nature and instilled by our creator, specifically "That to secure these rights, Governments are instituted among Men, …" [97][98]. And the 'manner' of the government shall be "…deriving their just powers from the consent of the governed" [97][98]. The founding of the U.S was one of greatest events in history of the world because liberty reduces the power of authoritarians and is the greatest generator of innovation and wealth [12].

The U.S. Constitution, which was signed in 1787 and ratified in 1789, building on the Declaration of Independence, lays out a representative government whereby local governments manage themselves and the Federal government has only specific powers delegated [97]. However, despite the limited scope of powers granted to the Federal government in the Constitution, the interpretation of Commerce Clause, found in Article I, Section 8, Clause 3 of the Constitution, which grants power to the Congress to regulate interstate and foreign trade, Congress and thus the centralized Federal government has assumed or seized (whichever word you prefer) greater control over the states during our 250-year history [97][99]. Debate and legal challenge over the interpretation of the Commerce Clause will continue, but the U.S. Constitution also provides another path to limit the Federal government, Article V of the U.S. Constitution gives states the power to call a convention to propose amendments [100][101][102]. There is a current movement among most states to call a convention for three distinct purposes; impose fiscal restraints on the federal government (Balanced Budget), limit the power and jurisdiction of the federal government (Commerce Clause) and impose term limits [100][101].

Economy

The U.S. economy and the U.S. stock market are not the same thing; during certain periods in U.S. history they are somewhat correlated while at others they are widely decoupled [112][110]. The U.S. economy, as measured by gross domestic product (GDP), reflects the actual economic output of the whole U.S. economy and typically grows more slowly and steadily over time than in the stock market [110]. The stock market tends over long periods to grow faster than the economy but with increased volatility, as expectations, both positive and negative, regarding corporate profits and future growth that creep into investor sentiment in anticipation of what the market perceives is coming next [110]. The market is forward looking, while economic growth is where the U.S. economy is at presently [110]. Stated simply, the U.S. economy tends to follow wages, while the S&P 500 is driven by profits per share (110). In April of 2025, the market declined quickly with the announcement of President's Trump's increased tariffs on U.S. trading partners, believing tariffs would slow U.S. growth, thus reducing corporate profits, and consequently, reducing the share prices of stocks in the future (113)(12). As I discussed in the 2025 LW Mid-Year Newsletter, tariffs alone were unlikely to ignite inflation (61)(26)(12). Subsequently, the market reversed course and began to advance in late May as investor sentiment and risk appetite improved regarding inflation expectations and corporate profits (12).

It is my belief, that the stock market now may be anticipating a 'trifecta' of potentially robust growth stimuli based on historical precedents (10)(25). First, the Federal Reserve has begun lowering interest rates, which has many times in the past fostered economic expansion (29)(10). Second, Federal deregulation and the extension of favorable corporate and individual income tax rates have been handed down from Congress and the Trump Administration to potentially serve as an additional pro-growth incentive (29)(16)(25)(12). Historically, when tax rates were low coupled with less Federal red tape, it led many times as a tailwind for economic growth (16)(10)(25). Third, and most exciting in my opinion, the U.S. is a leader in three emerging technologies that over the next decade may expand exponentially to be a major catalyst fueling economic growth (27)(10)(25)(12).

