



Monthly Commentary August 2026

September 1, 2026

Stock Market Performance

August 2026: Stock prices rose for the month, buoyed by the release of strong quarterly corporate earnings reports. Bond prices were relatively flat, as the 10-year Treasury yield remained elevated at approximately 4.7%.

Index	Aug '26	YTD '26	Description
S & P 500	2.6%	12.3%	500 Largest Public U.S. Companies
Russell 2000	0.9%	19.1%	2000 of the smallest U.S. stocks
MSCI EAFE	1.8%	11.7%	International stock index
U.S. Aggr Bond	0.4%	-0.2%	Index of U.S. bonds

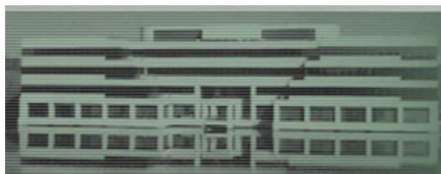
INSIDE THIS ISSUE

Should I Be Concerned About the Financial Health of the Social Security System? **2**

Trump Accounts: A New Savings Opportunity for the Next Generation *By Ryan McCarthy* **3-4**

Services **5**

Returns for the indices are provided solely as a general indication of current market conditions. MAM Portfolios are not invested in a style substantially similar to any index. Indices do not reflect the deduction of management fees or transaction costs or the reinvestment of dividends. Performance for the indices would be lower if these costs were reflected.



Featured Article

Should I Be Concerned About the Financial Health of the Social Security System?

We last wrote an article about the financial health of the Social Security System in 2020. At that time, the Social Security Trustees projected that the reserves in the trust fund would be depleted in 2035. Once the reserves were exhausted, payroll-tax revenue would be sufficient to pay only 79% of scheduled benefits.

Since our 2020 article, Congress has failed to take meaningful steps to shore up the trust fund. In the latest 2026 Social Security Trustee Report, the Trustees now project that the trust funds will be depleted in 2034. At that point, payroll-tax revenue would be sufficient to pay approximately 83% of scheduled benefits. Without legislative changes, that percentage is projected to decline gradually, reaching approximately 65% by 2100.

Running Out of Time for Reforms

Social Security's financial challenges have been apparent for decades, and the longer Washington waits to act, the more difficult the solutions are likely to become. Congress has roughly eight years to address the shortfall before the trust-fund reserves are exhausted.

Possible Corrective Actions

There are two basic ways to address Social Security's funding shortfall: increase revenue or reduce benefits. Who ultimately pays the price—younger workers, retirees, or both—will depend on the actions Congress takes. Most likely, a combination of measures will be necessary. Additionally, any changes could be phased in gradually, giving workers and retirees time to adjust.

Increase Revenue

- Raise the payroll tax rate.
- Raise or eliminate the wage cap, which is \$184,500 for 2026.
- Tax Social Security benefits at a higher rate.

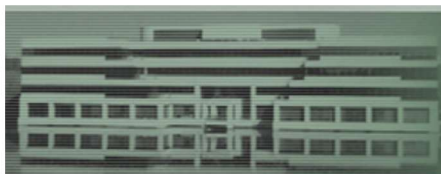
Reduce Benefits

- Increase the full retirement age, currently 67.
- Reduce the cost-of-living adjustment (COLA).
- Reduce benefits for higher-income retirees.

MAM View: To answer the question posed by the title of the article, at this point we would answer "maybe". We can only speculate what actions Congress will take to shore up the Social Security system.

Historically, Social Security benefits have been politically difficult to cut for current retirees. Consequently, people already receiving benefits or approaching retirement are likely in a safer position than younger workers.





Planning Insights

Trump Accounts: A New Savings Opportunity for the Next Generation

By Ryan McCarthy

The One Big Beautiful Bill Act (OBBBA) created a new tax-advantaged savings vehicle for children known as a Trump Account. Launched July 4, 2026, these accounts are designed to encourage long-term investing from an early age and provide families with another option for building wealth.

What Is a Trump Account?

A Trump Account is an IRA-like investment account available to children under age 18 with a valid Social Security number. Unlike a Roth IRA, a child does **not** need earned income to qualify.

The accounts grow tax-deferred and invest exclusively in diversified U.S. stock market index funds, providing broad market exposure through a simple, low-cost investment approach.

