

# J.K. Financial, Inc.

REGISTERED INVESTMENT ADVISOR
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Fall 2026

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# Year-end housekeeping: Reminders, best practices, updates



John A. Kvale, CFA, CFP ®

## RMD, Charitable Donations/QCD's

As we near the end of the year, here are items that are time sensitive and require a year-end 2026 deadline.

**RMD – Required Minimum Distributions**

These are our annual mandate from Uncle Sam (actually the IRS but you guys know what we mean) to get those pre-tax/taxable dollars moved out of the respective balances and thereby allowing our friendly Uncle to incur taxes.

(see **Year**, Page 2)

## The ETF's and exaggerated launches

While we have spoken of the growing proliferation of ETF's recently, the continued exaggerated ETF launches are becoming so extreme we wanted to update and issue a warning.

(see **ETF**, Page 3)

### What do railroads, fiber optics and AI have in common?

## The answer at this time....Nothing - Yet!

Do not get us wrong. We are fans of AI and feel the future will be a better place with it rather than without.

But when human nature, excitement, greed, unknown outcomes and lemming-like actions all get mixed up together, there are a lot of historical precedents that can occur.

Jim Bianco, a long time favorite Wall Street player who shoots straight, recently spoke with our main researchers, Hedgeye, and had a few great comments, as he usually does.

(see **First,** Page 5)

# Year-end housekeeping: charities, clumping

(continued from Page 1)

As a reminder, if you have multiple accounts, you can settle up within any one or all to meet your mandate, just be certain you do meet your mandate.

Just because you have to take it out does not mean you have to spend it. The vast amount of our clients do not actually take their RMD, rather funds are moved into another account, triggering the taxable distribution and meeting the mandate, while also withholding taxes at the same time.

**IRS gets snappy**

The IRS is asking for the RMD amounts on our Tax Returns, a new way of checking to see if we are making it over the distribution finish line. While we have liberal/good experiences of IRS allowing settle ups for those missing their RMD, we never know when temperament will change. Making our RMD annually is a must.

**Reminder on RMD age**

As a reminder, RMD's are a must at age 73 now, this has been a sliding age scale that we will not mention in order to cut down on the confusion. Clap your hands if you are born in 1960 or later, as your first RMD moves to age 75. BUT this is not a hall pass to just defer; there may be many reasons to take an RMD early in order to spread our taxes over our lifetime more evenly, rather than get jumped on during eventual annual mandates. Every situation is different, bring in the thought of changing tax brackets, and we have a more complicated situation. This is another reason we heavily utilize your tax returns for not only current year estimates but longer term "what if" scenario analysis as well.

**Pro-tip: RMD near year-end**

Why do we take lump sum distributions out at the end of the year? So we can allow the maximum amount of tax-free deferred interest, income, gains and adjustments to occur, thereby maximizing our long term portfolio appreciation.

**Charitable giving – deadlines and techniques**

In order for us to take the deduction for our charitable contributions for tax year 2026, they must be made before the end of the year, no exceptions. Keep good records, take good notes, more details are better than less aka no blank donation tear sheets, we know you guys have a few. Take a moment to write in the details and the estimates at the time of donation. It will save heavy breathing and mind recoiling remembrance problems later.

**New for 2026 the $2k/$1k cash contribution**

New for non-itemizers, this year you will be able to deduct up to $1k single, $2k joint EVEN IF YOU DO NOT ITEMIZE – But be careful, this contribution must be not only a cash or cash-like contribution (not tangible stuff) but also to a qualified charity. Fail either hurdle and our best intentions will be thwarted.

**Clumping is still a thing.**

With the standard deduction at $16.1k now, in order to get over that level, especially at times two with joint couples, you may want to clump or double up on your regular donations on an every other year or longer basis. Back in the good ole days of lower standard deductions, a two year clump often gets you into the charitable write off zone; while not unattainable, it likely takes more planning in today's higher stand deduction zones.

**RMDs to charities aka QCD's (Qualified Charitable Donations)**

Those already under the RMD mandate, you may make contributions to charities directly for your mandated RMD amount. You WILL NOT get a deduction for the charitable deduction - that would be double dipping - but YOU WILL satisfy your RMD mandate amount by the amount contributed.