1. Artificial intelligence (AI) technologies are becoming more accessible; businesses are deploying capital to utilize for greater efficiency and productivity, including the fields of law and medicine (86)(46)(90). It is expected that AI related capital spending could exceed $5 trillion by the end of 2030 as companies adopt and deploy the technology (36)(73). Currently, the U.S. spends roughly $2 trillion on AI, or 7% of our GDP with 60% of GDP growth coming from AI related spending (93)(29)(75)(57)(32)(31). Semiconductor chip sales, the computing engines for AI, are expected to top $1 trillion by 2030 (27). Spending on data centers in the U.S. has tripled since the release of ChatGPT in November 2022 (93). The current backdrop of tariffs, reduced immigration, the push to reshore manufacturing, and a shortage of available labor, it is expected that the U.S. will lean on automation in factories utilizing AI coupled with robotics to aid in the process (28)(25). The advent of AI is being compared to the internet era rollout; the internet came out and ten years later it was in every home and business, twenty years later we cannot live without it. AI is in the early stages, but it may likely be on a similar path as the internet although utilization may be even more rapid (29)(27). However, unlike the internet era where Americans were open to the new technology, AI remains uncomfortable to most Americans today with fear of lost jobs and unchecked authenticity the biggest concerns (77)(65)(64).
2. Energy innovation, specifically small modular nuclear reactor technology, is expected to be a major area of future electric grid expansion, potentially lowering costs and improving reliability, from a renewable source. Last year, Amazon invested in a developer of these new nuclear reactors (94). In the meantime, the energy grid will need to expand to facilitate the AI energy demands for data centers through expansion of electric generation from existing natural gas and existing nuclear power plants (36)(94)(81). Last year, Microsoft and Google each entered into long-term energy agreements with existing nuclear plants enabling major expansion to begin at these utilities (94). Last week, Meta made public a series of agreements for nuclear power generation for AI data centers (94). Under these agreements, Meta would both purchase energy from three existing nuclear plants in Ohio and Pennsylvania enabling these plants to expand but also fund and thus accelerate start-up reactor projects that will utilize the new nuclear technology (94).
3. Space-related technology is led by SpaceX, a private U.S. company whose market cap surpasses any other privately held firm (78). SpaceX facilitates satellite-based communications through the Starlink constellation network of 9,000 satellites which span the entire globe (78). This privately held U.S. firm provides essential services for corporate clients as well as for NASA, U.S. intelligence agencies, and for the Pentagon (78). SpaceX has made advances in rocket propulsion and pioneered reusable launch vehicles, such as the Falcon 9, and is the preeminent rocket launcher in the world (78). Advancement of space technology is vital for expanding reliable communications anywhere in the world and is a vital component of U.S. national security (111).

Inflation may tick up in early 2026 with the likely stimulative effect of larger tax refunds and possible tariff offset by retailers, then continue declining during the second half of 2026 (32)(31)(23)(24). The Federal Reserve cut rates in late 2024 by 1%, then another .75% in late 2025, and we expect another two to three 0.25% rate cuts in 2026 assuming inflation continues the downward trend in the second half of the year (32)(22)(8)(10)(12). However, some argue inflation, touting 'affordability', may still present a problem as the Fed has seemingly shifted its focus from inflation to job growth as its primary concern (23)(24)(10). Corporate profit growth for is expected to continue to increase with tax cuts and productivity gains as the catalyst (32)(10)(25). We anticipate economic growth of 3.0% or more in the U.S. for 2026 fueled by AI capital investment and the consequent productivity gains achieved from the new technology as well as continued consumer spending fueled in part by tax refund stimulus [32][40][22]. Fourth quarter GDP will likely be reported as near 5% (annualized) when the number comes out but keep in mind this may be misleading and is not entirely from productivity growth [109]. It has been estimated that 2% of the 4th quarter GDP will likely be the result of the narrowing trade deficit due to tariffs [109]. October recorded the lowest monthly level of trade deficit since 2009 [109]. Keep in mind, trade surpluses add to the GDP calculation, while trade deficits subtract from GDP in the calculation and the U.S. had been running massive trade deficits for many years and that deficit is now narrowing due to tariffs [109].

