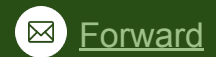
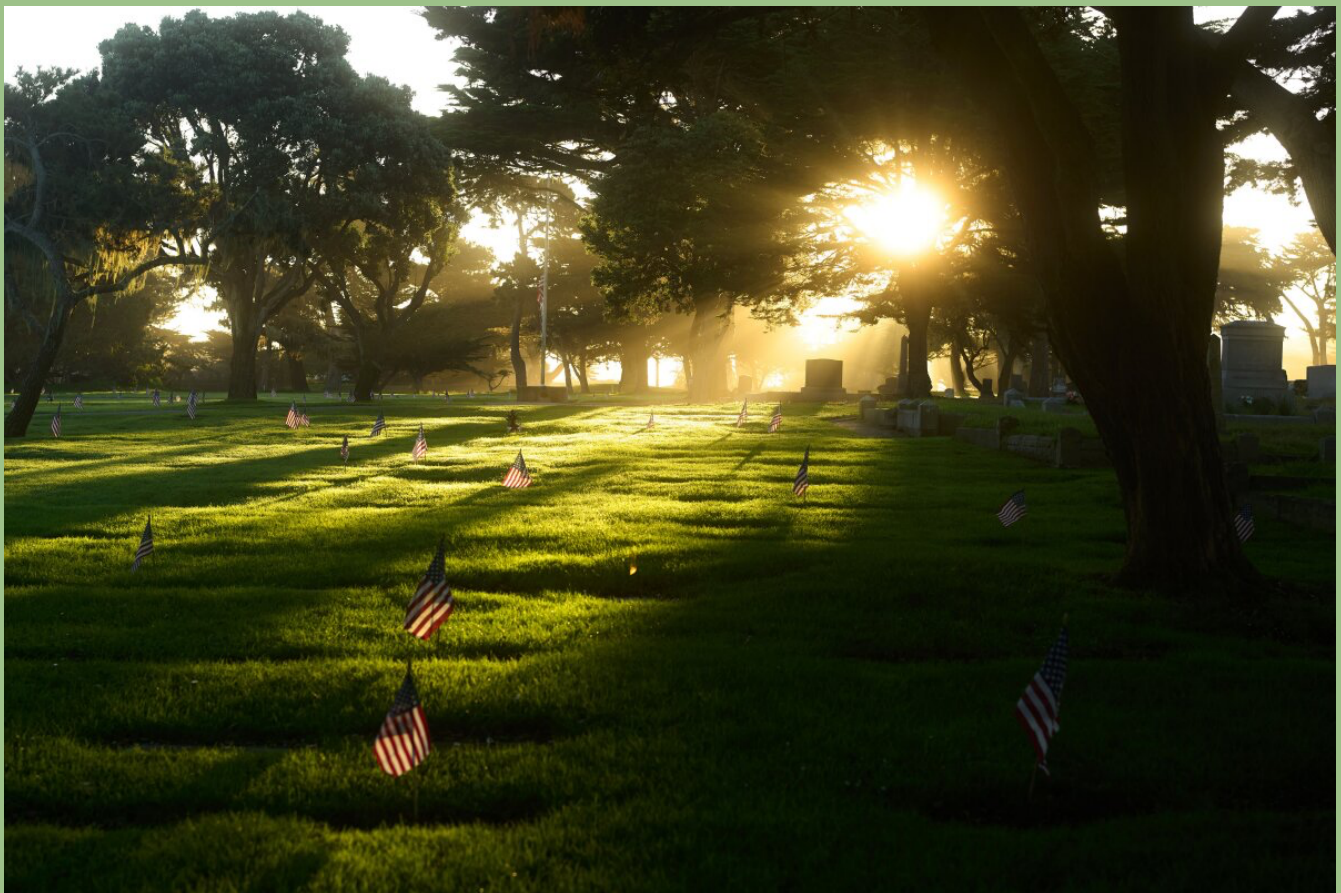

From the desk of Robert C. Arne, CFP | December 4th, 2025



Carpe Diem Financial Newsletter

Good News for November

Stocks steady at record prices while goldbugs prosper. Inflation and national unemployment seem manageable so far as both taxes and tariffs are dropping. Millennials and Gen X exceed all expectations.