**Pro-tip: Get a checkbook for your IRA**

Write checks directly to the charity, BUT BEWARE, the recipient MUST cash the check before year end in order to prove you did in fact make the contribution in the year 2026. DO NOT UNDERESTIMATE a possible delay. We see this frequently and a reminder to your recipient is always good practice.

**In closing,** while there are many items that will allow our reach back deduction next year in 2027 for this year's (2026) taxes, none of the above do. Acting now is a good idea as we near year end. The procrastination backlog can be significant.

# ETF: Active rather than original strict index following funds

(continued from Page 1)

**What is an ETF?**

ETF stands for Exchange Traded Fund and is essentially a pool of assets or investment types. The most famous ETF is by far the SPY – The Standard and Poors 500 index replication index originally commencing in January, 1993.

**Why so prolific?**

Unlike the afore mentioned SPY ETF, recently the laws changed to allow more active ETF's rather than the original strict index following funds.

Due to these laws the flood gates have opened. (See graph below)

Thirty plus launches a week is ridiculous and there are by no means enough assets to make the proliferation of ETF's profitable, which according to most crosses at the $30 million mark.

The inevitable ending for most – just over 200 days. (See graph, Page 4)

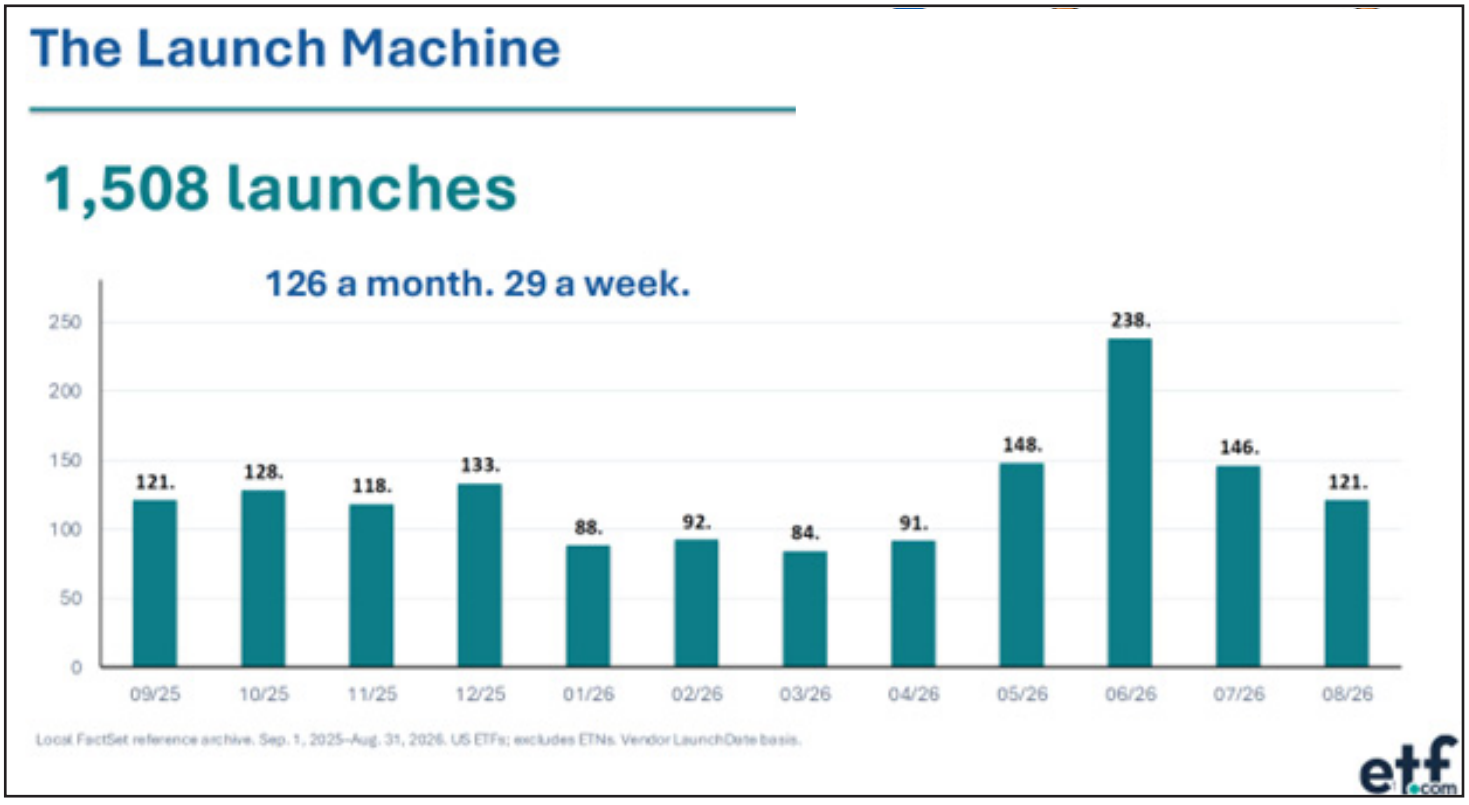
**So why do these issuers continue?**

Just like throwing spaghetti up against the wall, occasionally an ETF will stick, become popular and garner many billions of dollars. So they keep coming, with most dying a quick death of just over 200 Days.

**Even too much of a good thing is bad.**

The SPY ETF, known for its early creation, index following durability, size, liquidity and ability to make it through extreme times (think 1999, '07-9) with a long track

(see **Careful**, Page 4)



# ETF: Careful eye for short-lived time needed

(continued from Page 3)

record. Many of the new ETF lack ANY of these characteristics.

Not only that, there are current literally betting ETF's on the shelf in the form of hockey and other sports teams. Yes, that is correct, for lack of better terms, just a betting ETF that will likely end up in legal battles one way or another. This all a far cry from the original stately ETF of original creation.

**Not all are bad.**

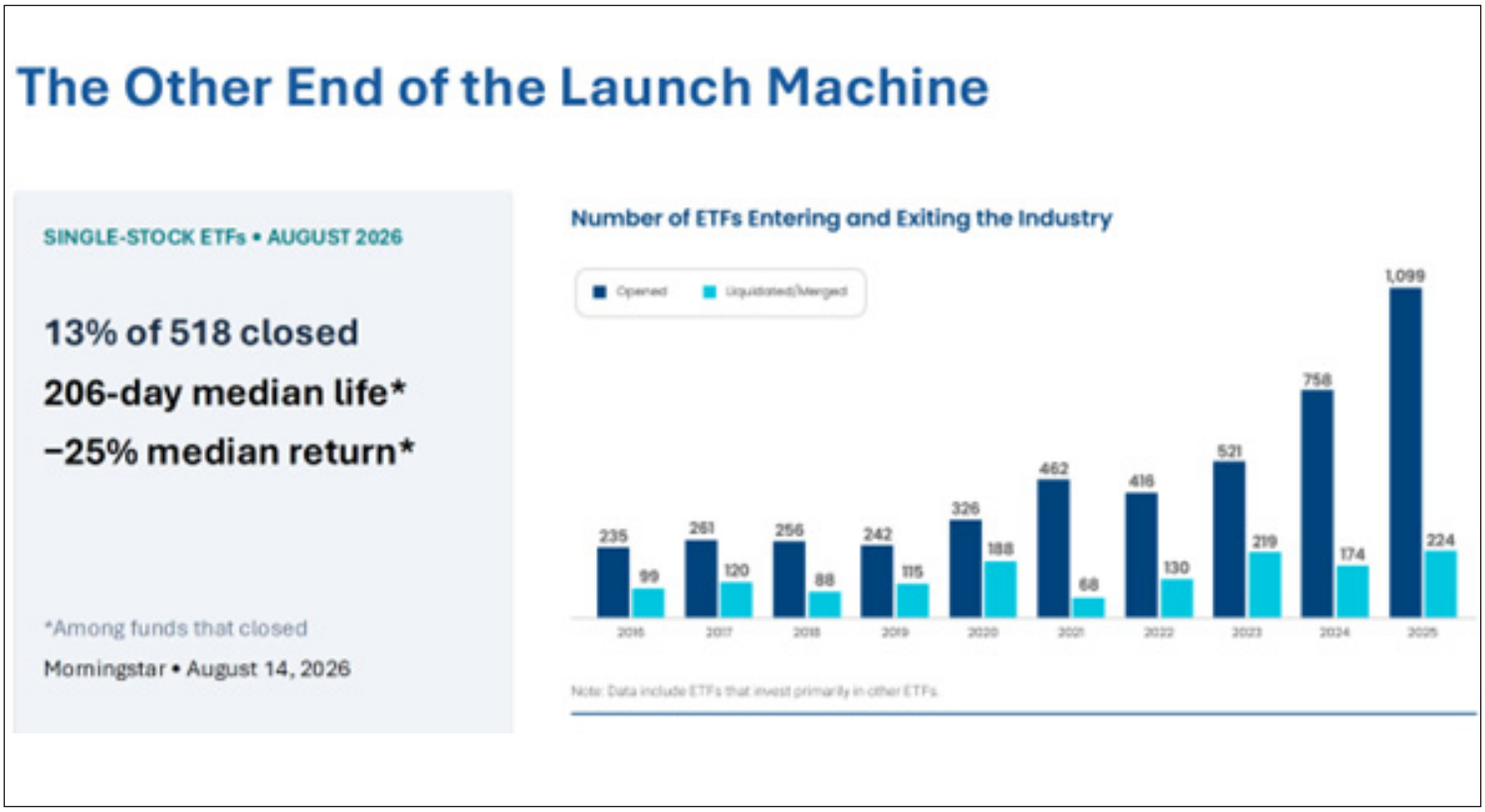
One of our favorite techniques that many mutual fund companies are now offering are the transfer of investments from the traditional mutual fund wrapper to the ETF. This is extremely handy for less tax efficient mutual funds and also has the immediate result of zero trading cost since an ETF trades like a stock and those trade free.