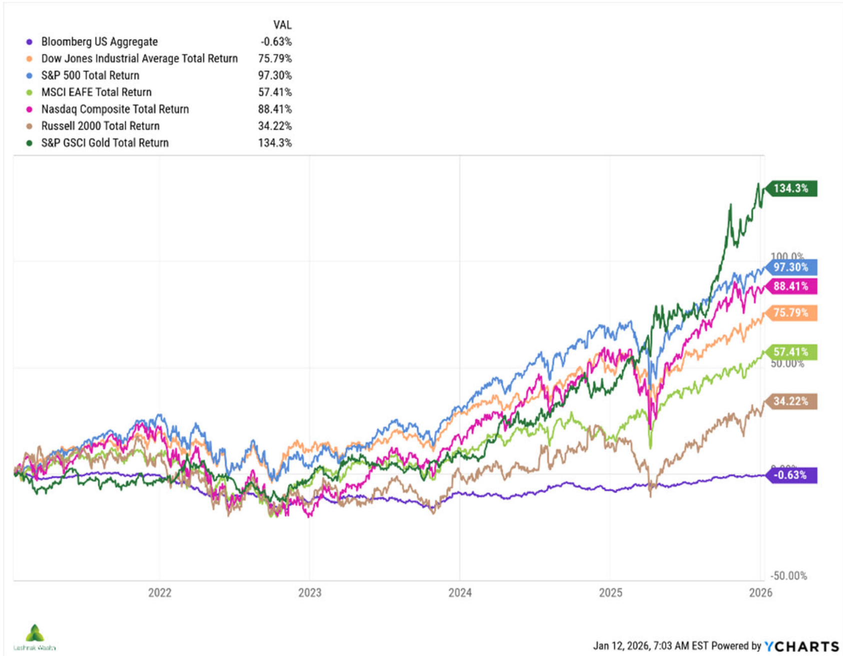
Payrolls declined an average of 22k per month in the fourth quarter of 2025 mainly due to federal employment layoffs/buyouts, benign private sector hiring, and declines in the number of foreign-born workers [31][23][109][9]. In 2025 the U.S. added 584,000 jobs, roughly only 30% of the jobs created in 2024 [108][67]. Some good news on the jobs front, at least so far, is that layoffs have not occurred on an alarming scale other than expected seasonal patterns [23][24][10]. Additionally, the unemployment rate remains low despite the tepid level of new hiring, aided in part by foreign born workers that have left the workforce, thus improving the calculation [23][10]. Employee income growth is expected to increase in 2026 with a tighter labor market but at a modest pace as compared to post-pandemic hiring where employees were offered attractive salaries and bonuses to entice them back to work or away from other employers [31][10]. According to the Cato 2025 Fiscal Policy Survey, 34% of those under age 30 have a favorable view of communism, but Federal Reserve data reveals both Millennials and GenZ are earning more inflation adjusted income than previous generations did at their age [33]. We expect job growth to increase slowly during the first half of 2026 from the sluggish pace experienced in 2025, then begin to rise in the second half of 2026, due in part to the favorable tax benefits afforded to businesses in the Big Beautiful Bill and continued Federal Reserve interest rate reductions [10][23][32][24].

The term for the U.S. economy at present is 'K-Shaped' whereby consumer consumption remains strong but is noticeably diverged with strength among higher income earners, and those who are experiencing the 'wealth effect' with appreciated assets such as homes and investment portfolios, from those with lower incomes where consumption has pulled back [41][32][23][24][69][10]. It is worth noting the 'K-Shape' is also showing up in the divergence between large and small businesses, whereby large businesses are hiring and continue to increase profits compared to their small company counterparts where hiring is much slower and profit margins have diminished [23][24]. Certainly not everything is encouraging within the U.S. economy; low-income households have been hit the hardest by inflation, especially for much needed items such as groceries and insurance [12]. Additionally, delinquencies for consumer debt have increased, and with student loan repayments beginning again, this may further place stress in the system as we move through 2026 [12]. Further, at present higher and middle-income households continue to boost consumer spending but if the wealth effect resides, such as with a market or housing pullback, growth in the U.S. could slow or recede leading to rising unemployment and possibly recession [12]. However, as of this writing, this is not considered the likely case but considered as a worst-case scenario [12].

Altogether, the factors presented may be leading to an optimal growth surge for the U.S. in the years ahead. However, despite what I consider to be a promising outlook for the private economy during the next decade, it must be acknowledged that the federal debt remains a critical long-term concern, with rising interest expenses overshadowing many other budget items, and seemingly endless deficits, and most alarming, there appears no political will to balance the budget let alone pay down debt [31].

