

# Financial Strategies

News You Can Use!!

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**\$50,326**

Average price paid for a new car in December 2025, a record high. The average used car sold for \$26,043.

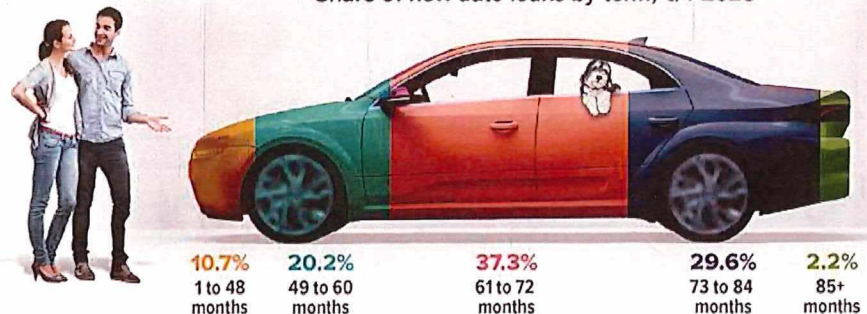
Source: Kelley Blue Book, 2026

## High Prices Force Buyers to Stretch Out Car Loans

In the fourth quarter of 2025, the average monthly payment was \$767 for new cars and \$537 for used cars. A growing percentage of car buyers are taking out loans with longer repayment periods of six or seven years, which might help someone qualify to buy a more expensive car, but it also pushes up the cost of ownership over time. For example, a borrower with a five-year, \$40,000 car loan with a 6.5% APR would have monthly payments of \$783 and would pay \$6,959 in total interest. A seven-year loan at the same rate would have more affordable monthly payments of \$594, but interest payments would total \$9,894, an additional \$2,935 over the life of the loan.

The typical American wage earner would have to work 36 weeks to pay for the average new car, so it's no wonder that drivers are hanging on to their old cars as long as possible. The average age of passenger cars on U.S. roads rose to 14.5 years in 2025.

Share of new auto loans by term, Q4 2025



Sources: Experian, State of the Auto Finance Market Q4 2025; S&P Global, 2025

# What Are the Tax Implications of a Spouse's Death?

Losing a spouse is an emotionally distressing time, and not surprisingly, tax-related concerns may not be a priority for a surviving spouse. However, failure to take appropriate steps can lead to a survivor paying more in tax than necessary. Here is an overview of some things the survivor may need to do.

## Determine filing status

Selecting an appropriate tax filing status after a spouse's passing can help manage tax liability. For the year of death, survivors can typically use the married filing jointly status, which may lower tax rates and provide an opportunity to claim more deductions. If the survivor has a dependent child, has not remarried, and meets other requirements, the survivor can use the qualifying surviving spouse status for the following two years. This allows the spouse to maintain favorable joint tax rates while claiming the highest standard deductions to prevent a "widow's penalty," which is a tax increase caused by a sudden shift to a single filing status with reduced options for tax breaks. Choosing the right status also may help qualify the survivor for tax credits and determine if a return is even required.

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*To help mitigate the "widow's penalty" and potentially higher taxes, a survivor should evaluate their withholding, estimated payments, and the timing of income and deductions.*



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## Reevaluate income

The loss of a spouse will probably impact household income. Some income sources may stop, such as employment income, while other sources may start, such as survivor benefits from Social Security or a pension. To help mitigate the "widow's penalty" and potentially higher taxes, a survivor should evaluate their withholding, estimated payments, and the timing of income and deductions. Adjustments may help prevent unexpected liabilities, manage spending, and minimize taxes through investment restructuring or retirement account planning.

## Consider step-up in basis

When a spouse dies, certain inherited assets, such as real estate or stocks, are generally subject to a step-up in basis, which is a tax provision that adjusts the cost basis of an inherited asset to the asset's fair market value at the time of death. By "stepping up" the asset's value, capital gain accumulated during the spouse's lifetime is reduced or even eliminated for the surviving spouse.

For jointly owned property, whether there is a full step-up in basis or a partial step-up in basis depends on the specific ownership type of the property and

state law. A tax professional can help with your specific circumstances.

