JULY 2026

# QUARTERLY PLANNING OUTLOOK

STORIES AND LESSONS FROM 250 YEARS OF PERSONAL FINANCE IN AMERICA

ANNEX
WEALTH MANAGEMENT

# Introduction

America turns 250 this month.

From the beginning, money has been part of American life. Personal finance is one of life's inescapable realities: the question was never *whether* we'd have to handle our money, only *how*.

So, what can American history teach us about handling our finances today?

Quite a lot, it turns out.

In this edition of our Quarterly Planning Outlook, we reveal lessons for today by looking back at yesterday. America's story is full of intriguing characters, financial milestones, and narrowly averted disasters. Each story offers wisdom for making better financial choices.

*1752*

# BENJAMIN FRANKLIN’S FIRE INSURANCE

In 1752, Benjamin Franklin founded The Philadelphia Contributionship for the Insurance of Houses from Loss by Fire, America’s oldest property insurance company, still operating today. Members marked their buildings with a fire mark of four clasped hands, so the company’s brigades knew which houses to save. Franklin’s outfit later refused to insure homes with trees out front, not because trees spread flames, but because they blocked the firefighters’ hoses. A rival, the Mutual Assurance Company, happily covered the tree-shaded houses and stamped them with a leafy “Green Tree.”

***The lesson:*** *Although modern homes are less likely to burn down than those in the 1700s, all of us still face real financial risks. Understand them and insure against them when appropriate.*

*1775*

# THE “CONTINENTAL” AND THE BIRTH OF INFLATION

To fund the Revolution, the Continental Congress had no power to tax. Instead, it printed roughly $241 million in “Continentals,” beginning with a $2 million issue in 1775. The British flooded the colonies with counterfeits as economic warfare. It worked. By 1781, a paper dollar was worth about a hundredth of its face value in Philadelphia, and “not worth a Continental” entered the language as a synonym for worthless. After the war the notes were redeemed at about a penny on the dollar. Some Americans reportedly papered their walls with them.

***The lesson:*** *Paper money is a promise and promises can be diluted. Arrange your finances with inflation in mind. As the old proverb says, forewarned is forearmed.*

*1792*

# HAMILTON, BUTTONWOOD, AND WALL STREET

Alexander Hamilton, the first Treasury Secretary, built American finance almost from scratch, including a national bank, a plan to repay the war debt, and the dollar itself. In 1792, after a speculative panic rattled America's fledgling securities market, twenty-four brokers signed the Buttonwood Agreement, named for a tree on Wall Street, fixing their commissions and agreeing to trade only with one another. It was equal parts gentlemen's club and price-fixing pact, and it later became the New York Stock Exchange. Hamilton himself, architect of the nation's credit, died deeply in debt in 1804.

***The lesson:*** *Markets depend on rules and trust. New markets will keep emerging, from digital assets to prediction markets. Before investing, make sure you understand what you own, how it is priced, and how it could fail.*

*1797*

# THE ESTATE TAX GOES TO WAR

The federal estate tax, a levy on the value of a person's estate at death, has historically appeared whenever the country needs to fund a war, only to vanish upon peace's return. Its earliest version arrived in 1797 as a stamp tax on estate documents, used to pay for naval rearmament during the Quasi-War with France; it was repealed in 1802. The Civil War brought it back, then repeal; the Spanish-American War brought it back again, then repeal. Only in 1916 did it become permanent. As recently as 2010, a quirk of legislation let the estate tax lapse for a single year — making it, briefly, an unusually advantageous year to die wealthy. Since then, exemption levels have shifted repeatedly.

***The lesson:*** *The federal estate tax is real but not fixed. Plan for it and stay flexible, because the rules can change. Consider your state of residence, as some states have their own "death tax" that often affects more Americans than the federal version.*

*1816*

## THE SAVINGS BANK AND THE HABIT OF THRIFT

For most of early American history, banks served merchants and the wealthy; working people had nowhere safe to put even a few dollars. That changed in 1816, when reformers in Boston and Philadelphia opened the first mutual savings banks. These institutions were designed not to profit from depositors but instead to give ordinary laborers a secure place to save and earn interest. The idea was as moral as it was financial. Thrift, its founders believed, would lift the working poor. Within decades, millions of Americans held savings accounts, and the humble passbook became a fixture of household life.