Markets

The U.S. has experienced three years of positive equity returns in a row and although we expect this year to follow suit, earnings may be more in the spotlight to support those equity valuations [107]. Keep in mind, pullbacks in the markets are normal and necessary, often as a check on exuberance when unexpected data or events present themselves; pullbacks of 10% on average occur every 16 months, and a decline of 20% or more (bear market), occurs every 6 years based on historical data [25]. The chart below depicts selected markets during the 5-year period ending 1/8/2026 (Source: YCharts). Although equity markets seemed to fare well during this 5-year period, when you look at the beginning and ending figures, it was not without volatility [42][32][20]. Especially during 2022 with the invasion of Ukraine and 40-year high inflation, as well as the tariff scare to the markets in 2025 [42][32][20].



Keep in mind that nearly 40% of the S&P 500 index is concentrated in just a few companies, referred to as the 'Magnificent Seven' (Alphabet, Amazon, Apple, Meta, Microsoft, Nvidia and Tesla), which may be expected to increase the overall the volatility of the S&P 500 index when each of these technology and consumer companies release earnings each quarter, both positively and negatively [(30)(25)]. However, as 2025 unfolded, the number of companies within the major indexes outperforming the index return itself increased [(21)(10)(25)]. This is referred to as 'market breath', generally considered a positive sign for the overall market, is movement away from relying so heavily on the magnificent seven stocks for the index return [(21)(10)(25)]. International equities had their best year since 2006 last year after being relatively benign during the past decade [(36)(25)]. Despite the good year for international equities in 2025 valuations remain below their U.S. equity peers [(32)(25)]. Gold had a big advance in 2025 rising 60% most likely due to fiscal concerns, political events, and a falling U.S. dollar [(42)(32)].

Tax

The "Big Beautiful Bill" (Public Law 119-21) passed by Congress and signed by President Donald Trump extends the current tax rates from the Tax Cuts and Jobs Act of 2017 (TCJA) thus preventing current tax rates from expiring at the end of 2025 and reverting to pre-2018 (higher) tax rates [(11)(5)]. Most important for Americans that pay tax, $125 billion of tax cuts is estimated to be distributed into consumers' bank accounts in the form of tax refunds for 2025 and an estimated $80 billion more throughout 2026 from lower paycheck withholdings in 2026 [(50)(32)]. Tax cuts generally favor those who pay tax as tax breaks tend not to benefit those whose tax liability is already low or zero [(50)(104)]. Keep in mind 40% of American tax filers are estimated to have had a net zero Federal tax liability in 2024 after applying deductions and credits available [(50)(104)]. The legislation also increases the standard deduction for most Americans; $15,750 for single filers, and $31,500 for couples filing jointly [(11)(39)]. Each senior, age 65 and older, will receive a bonus of $6,000 standard deduction for tax years 2025-2028 with phase out for incomes over $150,000 for married filing jointly taxpayers ($75,000 for single filers) [(11)(5)].

The state and local tax deduction rises to $40,000 from the current $10,000 in tax years 2025-2029, with phase out for taxpayers with more than $500,000 in modified adjusted gross income [(11)(5)(39)(56)]. For married non-itemizers, the standard deduction can be combined with an enhanced $2,000 deduction for cash contributions to 501(c)(3) charitable organizations [(39)(56)]. A temporary tax deduction was added for interest on car loans, up to $10,000, for autos assembled within the U.S. for tax years 2025-2028 [(11)(5)]. Subject to eligibility and income limits, employees in traditionally tipped careers can exclude up to $25,000 in tax years 2025-2028 [(11)]. Employees who receive overtime, subject to eligibility and income limits, may deduct $12,500 ($25,000 for joint filers) from Federal income tax in tax years 2025-2028 [(11)].

The child tax credit per child of $2,200 remains intact but eligibility requires a valid Social Security number [(11)]. Trump accounts for children born in 2025-2028 are new with a Federal deposit of $1,000 for each child born in years 2025-2028 [(11)]. The funds can be used only after age 18 for education, home purchase, or eventual retirement [(11)]. The lifetime estate and gift tax exemption was increased to $15 million, or $30 million for married couples, beginning 1-1-2026 [11]. Businesses can write off 100% of the assets they purchase as 'bonus depreciation' and applies to assets that have a depreciable life of 20 years or less as set by the IRS [56].