These along with a very few other well-thought-out ETF's are likely a very good creation and will have staying power.

**Closing comments**

In true build it and they will offer it format, many ETF creators are recklessly tossing ideas out and creating new ETF's with very little care of desire for the longer term use of the ETF. It is literally just a numbers game, with the average newly created ETF lasting just over 200 days in 2026.

Like a bad movie, most of these ETF's will not even make it into newsworthy stories and will silently vanish. But, given the proliferation of ETF's currently, a careful eye on accidental enthusiasm for a likely short-lived time on the trading sheets is needed.



What do railroads, fiber optics and AI have in common?

# First wave of technology leads to overbuild

(continued from Page 1)

### Railroads

Bianco points out that we currently have 40% less of peak 280k miles during the initial build. Much of these tracks were only used twice, once when built and once when taken down.




### Fiber options of the late 90's

Again, Bianco points out In the late 90's, Global Crossing crossed over from asking to raise money to being given as much money as they wanted.

They laid 100k of cable with only 2% used. Much of it has not been used and will never be used.

### Lastly, from Bianco

Every technology during its first wave will lead to an overbuild. Skepticism leads way to optimism and that overconfidence creates the final troubled overbuild.

And one final comment we have wrestled with as well.

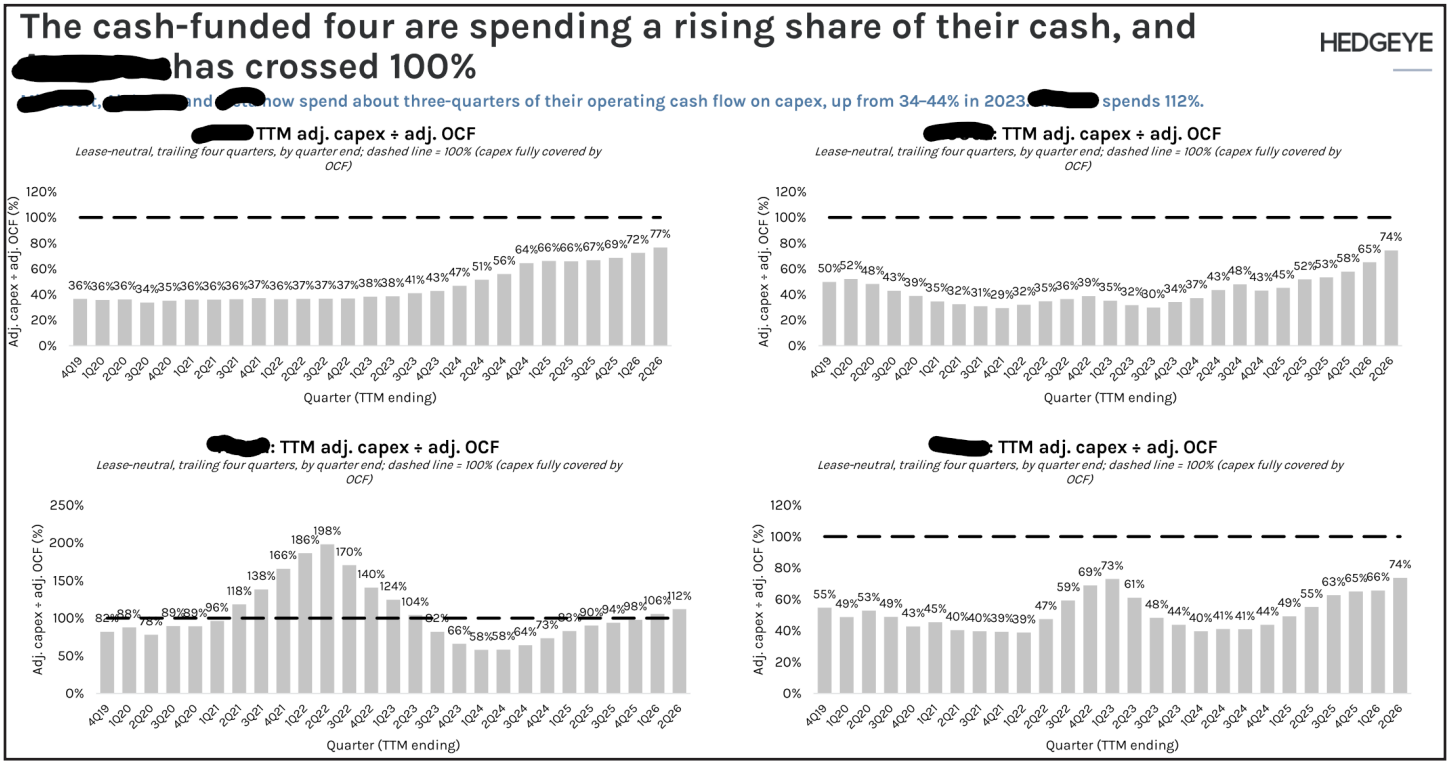
What happens when the technological advance story reads, "We have just figured out how to do this with way less everything?" There is an immediate overbuild.

### In closing

The names are withheld as we do not like to show individual companies in this venue. These are names easily recognizable and with formerly huge coffers of cash.

Over the last few years, as can be seen, the direction is to use all of the cash AND if continued spend goes on as expected, loans will be needed for future AI investment. (See charts below.)

Maybe this time is different but it is worth noting those are very dangerous words!



# When and why experience matters,

# A Ripley, Sigourney Weaver example

If you are scratching your head wondering how we are going to tie that headline together, just hold on and give us a second. We think you'll like this analysis.

