

May 2026

## Money Lessons From My Mom – Then and Now

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Three years ago, I wrote a piece for Mother's Day about the most important money lesson I ever received. It didn't come from a textbook or professor. It came from my mother, and a system she called The Ledger.

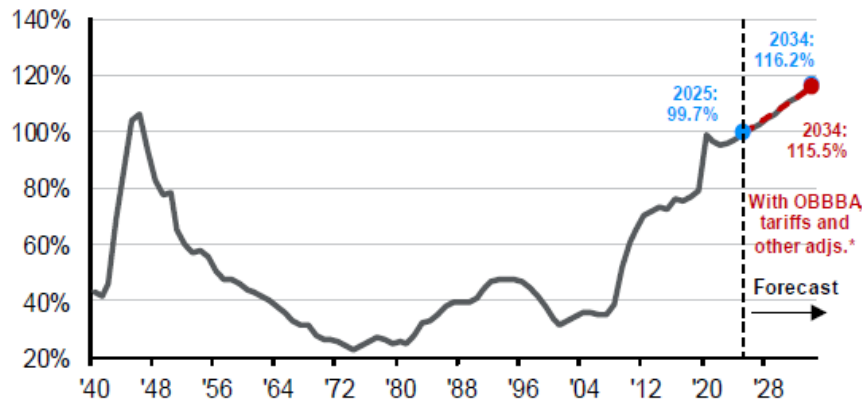
The problems I wrote about in 2023 are still here, only bigger. When I first published this, U.S. federal debt sat at roughly 98% of GDP. Today we're staring down a forecast of 116% by 2034.

I'm sharing this again, with updated charts and data, because the lesson she taught me still applies. It applied to a kid with a shrinking balance. And it applies to our country's burgeoning deficit and ongoing irresponsible fiscal spending policies.

Happy Mother's Day to all the moms!

### Federal net debt (accumulated deficits)

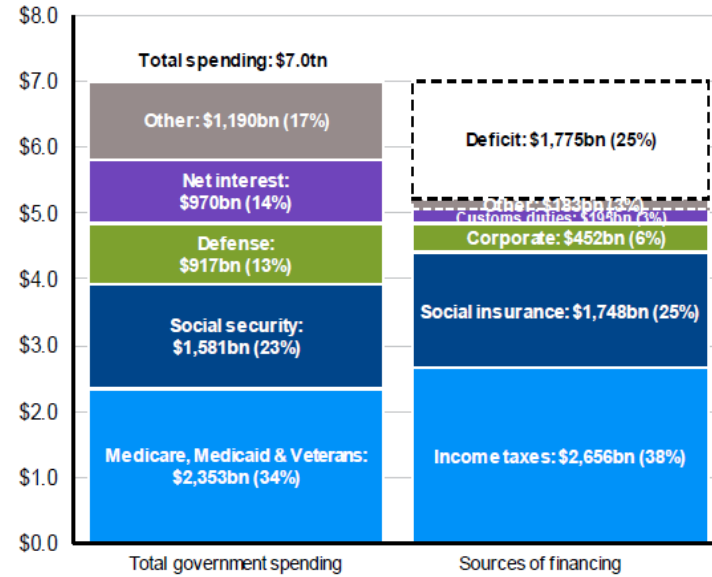
% of GDP, 1940 - 2034, CBO Baseline Forecast, end of fiscal year



Source: BEA, CBO, Treasury Department, J.P. Morgan Asset Management; (Left) Reflects actual FY 2025 government receipts and outlays based on data sourced from the Treasury Department. Numbers may not sum to 100% due to rounding; (Top and bottom right) BEA; Estimates are from the Congressional Budget Office (CBO) January 2025 An Update to the Budget Outlook: 2025 to 2035. "Other" spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Years shown are fiscal years. OBBBA refers to the "One Big Beautiful Bill Act." 2025 figure for net debt as a % of GDP based on preliminary data from the Treasury Department and BEA. \*Adjusted by JPMAM to include estimates from the CBO July 2025 report "Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline." Figures are also adjusted to include JPMAM estimates of tariff revenues and the estimated cost of extending expiring tax cuts beyond 2028, based on CBO August 2025 report "Effects on Deficits and the Debt of Public Law 119-21 and of Making Certain Tax Policies in the Act Permanent." Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. *Guide to the Markets - U.S.* Data are as of December 31, 2025.