The "Big Beautiful Bill" was not so big and beautiful when it came to meaningful reductions to Federal government spending [87]. Federal government spending for fiscal year 2025, which ended 9/30/25, was $7 trillion, while revenue collected was $5.2 trillion, for a deficit of $1.8 trillion [87][17]. The deficit is added to our national debt, which currently stands at $38.5 trillion [88][17]. Interest payments on our national debt for fiscal year 2025 totaled $970 billion, more than the government spends on National defense, and the third largest expense for our Federal government behind only Social Security and Medicare [87][17].

The good news, if any, in these figures was that the Federal deficit was narrowly less ($41 billion) than in fiscal year 2024 [87][17]. Additionally, the Big Beautiful Bill is projected to reduce Federal spending over the next ten years as scored by Congressional Budget Office (CBO) estimates; however, CBO scoring also shows the U.S. national debt higher in 10 years by more than 4 trillion [11][17]. The reduction in spending within the Big Beautiful Bill legislation is expected to come at the expense of Medicaid and the Supplemental Nutrition Assistance Program (SNAP "food stamps") as these programs were temporarily expanded during COVID but have since continued [11][6]. It was this author's expectation that the Big Beautiful Bill could have done more in the way of spending cuts, especially considering Federal government waste, fraud, and abuse that has come to light during the last several months. Plus, the Federal deficit is roughly 98% of U.S. gross domestic product (GDP); this is roughly double the 50-year average U.S. deficit of 50% of GDP, and unsustainable given the trajectory of U.S. debt [87].

Fraud, Waste, and Abuse

Many states have been in the news lately with allegations of welfare fraud, such as allegations in Minnesota, and Massachusetts, but the real problem may lie in the system itself [7][60]. The Federal government spends 1.4 trillion annually on approximately 80 major antipoverty Welfare programs [7][70]. The U.S. Welfare system has long since been debated over the complex system of agencies, accountability, and the failed outcomes of the long-term dependency, loss of dignity, and the discouragement of work for beneficiaries [70][7]. Additionally, the Welfare system has been blamed in part for the decline in the labor participation rate [70]. Since 1974 the real GDP per capita in the U.S. has risen 142% during this economic growth era while real Welfare spending has increased 765% [7]. The government considers roughly 20 million families to be living in poverty, defining poverty as living below $25,273 per year [7].

For argument's sake, if the Federal budget is 1.4 trillion for various welfare programs and it is distributed directly in cash to these 20 million families it would amount to whopping $70,000 per household [7]. As we know, that is not how it is done, so let's use the example that Wall Street Journal published in December of 2025, of a young single parent with two young children earning $11,000 annually [7]. This household would be eligible for benefits, cash and non-cash, totaling $53,128 from various programs including the refundable child tax credits, earned income tax credit, food stamps, housing subsidies, utility bill subsidies, Medicaid, temporary assistance for needy families, and free meals at school [7]. This places this household at a total income of $64,128 including earned income and the government benefits and is now considered middle-class [7][33]. Herein lies the problem, government eligibility for various programs does not count tax credits or any non-cash benefits as income, so many families are eligible for additional benefits from various agencies while their income, both cash and non-cash, if counted, would not qualify them, or qualify them at a lower level of assistance [7][33]. To further illustrate the point, if a family whose earned income of $64,128 went to one of these agencies, such as for housing subsidies, their means tested income would be $64,128 and likely not be eligible for the same benefits that the designated low-income family would be eligible to collect [7]. The Congressional Budget Office estimated that when means-tested benefits are counted as income the proportion of poor households in the U.S. falls from 10% to 1% [7][33].