**When and why experience matters**

There is no replacement for actually living historical moments. While we can all read about them, research them, dig deep into every emotion allegedly occurred at that time, living through and actually having the battle scars are irreplaceable.

We had the luxury of scars to prove that we have lived through the late 1990's along with the 2007-2009 financial crisis. There is absolutely no replacement for those experiences.

**What's different now?**

Almost everyone reading this newsletter via paper copy has a good history with us. We thank you for that.

While the aforementioned tough time references are true, in almost every case, our asset base is much greater than it was several decades ago. Human nature is such that we live in a world of dollars, not percentages.

Cutting to the chase with larger assets, a smaller percentage is still a larger dollar change. Just so you know, we are very aware of this and we again have the battle scars to prove it and we continue to guard against this.

**For those newer - The Cassandra truth**

We are so thankful and fortunate to have many younger clients, next generation of clients and younger families as a whole.

The Ripley character played by Sigourney Weaver in the late 80's *Alien* was a favorite. For those who have not seen part one or part two, insert *Don't Look Up* as a more recent reference point. Any and all point to a new term to us, the Cassandra Truth, a term depicting the experience needed but frequently ignored by those without the battle scars.

Using the more graphic *Alien* as our example, Ripley's first venture to a terrestrial infested area resulted in an almost total loss.

In just less than 10 years, part two of the same series highlighted newer stronger bigger guns and well-fit individuals who were overconfident in their ability to fight off the terrestrials. As you can likely either remember or infer by our example, after multiple warnings, Ripley was ignored. Most of the entire team was wiped out once again, Ripley returning to safety in a very low single digit headcount.

**Why all the fuss?**

Pairing the scars of experience of the late 90's and the '07 through '09 crisis, **while we are not predicting and don't wish anything of the like to come, we know that they do exist** and they come out of the darkness sometimes without warning.