American flags at sunrise at the El Carmelo Cemetery in Pacific Grove, California. Andy Bao/AP

This Month Wrapped

Jump to the section you want to read first:

1. **Stocks and the Economy**

The market goes flat as retailers close, crypto flops and both AI and Drones show promise.

2. **Debt and the Dollar**

We wait to see if the Fed will keep independent as Trump says he picked a successor Chair.

3. **Santa Cruz County Mortgages and Housing**

Realtor Dylan Linde discusses insurance and tree trimming.

4. **Federal Government and Taxes**

Tax breaks on tips, overtime, educational vouchers and charity give new tax planning opportunities.

5. **The Local Economy**

California in statistics.

6. **Reader Opinion and Poll Results**

November Financial Statistics

Index	31-Oct	1-Dec	November % Changes
S&P 500	6,840	6830	-0.15%
US Dollar (DXY)	99.72	99.27	-0.45%
10 Year Treasuries	4.079	4,097	0.03%
30 Year Mortgages	6.14%	6.22	0.03%
Gold	\$4,013	4272	6.45%
<i>SLV Housing Inventory</i>	89	80	-10.11%
SLV Days on Market	45	53	17.78%
SLV Avg Sales Price	772500	777,000	0.58%
<i>Financial statistics from Marketwatch, Yahoo Finance, Realtor.com and Ycharts:</i>			
		2.9% inflation	

1.

Stocks and the Economy

Stocks and the dollar fell imperceptibly this month, but gold rose 6.45% to suggest fearfulness. CNN reports “September wholesale inflation rising by 0.3%, keeping the annual level at 2.7%, according to the Bureau of Labor Statistics....Retail sales rose 0.2% in September, but after factoring in the 0.3% increase in prices that month, spending was actually down 0.1%.” Caution is warranted as investors consider tariffs and deficits.

Holiday spending could be flat if measured in dollars that buy less after tariffs and high income shoppers spend more generously than the middle class. Sears has almost closed while Macy’s closed 150 money losing stores. Meanwhile Walmart competes for rapid packaging boasting 100,000 packages a day: “When you click buy, we can actually get it out of the internet onto a trailer going to your house within 30 minutes,” Barat Smith, vice president of operations for Walmart’s US supply chain, told CNN.

Throwing the Dice?

If I were a gambling man and not a hard-nosed fundamentals investor steeped in accounting, I would consider gambles that are certainly not personal advice:

Crypto Unclothed

CNN just published “The crypto industry got everything it wanted. It’s still having a meltdown” and I suggest its ups and downs follow the crypto-president’s flailing fortunes. With Trump came crypto coins aided by rising prices, regulatory ease and bipartisan legislation. Yet Bitcoin fell 30% from its October peak after Trump threatened heavy China tariffs.

One of the most prominent industry critics is the actor and author Ben McKenzie, who last week debuted his documentary, “Everyone Is Lying to You for Money.” at the New

York documentary film festival DOC NYC. He writes: "There's a thing called the grift shift — it's a time-honored con-man tactic to sell someone on something that doesn't quite work now, but in the future will be amazing. That's worked for crypto, and that is certainly the pitch for AI. I will say, I'm not a proponent of where AI is heading per se, but in AI's limited defense, there's an actual thing that's happening that actually has a function in the real world that isn't gambling and crime."

Artificial Intelligence and Drone Economics

AI investments thrill me with stocks rising on the thought that AI will soon transform industries with productivity that hopefully promotes long term prosperity — as is customary. Taiwan's AI centered economy logs 8% growth for two quarters. This could well be another dot-com bubble like 2002 with the biggest tech firms all in on the gamble? I think not!