***The lesson:*** *Wealth is built in small, repeated deposits long before it is built in clever investments. Build the habit of thrift and teach it to others.*

*1831*

## THE BUILDING ASSOCIATION AND THE AMERICAN MORTGAGE

In 1831, a group of neighbors met at a tavern in Frankford, Pennsylvania, and founded the Oxford Provident Building Association, the first savings-and-loan in the country. Members pooled their savings so that, one by one, each could borrow to build a home. The first loan, for $375, went to a lamplighter named Comly Rich, whose modest house on Orchard Street still stands. Early mortgages bore little resemblance to today's: they often demanded 50% down and full repayment in about five years, with a balloon at the end. The familiar 30-year, low-down-payment loan arrived only with federal intervention in the 1930s.

***The lesson:*** *Homeownership offers favorable borrowing terms thanks to significant support from the government. Be strategic and thoughtful with your mortgage, as even small changes can have an outsized effect over time on your overall financial situation.*

1862

# THE INCOME TAX ARRIVES (AND STICKS)

The income tax was born of necessity in the Civil War. An 1861 version was passed but never actually collected. The 1862 Revenue Act replaced it and stuck, taxing incomes at 3% above $600 and 5% above $10,000 and creating the office that became the IRS. The tax lapsed after the war, and in 1895 the Supreme Court struck down a new version as unconstitutional. The fix was the Sixteenth Amendment, ratified in 1913, which made the income tax permanent. Rates have since ranged from 1% to a wartime high of 94%. The tax proved a versatile weapon, too: unable to convict Al Capone of bootlegging or murder, prosecutors put him away in 1931 for tax evasion.

***The lesson:*** *Income taxes have been permanent for well over 100 years. There is no realistic likelihood that income taxes could be repealed. Accept this and plan for them.*

1865

# THE FREEDMAN’S BANK AND BROKEN TRUST

At the close of the Civil War, Congress chartered the Freedman’s Savings and Trust Company to help newly emancipated Black Americans build wealth. Tens of thousands of depositors, from former slaves to churches and mutual-aid societies, entrusted it with their savings. Its trustees then gambled the deposits on speculative loans and railroad bonds, and in 1874 the bank collapsed. Most depositors recovered little or nothing. The failure wiped out a generation’s savings and seeded a distrust of banks that echoed for decades.

***The lesson:*** *Deeply understand any firm that handles your money and how they are governed. Trust must be earned and verified, never simply assumed.*

*1907*

# THE PANIC J.P. MORGAN STOPPED BY HAND

In October 1907, a failed scheme to corner a copper stock triggered a run on New York's trust companies, and the United States had no central bank to stop it. J.P. Morgan, then seventy, summoned the city's bankers to his library and assembled a roughly $25 million rescue pool.  It is said that he locked the doors until they agreed to a plan, signing off near 4:45 in the morning. The panic eased. The episode was so unnerving that Congress created the Federal Reserve six years later, so the nation would never again depend on the spirit of a single financier. Public outrage and the media played a significant role in driving this reform.

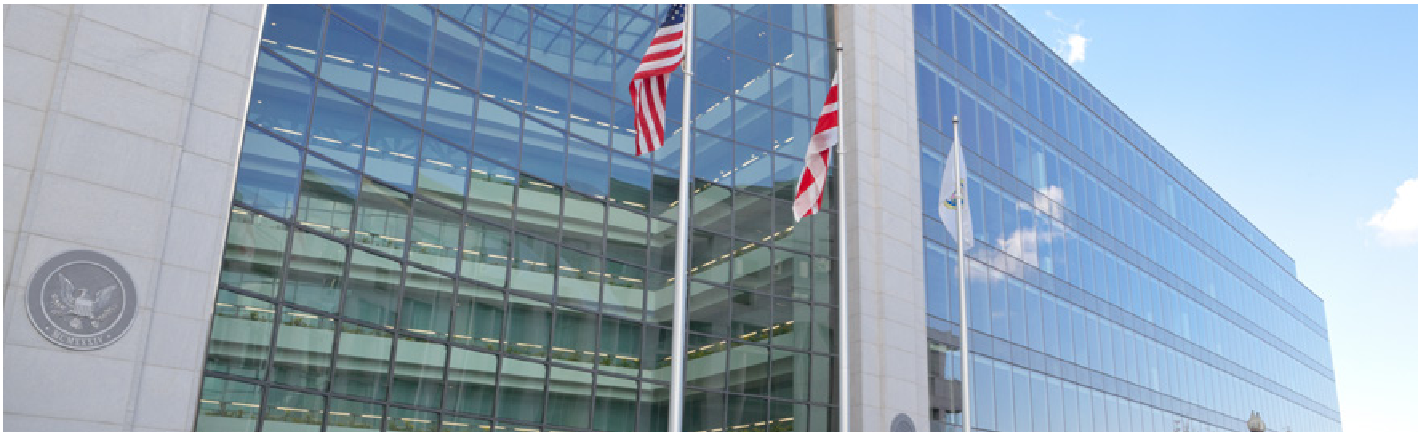
***The lesson:*** *Systems are more reliable than heroes, which is why we build them. Communities are better off when individuals are civically engaged. From voting to contacting local representatives, consider using your voice to advocate for issues that matter to you.*