In Minnesota, 90 people of mostly Somali decent are charged thus far with establishing fake businesses and non-profits for the purpose of defrauding Medicaid and other welfare benefit agencies out of at least $1 billion dollars [49][48][71]. This has forced the Governor Tim Walz to not seek re-election [49][48][71]. In Massachusetts, two-men operating a small neighborhood bodega defrauded the SNAP program out of $7 million before being charged [60]. Minnesota and Massachusetts are likely only the tip of the iceberg for fraud considering the Federal government spends $1.4 trillion annually on various welfare programs [7]. Healthcare and social assistance jobs accounted for 1.6 million private sector jobs from 2023 to 2025 in the United States where only 1.3 million net new jobs were created total during this period as other industries on average lost jobs [49]. California added 188,000 social assistance jobs from June of 2024 to June of 2025 while only adding 4,900 net new jobs in total as other industries on average lost workers [49]. Additionally, California Medicaid spending has increased by roughly 50% during years 2024 and 2025 [49]. Kimberley Strassel stated it best in the Wall Street Journal "We need to move many people off government dependency not just for the moral and societal reasons, but because government has an obligation to taxpayers and the truly needy to right-size and return to a system that can function" [70]. Fraud with the people's money directly affects the financial health of the U.S.; keep in mind we are theoretically borrowing funds to pay for these benefits that may never be paid off, or a best case, not for many years, so the cost is not just today but the U.S. will compound this fraudulent expense cost over a long period [12].

401(k) Update

There is a change to 401k contributions beginning in 2026 which specifically affect "catch-up contributions". This new rule impacts those who make more than $150,000 in FICA compensation. The following is a quick review of employee 401(k) contribution limits for 2026 [95][96]:

- Employees can contribute 100% of salary up to $24,500.
- Employees, age 50-59, and age 64 and up, can contribute an additional $8,000 "catch-up contribution".
- Employees, age 60-63 can contribute an additional $11,250 "catch-up contribution."

The new rule states that beginning on January 1, 2026, high earners, defined as making $150,000 or more FICA compensation, must make "catch-up" contributions as Roth 401(k) contributions (after-tax) only [95][96]. If their plan does not allow Roth 401(k) contributions, they cannot make catch-up contributions [95][96].

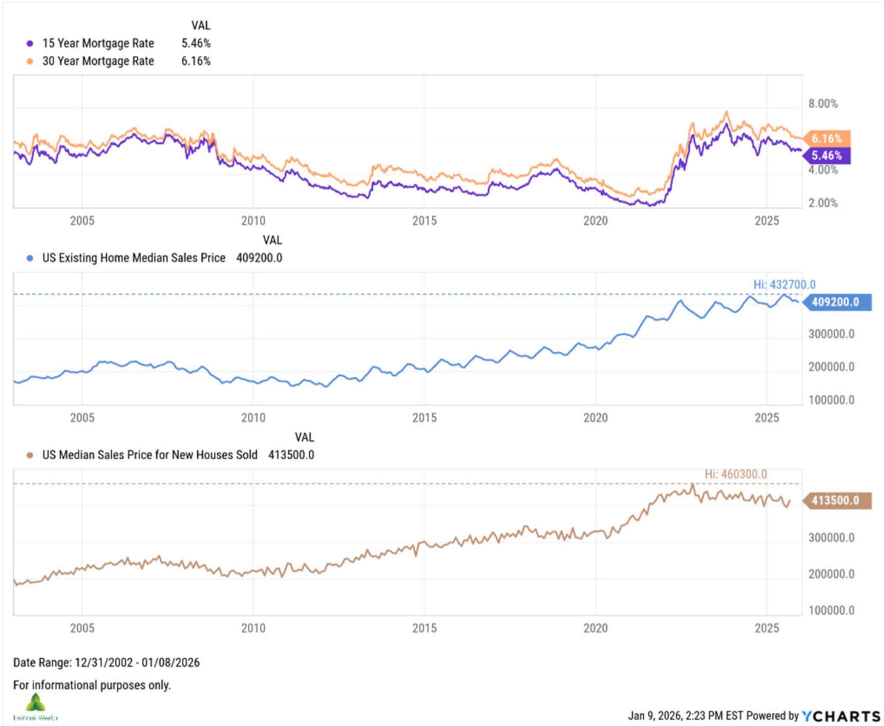
It is estimated that 40% of Americans are at risk of not being able to maintain their lifestyle in retirement [55]. However, many U.S. workers have taken advantage of 401k retirement plans, through pre-tax payroll saving throughout their career, which may best position them for financial independence [55]. Retirement plan providers Fidelity, Vanguard, T. Rowe Price, and Alight report that more participant accounts have surpassed the $1 million mark than at any time in history [55]. Fidelity reports that 86% of those with $1 million or more in their 401k accounts are over age 50 [55]. Additionally, employee participation, contribution rates, and allocation to equities have increased in recent years which may partly be a result of the auto-increase and auto-enrollment features that are now common to many 401k plans [55].