Fox Business touted the drone industry touted by REX CEO Greg King: "The drones theme is exciting for a couple of reasons," REX CEO Greg King told FOX Business. "Defense budgets are shifting over to a lot more spending on UAVs than traditional weapons. But what's more exciting to us is the commercial applications. You've got delivery services, monitoring services, inspection services across a variety of sectors that are now starting to ramp up along the lines of this theme."

Drones can enter blazing buildings withstanding hot temperatures and climbing staircases. Drone dogs patrol security perimeters and earthquake zones while drone snakes penetrate between rocks. Drones are huge, mechanized ships, roving trucks or mosquito-sized flying cameras. Drones entertain children or begin to work as personal servants. As this paraplegic waits in bed for Robocop legs, he gladly gambles on drone economics. Maybe he could chase cars up Highway 17?

2.

Debt and the Dollar

10 Year Treasuries fell slightly to match 30-year mortgages, and their steadiness suggests investors are not afraid of gyrating rates for inflation. Investors' eyes watch the Supreme Court's forthcoming decision about whether Trump can fire Fed Reserve Board members like Lisa Cook. They also watch Trump who says he has picked the

Fed Chair to replace Jerome Powell as he tries to lower interest rates. “Markets still seem to be fairly confident Fed independence will prevail, and I think this is in part because of the names that we saw for Fed chairman were reasonable,” Francesco Bianchi, an economics professor and monetary policy scholar at Johns Hopkins University, said at the PIIIE conference.

3.

Santa Cruz County Mortgages and Housing

CNN reports more home purchasers buying with riskier adjustable-rate mortgages as sellers cut prices around the country. Realtor Dylan Linde reports SLV housing inventory falling ten per cent this month with fewer days on market and slightly higher prices.

Local Realtor Dylan Linde’s take on the current market:



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In the San Lorenzo Valley, homeowners seeking coverage through the California FAIR Plan are required to address tree-related hazards as part of the defensible space inspection process. Because our area is heavily wooded with redwoods, firs, and other large trees, insurance inspectors pay close attention to overhanging limbs and trees within striking distance of structures. The FAIR Plan’s fire mitigation standards typically call for trimming branches within 10 feet of roofs and creating clear separation between trees and all structures on properties to slow potential fire spread. Meeting these requirements not only improves insurability but also bolsters a home’s safety during peak fire season.

For many Felton, Ben Lomond, Brookdale, and Boulder Creek properties, these tasks can be more complex due to steep hills, limited equipment access, and high costs for tree removal. Homeowners often need to work with certified arborists to determine which trees pose legitimate hazards versus those that are healthy and safe to leave on properties. Permitting may be required through Santa Cruz County before

removing certain protected tree species, so planning ahead is critical.

While tree removal can eventually be an investment (both financially and mentally), compliance with the FAIR Plan defensible-space standards can be the difference between securing coverage or facing a policy non-renewal.



Robert Arne trims his trees with permits, chain saws and a 100-foot crane!

Let's get your finances on track.

I help my clients achieve their dreams with **expert tax preparation & representation, financial life planning, and mortgages**. Book a call today or share this with someone who needs comprehensive financial services.



Schedule a free consultation

4.

Federal Government and Taxes

Tips and Overtime

The IRS is working hard to create guidance and forms to implement the Big Beautiful Bill. For starters, Trump boasts "no tax on tips" and "no tax on overtime," but W-2's and 1099's won't be modified in time to clarify income sources. Between 2025 and 2028, roughly six million tipped workers can deduct up to \$25,000. If overtime workers get time and a half, a "no tax on overtime" provision lets them deduct overtime pay up to \$12,500 per person. Both these deductions phase out for individuals earning over \$150,000 or couples with \$300,000.