*1929*

# THE GREAT CRASH

On October 24, 1929, the stock market began a collapse that would erase nearly 90% of its value from peak to trough and take until 1954 to fully recover. Investors had bought shares on as little as 10% margin, so a modest decline wiped them out entirely, and roughly half the nation's banks failed in the years that followed. Recent scholarly research suggests that leverage was not just a key factor in the 1929 crash but the central force behind it.

***The lesson:*** *Leverage magnifies losses as readily as gains. Use it carefully and sparingly.*



*1933–1934*

## THE NEW DEAL REBUILDS FINANCE

Out of the wreckage of the 1929 crash came the architecture that still governs American finance. The Banking Act of 1933 created the FDIC to insure deposits and split commercial from investment banking; bank failures fell from roughly 4,000 in 1933 to nine the next year. The Securities Exchange Act of 1934 created the SEC to police the markets. Its first chairman was Joseph P. Kennedy — himself a former stock manipulator. When critics objected, Franklin Roosevelt reportedly explained the pick with a shrug: “Set a thief to catch a thief.” The Pecora hearings, which had laid bare Wall Street’s self-dealing, supplied the public outrage that made reform possible.

***The lesson:*** *Regulations from the early 1930’s were designed to protect money in banks and public markets. As money begins to flow into alternative investments, private equity and private debt, and digital assets, those same safeguards may apply differently, partially, or not at all. With any investment, understand what protections govern it and what you might be giving up.*

*1935*

## SOCIAL SECURITY AND IDA MAY FULLER

At a time when more than half of elderly Americans lived in poverty, the Social Security Act of 1935 began providing regular payments to seniors. The first monthly check went to Ida May Fuller, a legal secretary from Vermont, on January 31, 1940. She had paid just $24.75 into the system. She lived to 100 and collected $22,888.92 in benefits, a return of roughly 900 times what she put in. Ida also earned income by renting a room in her house and selling vegetables raised in her garden. After Ida received a benefit increase in 1950, she told a reporter "You can't live on it of course if you've got other expenses to pay, but it's a help."

***The lesson:*** *Social Security was built to be one leg of the retirement stool, never the whole seat. Ida May Fuller herself said she couldn't live on it alone. When it comes to your other financial resources, manage them with care and intention.*

*1950*

# THE CREDIT CARD AND A CONVENIENT MYTH

The story goes that businessman Frank McNamara, after forgetting his wallet and being unable to pay for dinner in New York, was so mortified by the experience that he invented a card to pay for meals. It is a good story and entirely fictional — a press agent later admitted he made it up. What is real: in February 1950, Diners Club launched the first general-purpose charge card, a piece of cardboard accepted at a handful of Manhattan restaurants. Its 200 cardholders were known personally to the founders and were expected to pay their balance in full each month. There was no revolving credit and no interest.

***The lesson:*** *With discipline, credit cards can be a useful tool. But like any tool, they can be dangerous. It is worth remembering that credit cards were originally designed as a convenience for those who could already pay in full. It's wise to avoid carrying high-interest balances.*

*1965*

# MEDICARE AND THE COST OF GROWING OLD

Medicare was signed into law in 1965 at the Truman Library, with Harry Truman enrolled as beneficiary number one. At that time, roughly half of older Americans had no health insurance at all. The program was bitterly contested. A few years earlier the American Medical Association had recruited a young Ronald Reagan to record an album warning that government medicine was the road to socialism. Medicare passed anyway and became one of the most popular programs in the country. Health care in retirement is often a significant expense. Original Medicare alone often leaves coverage gaps, so Americans typically choose to enhance their coverage by either enrolling in a Medicare Advantage plan or adding a Medicare Supplement (Medigap) policy. The choice is very important and can have lasting consequences.