### The 2025 federal budget

USD trillions

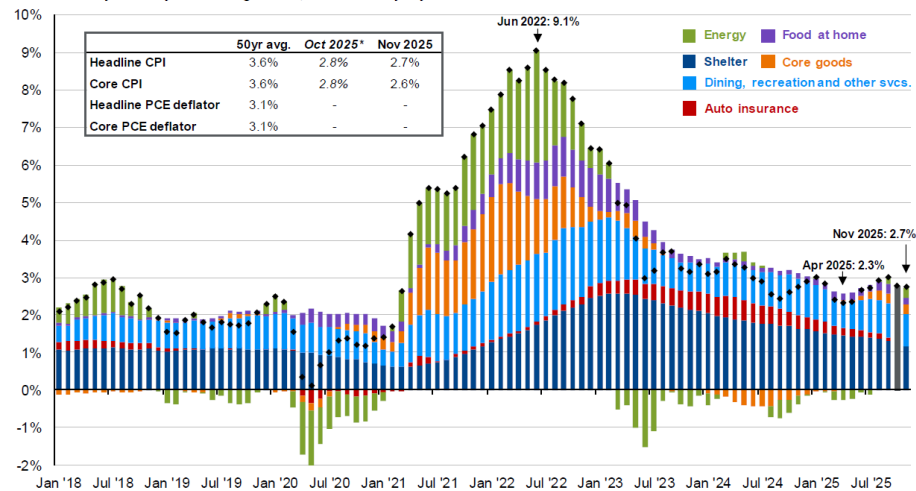


Source: BEA, CBO, Treasury Department, J.P. Morgan Asset Management; (Left) Reflects actual FY 2025 government receipts and outlays based on data sourced from the Treasury Department. Numbers may not sum to 100% due to rounding; (Top and bottom right) BEA. Estimates are from the Congressional Budget Office (CBO) January 2025 An Update to the Budget Outlook 2025 to 2035. "Other" spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Years shown are fiscal years. ÖBBBA refers to the "One Big Beautiful Bill Act." 2025 figure for net debt as a % of GDP based on preliminary data from the Treasury Department and BEA. "Adjusted by JPMAM to include estimates from the CBO July 2025 report "Estimated Budgetary Effects of Public Law 119-21, to Provide for Reconciliation Pursuant to Title II of H. Con. Res. 14, Relative to CBO's January 2025 Baseline." Figures are also adjusted to include JPMAM estimates of tariff revenues and the estimated cost of extending expiring tax cuts beyond 2028, based on CBO August 2025 report "Effects on Deficits and the Debt of Public Law 119-21 and of Making Certain Tax Policies in the Act Permanent." Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

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### Contributors to headline CPI inflation

Contribution to year-over-year % change in CPI, non-seasonally adjusted



Source: BLS, FactSet, J.P. Morgan Asset Management. Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages. Headline and core PCE deflator inflation shown are based on seasonally adjusted data due to data availability. \*Official October 2025 data unavailable due to government shutdown and data shown are J.P. Morgan Asset Management estimates.

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## Money Lessons From My Mom – The Ledger

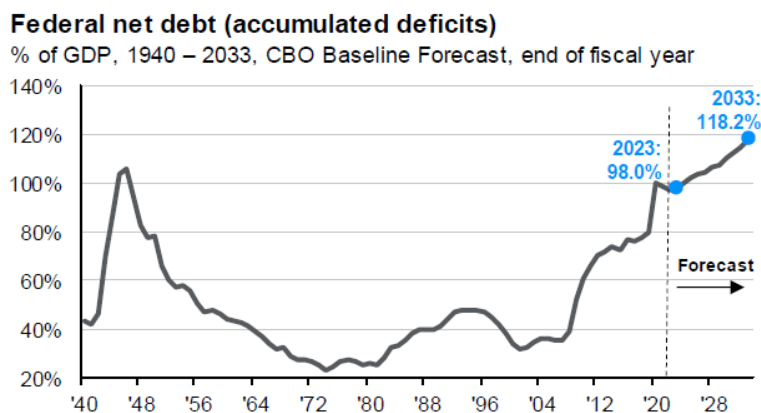
As we celebrate Mother’s Day this weekend, I reflect on my late mother and the lessons she taught me and my older sister, many of them about money. I learned to appreciate finance from her, and while there were several lessons over time dealing with money, the one that stands out the most is the lesson of “The Ledger”.