Housing

Many are predicting a nationwide collapse in home prices due to the sharp rise in home prices since 2020 [15]. The increase in home prices is certainly real with places such as Columbus Ohio having experienced home prices increasing by more than 50% since 2020, and nationwide, home prices after being adjusted for inflation, are higher than they were in housing peak of 2006, before the bubble burst and collapsed during in the period of 2008-2012 [15][54]. Nationwide home prices fell on average 27% during the 2008-2012 period according to the Case-Shiller home price index [15]. The problem during this period of home price decline was primarily the overbuilding of homes, which lead to over-supply, where in the U.S. we built 1.9 million new homes a year versus the 1.5 million per year during the last five years [15]. Federal government policy to promote affordable homeownership also played a major role by encouraging lenders to offer loans with little down and less stringent income requirements coupled with inadequate government oversight and regulation of financial institutions [105].

It is unlikely that nationwide we will experience a collapse in home prices as we currently have a shortage of new and used homes for sale compared to the number of Americans who want to buy them [15][54]. This is why home prices during the period of 2020-2025 have increased faster than the rate of inflation [15]. Housing is unaffordable at present due once again to government policy; regulation of zoning and environmental rules at the state and local levels have stifled new construction, Federal government policy aimed at mortgage lending but not focused on new home construction, and a tax system that makes it hard for Americans to accumulate a down payment and afford monthly rent and mortgage payments [15]. Government spending and the subsequent financing of the debt required to finance it, increased inflation exponentially during the year 2022 when inflation hit a record 8%, a figure we had not experienced in more than 40 years [106]. Additionally, corporations and rental investors have provided competition for new home buyers nationwide as in Columbus where 15% of new home buyers are not individuals or families that intend to occupy the home as their residence but investor landlords [54].

The chart below depicts mortgage rates, U.S. existing home median sales price, and U.S. median sales price for new houses sold 12/31/2002-1/8/2026. (Source: YCharts)



Education & Newborns

There are two of trends that may have an impact on our country and consequently the financial wellbeing of the United States. The first is education, as a recent University of California at San Diego (UCSD) report revealed [72]. First-year students entering the university in 2025 whose math skills fell below a high school level increased 30-fold over the last five years [72]. Further, one in twelve entering freshmen students had math skills below a middle school level [72]. Worse yet, the first-year students admitted on average had "A" grades coming out of high school [72]. It is posited that the solution is two-fold; public school curriculum reform specifically emphasizing essential math, reading, and science skills. Additionally, get rid of the experiment gone wrong of optional admission testing for college and get back to mandatory ACT, SAT or CLT test requirements [72]. The Covid pandemic learning may be responsible for some of the blame, but the spotlight must be public education, as we must require accountability to the students, parents, policymakers, and the students' future employers [72]. The financial consequence of not addressing this crisis is a less educated workforce, which leads to lower productivity, and ultimately lower U.S. GDP growth [103]. Additionally, the public cost for low educational achievement is linked to high rates of crime, reduced civic participation, and poorer health; all of which will likely lead to increased public assistance and spending [103].

The second trend is that our U.S. population is projected to continue slowing and then decline in 2030 when the number of deaths is projected to exceed births [91]. To maintain the population, the U.S. needs 2.1 births per women during their lifetimes [74]. In 2007, the birth rate was over 2 per women but reached a record low of 1.6 in 2024 [74]. Declining fertility rates, an aging population, and less illegal immigration have all contributed to the current projections [91][74]. Currently, foreign born women have more children than U.S. born women [91]. The decline of marriage in the U.S. may be a factor as for the first time in history most of the women age 18 to 44 are unmarried [74]. Another factor driving down the fertility rate may be cost as the Wall Street Journal reports 7 in 10 Americans believe raising children is unaffordable [74]. Financially for the U.S., within a generation this would be expected to lead to less working age adults to finance Social Security and Medicare for a growing population of senior Americans [74].