Rest assured, we will not forget and will not act on the Cassandra Theory. What does worry us is capital markets have a way of almost luring in a whole new generation of investors, much of what we've seen as of late for reference, look at our ETF explosion article or Bianco Rails, Fiber, AI.

Again, not a warning or a dire forecast, just the knowledge and the scars to know what can occur.

In closing, this is just an outloud reminder for ourselves and for you and for some of the less scarred, a sort of manifesto that we know what can happen and we will not let our guards down!

# D Magazine Best of Wealth Managers and Financial Planner




*Left to right:*
Jen Hill; John Kvale, CFA®, CFP® (Best Financial Planner); Donald Capone, CFA®

## J.K. Financial, Inc.

**WEALTH MANAGERS AND FINANCIAL PLANNER**

Founded nearly three decades ago by John Kvale, J.K. Financial is an approachable, fee-only total wealth management firm that offers a roll-up-the-sleeves, deep understanding approach to each client's unique financial situation.

"We offer a concierge, holistic approach to total wealth management with the belief that while wealth is the engine that runs everything, true financial planning is what offers a long-run view of a client's financial picture," Kvale says. "This is a white-glove, hands-on firm, and we make ourselves available to clients through life's peaking and shoaling. We strive to be a trusted companion as our clients go through inevitable financial curveballs, and we have an uncanny ability to anticipate and address potential problems."

A relationship-based, boutique firm serving high-net-worth individuals, career-driven professionals, business owners, retirees, and C-level executives (with the largest commonality being single women), J.K. Financial operates on the core values of dedication, discipline, teamwork, honesty, and integrity. Services include total wealth concierge analysis, retirement readiness and investment management, protection analysis and assistance, estate planning, tax monitoring and minimization, concentrated wealth strategies, and trust services.

"This is an intentionally small, self-owned firm so that we can continue to provide personal service," Kvale says. "We are proud to remind our clients that they've worked hard for what they have, and we are honored to have this fiduciary responsibility. It's a joy to form these relationships and have an impact on their future."

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Disclosure for DMagazine: Award given to J.K. Financial, Inc. on October 1st, 2026 by DMagazine. Data for inclusion of the list based on 2024 and 2025 information. J.K. Financial, Inc did not pay to be included on the Top Wealth Managers list. For more information on how winners were chosen please see https://www.dmagazine.com/awards and events/top-wealth-managers/#about.

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# 30th annual holiday party at Fair Park, Nov. 22




**J.K. FINANCIAL, INC.**

**30th Annual Holiday Party**

22 NOVEMBER
1 pm

**VENUE**
Texas Discovery Gardens at Fair Park
3601 Martin Luther King Jr. Blvd., Dallas, TX 75210
RSVP to Jen at by Nov. 6th (e-mail:
Jen@jkfinancialinc.com or call: 214-706-4300)

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**Check out our Blog**

**www.street-cents.com**

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investments may be appropriate for you, consult your financial advisor prior to investing.

## Parting thoughts for you...

It seems like only yesterday we were organizing busloads to drive around the neighborhoods and look at lights for one of our first Holiday Party events. After multiple failed starts in the form of torrential rain, the Holiday Party continued on.

This year with a theme of ***We are just getting started good!***, we hope you can join us for our 30th Annual Holiday Party at the Butterfly Museum. This year's event will be Sunday afternoon, the week before Thanksgiving, due to availability. We have some very special party homegrown item gifts that we think you will really like and are unique and hopefully fit the theme.

In this seasonal Fall newsletter, we have some great year-end tax tips, as a reminder for all of us as we hit the busy season.

We would also like to call your attention to the ETF axplosion article, which we think is very interesting. Related to that article is our Sigourney Weaver Alien Cassandra theory subject matter that forms a historical reference and reminder.

Lastly a repeat appearance by Jim Bianco as he makes the points for reference of Rails, Fiber and Ai. All of which we hope hit home and are informative.

As we enter the speediest part of the year, it is hard to believe how far we've already come in 2026. We thank you for your time and your attention and we look forward to just getting started good and what the future adventures and events may hold.

### Dates:

**Nov. 1 - Daylight savings time ends**

**Nov. 22 - J.K. Financial, Inc. Holiday Party - Fair Park Butterfly Museum**

**Nov. 26 - Thanksgiving holiday, U.S. capital markets closed**

**Dec. 25 - U.S. capital markets closed**