## Review retirement accounts

A deceased spouse may have various retirement accounts, such as an IRA, Roth IRA, or 401(k). Unlike real estate and stocks, retirement accounts do not receive a step-up in basis. Instead, their tax treatment generally depends on the type of account, its holdings, and any named beneficiary(ies). A surviving spouse who is named as the sole beneficiary generally has more tax-favorable options than others.\*

## Plan for gift and estate taxes

Although the federal gift and estate tax may not apply to most estates, surviving spouses with estates exceeding the federal \$15 million gift and estate tax exclusion for 2026 should consider consulting a tax or estate planning professional to help manage tax liability. If an estate is less than the exclusion, a survivor may file an estate tax return to elect portability, allowing the spouse to use the deceased spouse's unused exclusion, potentially reducing taxes.

*All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. Rebalancing involves selling some investments in order to buy others. Selling investments in a taxable account could result in a tax liability.*

*\*The rules governing inherited retirement account assets are complex, and mistakes can be costly. Distributions prior to age 59½ are generally subject to a 10% penalty in addition to ordinary income tax, unless an exception applies. It may be wise to consult a tax professional before making any decisions.*

# Keeping Cool in Volatile Markets

On April 2, 2025, President Trump announced sweeping tariffs that were larger and different in structure than expected. Over the next two days, the S&P 500 Index plunged by 10.5%. The Dow Jones Industrial Average lost 9.3%, and the tech-heavy NASDAQ Index dropped 11.4%.<sup>1</sup> The two-day rout erased \$6.6 trillion in market value, the largest two-day loss of shareholder value in U.S. history.<sup>2</sup>

Faced with such a dramatic downturn, some investors might panic and sell their stocks. But if they did, they would have missed the equally dramatic bounceback the next week, after Trump announced a 90-day pause on most of the new tariffs. Stocks soared on April 9, with the S&P 500 gaining 9.5%, the largest one-day gain since 2008.<sup>3</sup> Although volatility continued, the index set a new record by the end of June and more records over the following months. The Dow and NASDAQ also bounced back to record highs.<sup>4</sup>

## Tune out the noise

It's likely that the tariff program will continue to influence the stock market for some time, as will decisions around interest rates and other economic news. The media generates reports 24 hours a day, and you can check the market anywhere you carry a mobile device. This barrage of information might make you feel that you should buy or sell investments in response to the latest news or market movement. But as the events of April 2025 illustrate, it's generally not wise to react emotionally to market swings or to news that you think might affect the market.

Historically, some of the best days of stock market performance have followed some of the worst days. Pulling out of the market due to an emotional reaction can lead to missing gains on the way back up. On the other hand, buying heavily just because the market is rising could mean overcommitting at higher prices.

## Stay the course

The market will always move up and down, but the long-term trend has been upward for almost a century, the period covered by modern analysis. Since 1928, the S&P 500 Index has returned an annual average of about 10%.<sup>5</sup> Annual returns have varied widely, but, on average, bull markets have lasted over three times longer than bear markets and gained over three times more than bear markets have lost.<sup>6</sup>

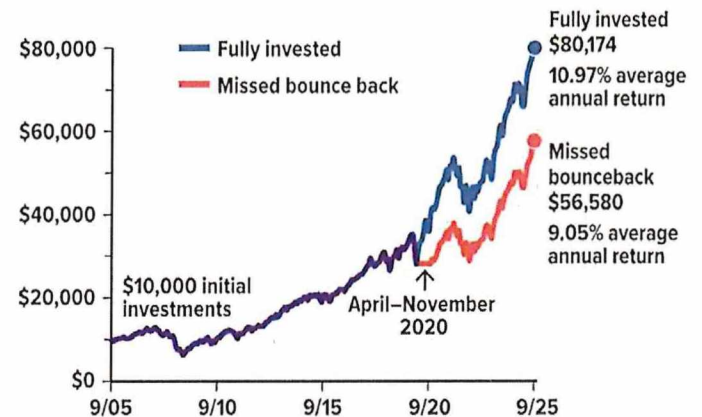
Consider this advice from famed investor and mutual fund industry pioneer John Bogle: "Stay the course. Regardless of what happens in the markets, stick to your investment program. Changing your strategy at the wrong time can be the single most devastating mistake you can make as an investor."<sup>7</sup>

This doesn't mean you should never buy or sell investments. However, the investments you buy and sell should be based on a sound strategy appropriate

for your risk tolerance, financial goals, and timeframe. And a sound investment strategy could help carry you through market ups and downs.

