



## 10 Questions we might get at holiday parties this year December 2, 2025

We hear several questions over and over, and we expect to hear them more during the holiday season. I'm going to give you the answer to the questions and supply you with the unspoken questions people are really asking. This will equip you to offer an opinion when they come up at your next holiday party!!

### **1. Is the stock market going to crash? THE REAL QUESTION: Should I get out of the stock market now, I'm really concerned.**

Crash is a scary word. Scary words stick in our minds and we worry about them. While we are worrying we might forget that stocks have provided great returns for the past 100 years, outpacing most, if not all, other asset classes. Return data seems to vary a bit from source to source but an "inflation adjusted real average annual return" of 6.7% to 7% seems like a consensus number for large cap U.S. stocks. (Think S&P 500) But stock prices don't move in a straight line. They go through corrections regularly, some more severe than others. Owning stocks is a marathon, not a sprint. They should be owned for the purpose of creating wealth and/or income, by people who have long time horizons. We recommend starting young. Dollar cost averaging over a lifetime is the best defense against crashes! In fact, the best time to buy more is during deep corrections.

### **2. Should I be buying gold right now? THE REAL QUESTION: Am I missing out on what seems to be a bull market in gold?**

Gold is often seen as a hedge against inflation, a portfolio diversifier, and a safe haven asset. You can think of owning gold like having yams or sweet potatoes on your holiday dinner plate. It's not likely you'd substitute it entirely for the ham or the turkey, but a small portion can be a great choice and really round out the meal. Gold has been in a bull market since late 2023.

**3. What is happening with bitcoin? THE REAL QUESTION: Everyone has told me that bitcoin is digital gold, but nobody told me it could go down as much as it has recently.**

5T Wealth has never endorsed bitcoin as an investment or an "asset class". We see it as equivalent to "pet rocks" or "tulips", but recently that has become more and more a minority position. The financial services industry has slowly but surely endorsed it and created products around it. As recently as April 2024 Jamie Dimon, CEO of JP Morgan Chase called bitcoin a "fraud" on a Bloomberg TV interview, he also called it a "public decentralized Ponzi scheme." But now JP Morgan offers bitcoin and related crypto products to its customers.

**4. Should I be worried about what is going on in Washington? THE REAL QUESTION: the two major parties are at war with each other. Will their differences tank the stock market and the economy?**

Despite everything going on in Washington the economy has remained resilient, and the stock market has risen significantly in both 2024 and 2025. Most forecasts we are seeing for 2026 are optimistic. There are plenty of things to be worried about including deficit spending, rising health care costs, inflation, and threats to our democratic freedoms. But there is still the opportunity to bring all of these under control if people have the political will.

**5. Is social security going broke? THE REAL QUESTION: I contribute to social security now. Will I get anything back when I retire?**

Social Security isn't "going broke" in the sense of disappearing. The retirement trust fund is projected to run out of reserves in the early-to-mid-2030's, and if Congress did nothing benefits would have to be cut to what ongoing payroll taxes can cover. Current estimates indicate that when OASI (retirement & survivors benefits) trust fund is depleted in 2033-2034 incoming taxes would still cover about 77-81% of currently projected benefits. The bottom line is that Social Security is not "going broke" or "going away", but benefits could be less in the future without reform.

**6. What is going on with inflation? THE REAL QUESTION: Official data tells one story, while my bill at the grocery store tells another story. What is the real story?**

You are probably not imagining the gap between official inflation and "my costs feel much higher". That gap is a real, common experience. Inflation indexes assume that when prices rise, consumers substitute cheaper items to bring down the cost of

living. We don't all do that! Your health costs might vary a lot from how they are calculated in the Consumer Price Index (CPI), which bundles certain health care costs into an index. If your premiums rise a lot, your deductible jumps, or your employer changes plans and your costs go up, your personal health care inflation can far exceed CPI for medical care. Also, one expensive event (surgery, new drug, chronic care) can send your costs through the roof but aren't reflected in the national index. Customers buying electricity from Pacific Gas & Electric have experienced price increases between 7 and 8% per year on average for the past 10 years. Ouch! These are just a few examples of why your rate of inflation can be much higher than that of a national index.

**7. What do you think interest rates will do? THE REAL QUESTION: Are rates going to rise or fall?**

We don't know for sure! But there is a clear case to be made that short term rates will be falling. If for no other reason than President Trump's constant pressure on the Fed to cut. The idea has been floated that he intends to nominate a new Fed Chair before Christmas, even though Chair Powell's term doesn't end until May 2026. If he does so, that will be unprecedented. In the past stronger economic growth/tight labor, more borrowing and spending were set ups for rising inflation and higher rates. Weaker economic growth/rising unemployment were set ups for the Fed to ease and short term rates drop. The Fed meets again in December. Keep an eye on survey results among Fed watchers and the percentage probability that they give for a December rate cut.

**8. What do you think of all these layoffs? THE REAL QUESTION: Will layoffs be accelerating? Am I in danger of losing my job?**

The current fear is that AI is stealing our jobs, and that may be true in some cases. But layoffs are nothing new. Big companies have been doing them for years. Employment rates are cyclical, reaching peaks as economies boom, decelerating as economies slow down. When the economy slows and sales decline companies cut expenses to boost earnings. Labor is often the largest and easiest cost to cut. When the economic cycle picks up again, hiring starts again.

**9. What do you think of real estate prices? THE REAL QUESTION: Is my house going to be worth more or less one year from now?**

Now that is a complicated question! Real estate is all about location, location, location. Some markets could rise in price over the next 12 months. Some could fall. The mortgage market is very tight right now. That is a factor in keeping real estate prices and sales activity down. Any significant drop in mortgage rates or regulatory changes in the mortgage market could help values and sales pick up in more locations.

**10. What about AI? Is this the dot-com bubble all over again? THE REAL QUESTION: Are we getting way ahead of ourselves or is this an historical technological breakthrough like the light bulb, the telephone and the internet?**

We don't believe this is the dot-com bubble all over again. Back then there were lots of little companies with grand ideas and no products. This technological revolution is being led by giant companies with strong earnings, both in the U.S. and China. They are making great money in other areas while developing AI. We recommend owning a broad basket of "AI related companies" through ETF's. It is still very early in this revolution. All the real winners and losers probably haven't been identified yet. The prices of many AI related companies did get ahead of themselves and have recently corrected. That process inevitably happens when stocks get too expensive. Don't be surprised if it happens again in the future. It's hard to see a future in which AI doesn't reshape work, services and daily life. Key uncertainties include scale and timing. AI could end up in the electricity/telephone/internet tier, but how big the societal impact becomes depends on adoption, complimentary innovation, policy, and how the economic gains are distributed.

For the record these 10 questions are very real, and we do hear them all the time. Coincidentally they recently appeared in an article in ThinkAdvisor.com. The answers they provided didn't strike me as adequate. These answers are from 5T Wealth, LLC.

Now, if you are ready, let's all experience some real holiday cheer and let's welcome 2026! You're all set to answer 10 questions at any holiday gathering you attend!

Happy Holidays!!



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