The \$1,000 Federal Seed Contribution

The program's most attractive feature is a **one-time \$1,000 federal contribution** for eligible children born between **January 1, 2025, and December 31, 2028**. Families must actively enroll using IRS Form 4547 or the online enrollment portal.

Families may also manage their accounts through the new Trump Accounts app, which allows users to enroll, monitor balances, and automate contributions.

Contribution & Withdrawal Rules

During the growth period, most contributions are subject to an aggregate annual limit of **\$5,000**. Employer contributions may be up to **\$2,500** annually tax-free, but generally count toward that **\$5,000** limit. Certain government, nonprofit, rollover, and Treasury pilot contributions are excluded from the annual limit. Contributions to Trump Accounts do **not** count toward the contribution limits of other IRAs.

Before the growth, funds are generally unavailable except in limited circumstances. After age 18, the account functions similarly to a traditional IRA. After-tax contributions may be withdrawn tax-free, while investment earnings are generally taxed as ordinary income. The federal seed contribution and employer contributions will generally be taxable when withdrawn.

Roth IRA Conversion Opportunity

Beginning January 1 of the year the beneficiary turns 18, the Trump Account generally becomes subject to traditional IRA rules and can potentially be converted, in whole or in part, to a Roth IRA. The conversion may create taxable income, but if completed during the beneficiary's late teens or early 20s, when taxable income may be relatively low, a Roth conversion may be a tax-efficient way to allow funds to thereafter grow tax-free for decades. Additionally, qualified Roth IRA withdrawals would be tax-free.

Continued on next page →

Planning Insights

Trump Accounts: A New Savings Opportunity for the Next Generation

Continued from page 3

Comparing Savings Options

Each account serves a different purpose, and many families may benefit from using more than one.

	 Trump Account	 529 Plan	 Roth IRA	 UTMA Account
 BEST FOR	Long-term savings	Education	Working child	Flexible gifting
 TAX BENEFIT	 Tax-deferred growth	 Tax-free qualified education withdrawals	 Tax-free qualified retirement withdrawals	 Limited
 EARNED INCOME REQUIRED?	 No	 No	 Yes	 No
 EARLY ACCESS	 Generally unavailable before 18	 Qualified education expenses	 Limited	 Flexible
 OUR VIEW	Good supplemental savings vehicle	Best for college savings	Best for working teenagers	Most flexible



No single account fits every goal. A thoughtful combination can help your family save smarter and build lasting financial security.

A Potential Long-Term Family Strategy

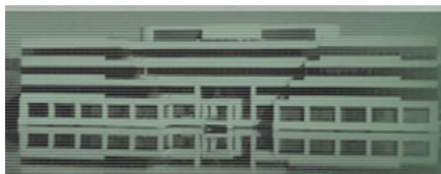
For families with the financial resources to save consistently, the planning opportunity could look something like this:



MAM View

For eligible families, claiming the \$1,000 federal contribution may be worth considering. Beyond that, additional contributions should be considered within the context of the family's overall financial plan. A 529 plan may remain preferable for education savings, while a Roth IRA may offer greater long-term tax advantages for a child with earned income. Trump Accounts may provide another useful savings option alongside these existing strategies.

As additional guidance becomes available, we will continue to evaluate how Trump Accounts may fit into a family's broader wealth-planning strategy.



About McCarthy Asset Management

McCarthy Asset Management provides personalized wealth management and investment guidance designed around each client's individual goals and circumstances. We work closely with our clients to help simplify financial decisions and provide thoughtful, ongoing guidance through every stage of life.

How We Help

Investment Management

Customized investment portfolios designed around each client's objectives, time horizon, and risk tolerance.

Financial Planning

Comprehensive planning services, including:

- Net Worth Analysis
- Retirement Analysis
- Social Security Planning

Tax Services

- Tax return preparation- Either in-house or via the firm of Lauren Be, CPA
- Tax projections
- Tax minimization strategies
- Roth IRA Planning

Additional Client Resources

- Long-Term Care Planning — Allen Hamm, Superior LTC Planning Services, Inc.
- Medicare Advisory Program — Eileen Hamm

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Questions or topic suggestions for a future Monthly Commentary? We'd love to hear from you.