## Missing the Bounceback

The best two months of stock market performance during the last 20 years came in April and November 2020, immediately after the pandemic bear market plunge. An investor who sold in March 2020 and missed the period from April to November would have received only about 70% of the 20-year return of an investor who stayed fully invested.



Source: London Stock Exchange Group, 2025, S&P 500 Composite Total Return Index for the period 9/30/2005 to 9/30/2025. This hypothetical example is used for illustrative purposes only and does not consider the impact of taxes, investment fees, or expenses. Rates of return will vary over time, particularly for long-term investments. Past performance does not guarantee future results.

## Be calm

It can be tough to remain calm when you see the market dropping or to control your exuberance when you see it shooting upward. But overreacting to market movements or trying to "time the market" by guessing its future direction can create additional risk that could negatively affect your long-term portfolio performance.

*All investments are subject to market fluctuation, risk, and loss of principal. When sold, investments may be worth more or less than their original cost. The S&P 500 Index is an unmanaged group of securities considered representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Actual results will vary.*

1, 4) Yahoo Finance, April 7, 2025, and September 4, 2025

2) Morningstar, April 4, 2025

3) CBS News, April 10, 2025

5) Investopedia, May 16, 2025

6) Yardeni Research, January 21, 2024

7) MarketWatch, June 6, 2017

# It's Tough Out There: The Summer Job Market for Teens

Historically, finding a summer job was a rite of passage for American teens. However, over the past 25 years, the summer employment picture has changed dramatically for those ages 16 to 19.

A look back at the employment rate as of July — the peak month for teen summer work — in the 21st century shows a concerning trend: The percentage of employed teens dropped from a high of 44.1% in 2000 to less than 30% in July 2025 (see chart). Despite a gradual rebound after the Great Recession and a slight spike after the pandemic, the downward trend has continued in more recent years.

Reasons for the losses include economic uncertainty, technological improvements, and automation — all of which can reduce business hiring — as well as competition from older workers, teen involvement in extracurricular activities, and, in some cases, a general lack of interest in available jobs.<sup>1</sup>

## Four tips for teens to consider

**1. Nurture and utilize their network.** Teachers, friends' parents, coaches, and relatives may all be great resources who can point teens in a particular direction and introduce them to others who can help.

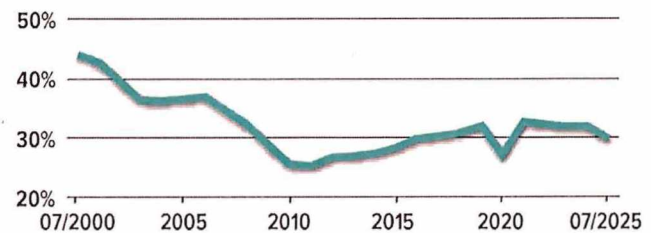
**2. Build a resume and write compelling cover letters.** Even teens who have never worked before can create resumes based on activities, volunteer work, and special school-related projects. The key is to focus on skills learned and experience gained. AI can

help craft cover letters that capture attention and focus on skills most applicable to the desired job.

**3. Deliver the application and resume in person, and be sure to follow up.** A face-to-face encounter can sometimes help distinguish one job applicant from the many others applying online. A follow-up phone call reinforces interest.

**4. Be creative.** Discover other ways to earn money, such as babysitting, mowing lawns, running errands, walking dogs, or reselling clothing and accessories online or in local consignment shops. Cultivating a variety of income streams builds entrepreneurial skills, broadens a resume, and demonstrates resourcefulness to future potential employers.

## Percentage of 16- to 19-year-olds employed



Source: U.S. Bureau of Labor Statistics, 2026

1) Challenger, Gray & Christmas, Inc., May 2025

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