Charity in End of Year Tax Planning

"Wait until 2026?" asks a Scrooge who still donates. With lower income and no ability

to itemize, couples will be able to give up to \$2k per year in 2026—so they should postpone donations.

But wealthy donors in 2026 face 35% ceilings on charity when their income reaches 37% brackets, and they will not get credit for donations under 0.5% floors of their income. In 2027, taxpayers get credits up to \$1,700 for gifts to K-12 scholarship granting organizations. With ceilings and floors, many will consider bunching donations into alternate years as Donor Advised Funds let them spread regular contributions.

5.

Local Economy

In August 2025, the US Bureau of Labor Statistics ranked California highest in unemployment at 5.5% while World Population Review ranks California 32nd in public school education. According to the Independent Institute: “As of late June 2025, fuel costs \$4.62 per gallon in the Golden State, compared to a national average of \$3.20. Baked into these prices are a slew of regulatory costs, including the state excise tax, the federal excise tax, sales tax, LCFS requirements, and costs associated with cap and trade. All in all, as of April 2025, the total burden of these regulations amounted to \$1.25 per gallon—a staggering twenty-seven percent of the total sticker price.”

6.

Reader opinions and poll responses

I really appreciate the stronger poll response this month! I’m looking forward to reading more of your takes on the month's events going forward.

If you could change one thing about your current home, what would it be?

1. More interior room for kids or home offices. — *23% approve and trends favor offices.*
2. Add ADU for relative or rental income. — *15% want this.*
3. Modernize bathrooms or kitchen. — *38% seek items with tariffs.*

4. Make perfect outdoor garden. — *15% favor outdoor beauty.*
5. Other. — *7% said they are renting for affordability.*

How can Congress and Trump best resolve the Obamacare subsidy and medical expense crisis?

1. Make a single-payer health care system like Europeans enjoy. — *77% favor this liberal solution.*
2. Completely restore Biden's Covid era Health care subsidies. — *0%.*
3. Promote the Catastrophic care with Health Savings Accounts insurance plan from the Big Beautiful Bill. — *8% chose this.*
4. Delegate authority to a committee of independents. — *8% chose this.*
5. Use frustration over subsidies as excuse to rid country of Obamacare and return to a private health insurance system. — *8% chose this.*

If you could add one feature on your property to make mountain life easier, what would you choose?

1. Better drainage. — *9% want this.*
2. Tree cutting or removal. — *36% want this option.*
3. Better sewage or water supply. — *no takers yet this is mandatory for sellers.*
4. More parking. *18% want this option difficult in mountains.*
5. Solar or wind power. — *36% favor this despite lower resale prices and tax credits.*

This author hopes others will follow in his footsteps and install wind and solar for energy independence.

What's one thing that you wish you'd known before buying a mountain home?

1. Rising insurance prices. — *75% favored this answer and many are paying outrageous FAIR Plan prices.*
2. Rising power bills and irregular supply. — *8%.*
3. Road traffic and stoppages. — *8%.*
4. Local disasters: earthquake, fire, wind and floods. — *8%.*

What are your most pressing questions about Trump's new income taxes?

1. Will higher state and local taxes lower my taxes? — *23% responded and good news is that more CA filers will itemize with higher SALT deductions.*
2. Will increased tariffs mitigate any income tax benefits? — *54% questioned here and economists debate. I voted No to Trump tariffs and doubt they could finance deficits.*
3. How can I take advantage of baby credits and educational vouchers? — *0%.*
4. How will Trump Tax affect charitable donations? *8% asked and there are complex changes.*
5. Other respondents asked:

"Will states counter Federal tax cuts to recoup \$\$?" and

"Why did the 1% (particularly the .1%) get the lion's share of the benefit to the tax cuts?"

"Heard about the guy who fell off a skyscraper? On his way down past each floor, he kept saying to reassure himself: So far so good... so far so good... so far so good. How you fall doesn't matter. It's how you land!"— La Haine

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