***The lesson:*** *Even with Medicare, health care is one of the largest and most underestimated costs in retirement. If you have not yet enrolled in Medicare, pay special attention to your plan choice. Some Americans enroll in Medicare Advantage plans without fully evaluating all their options. Reach out to the Annex team and we'll be happy to connect you with the resources needed for a comprehensive, personalized analysis.*

*1974*

# ERISA AND THE STUDEBAKER LESSON

When the Studebaker auto plant closed in 1963, thousands of workers discovered their pensions were a promise the company could not keep. Many workers lost their entire benefit, while others recovered about 15 cents on the dollar. One of them, Lester Fox, had spent two decades at the company and later testified before the Senate. The outrage led to the Employee Retirement Income Security Act of 1974, signed by President Ford on Labor Day, which set funding rules for pensions — and, almost as an afterthought, created the Individual Retirement Account.

***The lesson:*** *If you are an employee, take the time to fully understand your employee benefits and available plans. Some retirement plan options may offer less legal protection and carry unique risks, but they can still be valuable as part of an overall financial strategy, provided you fully understand the potential downsides.*


*1978*

# THE 401(K) ACCIDENT

The most important retirement vehicle in America began as an obscure subsection of the Revenue Act of 1978. Section 401(k) was meant to clarify the tax treatment of bonuses, but a benefits consultant named Ted Benna noticed it could be read to let workers save pre-tax money straight from their paychecks, with an employer match on top. After a client rejected the idea, fearing Congress would close the loophole, Benna launched it at his own firm instead, effective January 1, 1981. Today, 401(k) plans hold more than $8 trillion. The catch: the employee, not the employer, now bears the investment risk and the duty to save.

***The lesson:*** *The 401(k) has helped turn retirement from a promise made to you into a job you must do yourself. No one is coming to fund it for you. When it comes to your investment selection, be thoughtful and strategic.*

*1997*

# THE ROTH IRA AND BETTING ON TAX RATES

Senator William Roth of Delaware, a tax-cutting crusader once famous for hunting $640 toilet seats in the Pentagon budget, gave his name to a new kind of retirement account in 1997. The Roth IRA inverted the usual deal: you contribute money you have already paid taxes on, and in exchange every dollar it earns comes out tax-free in retirement. Whether the Roth or the traditional account wins depends largely on whether your tax rate is higher now or later — a question no one can answer with certainty.

***The lesson:*** *Because future tax rates are unknowable, holding both pre-tax and after-tax savings is a hedge. Tax diversification is as sensible as investment diversification.*

*2017-2025*

# THE ROLLING REFORM ERA OF TAX LAW

The period from the Tax Cuts and Jobs Act of 2017 through the One Big Beautiful Bill Act of 2025 marked an unprecedented era of tax law change, with eight major pieces of legislation reshaping hundreds of provisions—from the elimination of the “stretch IRA” for most beneficiaries to significant updates to Required Minimum Distribution rules. Compared to all prior reform periods including the Bush and Reagan tax cuts, America’s tax and retirement laws have never changed so frequently or so rapidly, driven by a unique convergence of Trump-era policy priorities, COVID-related legislation, and rare bipartisan cooperation behind the SECURE Act and SECURE Act 2.0. At Annex, we refer to this time period as tax law’s “rolling reform era.”

***The lesson:*** *Tax law is written in pencil. The one certainty in tax is that change is coming. No matter your age or circumstances, there are strategies that can help increase your tax diversification, helping your plan and portfolio adapt to whatever future tax laws may bring. Although taxes may be one of the largest expenses you face in retirement, effective tax planning can give you more control over this cost than you may realize.*

# Conclusion

The past 250 years of American history make one thing clear: while circumstances change, sound financial principles endure. The lessons highlighted in this piece can help us better prepare for what lies ahead. As Winston Churchill observed, "The farther backward you can look, the farther forward you are likely to see."

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WEALTH MANAGEMENT

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