LW GamePlan

The LW Game Plan for investment management has the objective of foundational and generational wealth creation [1]. We believe that the portfolios we manage for clients are the foundation, along with their home, and possibly real estate assets and business interests, that not only support financial independence, but should be expected to cross generations.

The LW Portfolio Models are constructed globally with core equity positions in small, medium, and large cap equities, each straddled by momentum-based and value-based investment positions. We believe adding momentum-based investment positions, which utilize a form of technical analysis, allows the opportunity for current market trends to play out while also providing flexibility to potentially alter exposure when market trends retreat. We also believe adding value-based investment positions places us as the "turtle", in the proverbial tortoise verses the hare scenario, over the long-term with equities. Value-based investment generally involves buying securities whose shares appear underpriced by a form of fundamental analysis. Additionally, we believe that by combining value and momentum strategies across diverse markets and asset classes may result in significantly higher risk-adjusted rates of returns based on academic research conducted [(2)(3)]. Lastly, we prescribe dividend yield from all our equity investment positions so that no matter what markets are doing day to day, we have dividends continuously deposited into the portfolio. During the past 97 years, reinvested dividends accounted for 37% of the total return for S&P 500 companies [(125)]. Further, dividend payouts of the S&P 500 companies have increased at roughly 5% per year since 1979, easily beating the roughly 3% rate of inflation during this period [(4)].

Our fixed income blueprint for the portfolio consists of allocations to core domestic and foreign bonds while also providing a flexible and strategic component affording exposure to inflation protected, emerging market, asset-backed, and high yield bonds. Overall, we evaluate investment positions in seven asset classes including domestic equities, foreign developed stocks, foreign emerging market equities, domestic bonds, foreign bonds, cash equivalents, and alternative assets such as real estate, infrastructure, natural resources, and commodities for inclusion within our overall asset allocation. How much of each asset class, if any, we hold in these asset classes is based on your unique risk tolerance, financial resources, personal goals and objectives.

Our LW Large Cap Dividend Stock Portfolio takes positions in companies that provide increasing and consistent dividends for shareholders; further, we examine companies for fundamental strength and competitive advantage within their respective industry sector. This portfolio of individual stocks is invested within the eleven Dow sectors of the market; technology, financial, health care, consumer staples, consumer discretionary, industrial, energy, utilities, communication, materials, and real estate.

"If you want to be wrong, then follow the masses." —Socrates

Our Leshnak Wealth Portfolio Models are not immune to declines in global markets as we do not have a crystal ball nor do any of the market analysts and forecasters. Our belief is that our LW Portfolio Model construction is diversified for potential resilience in any environment and may put us in a position to take advantage of market mispricing during such market gyrations. We do not modify overall asset class allocation due to market corrections unless a fundamental change in the underlying outlook has significantly diminished or brightened verses our expectations. As the ancient Buddhist proverb states "If we are facing in the right direction, all we have to do is keep on walking". Pullbacks can be expected to last relatively shorter periods on average compared to the bull markets they take reprieve from, as present greed the greed turns to fear and shakes out those investors who are not fundamentally based on their convictions. We strive to be offensively positioned while remaining defensively minded with our portfolio construction and periodic adjustments. Simply put, we adopt an investment strategy, embrace it with confidence, and endure the inevitable fluctuations in the markets.

"We are confident that your portfolios are positioned to best achieve your long-term goals and keep your wealth plan on track." –Bob Leshnak

As your financial fiduciary, the Leshnak Wealth team cares deeply about your financial well-being and will monitor for rebalancing opportunities that may add value to your portfolio, or to be defensive as conditions might warrant. We know that as your advisor, the trust you bestow upon us is built and maintained on three pillars; doing what we say we will do, assisting with planning for and achieving your financial independence, and providing unbiased advice with your best interest at the forefront. As always, please call with questions or if you wish to discuss your specific portfolio or wealth plan in greater detail.

–Bob Leshnak, January 12, 2026

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