Just a moment on my mother. She was an incredibly hard worker and a major role model for me. She lost her father early on in life and started working at age sixteen to help support her family. She worked at the same company until she retired in her 50s, in part due to her condition with MS, and later in life, dementia. Over those 40+ years she served many roles in that company: receptionist, secretary, bookkeeper, office manager and the assistant to the President of the company. Sadly, we lost mom in February of 2021, just days before her 76th birthday. I miss her still.

Growing up, I had my own bank account. Well, it wasn’t an actual account with a bank – it was more of an account with the “Bank of Mom”. She called it The Ledger. When we received a gift of cash for a birthday or holiday, we would give it to her, and she would put it in the account. If we ever needed money, for example \$2.50 for going to the movies (Yes, it really was that inexpensive back then – more on inflation later), she would deduct that from the account balance and record that in The Ledger. If The Ledger balance ever went negative, that was the amount we would need to pay her back. I was only ten years old at the time The Ledger started, but I learned some hard lessons over the years, like the perils of deficit spending and compounding interest.

As a country, we have our own “Ledger” of sorts– the national deficit. We also have some real issues of deficit spending with our annual federal budget. And not to make matters worse, but as inflation has gotten higher and interest rates have increased over the last two years, so too has the cost to pay for our borrowing.

As you can see from the chart below, the U.S. really hasn’t been too good with spending over the past decade and especially over the last several years. In part some of this was post-pandemic spending from COVID where we needed to help get our economy back on its feet, get people back to work and our country out of a short-lived, but very severe recession. The current debt level is almost 100% of our GDP, and if we keep it up, will be close to 120% by 2023. While my mother loved me very much, I am not sure she would have allowed me to get that deep into debt on my ledger.

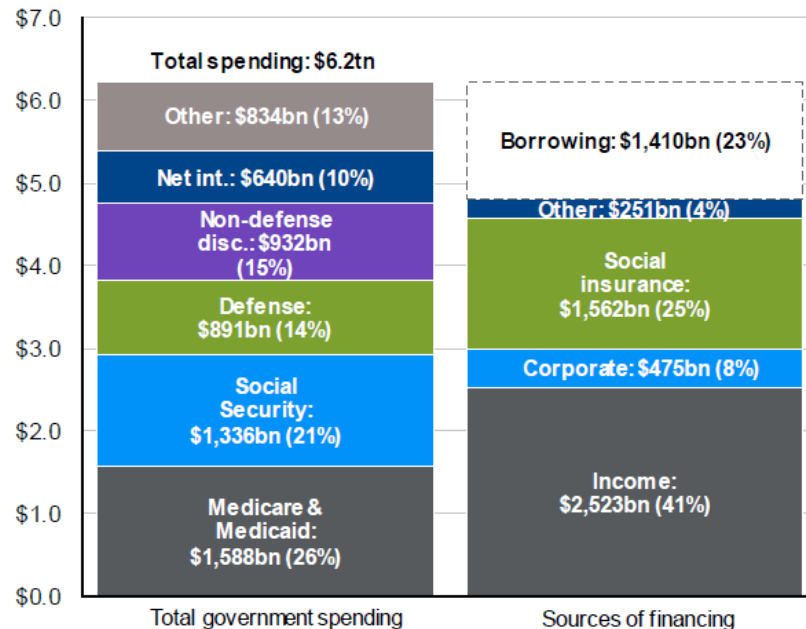


Source: CBO, J.P. Morgan Asset Management; (Top and bottom right) BEA, Treasury Department.  
Estimates are based on the Congressional Budget Office (CBO) February 2023 Update to the Budget and Economic Outlook. Other spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Note: Years shown are fiscal years. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.  
Guide to the Markets – U.S. Data are as of March 31, 2023.

Well, if we know we have been spending too much and see this debt issue becoming worse in the future, we must be getting better and starting to spend less, right? Nope. The chart below reflects our annual budget for this year. All you need to do is look at the borrowing portion of how we source our financing to realize that almost a quarter of our annual spending comes from borrowing more. How can we do that? How much longer can we afford to keep this up? Again, not sure mom would let me keep doing that year after year.

**The 2023 federal budget**

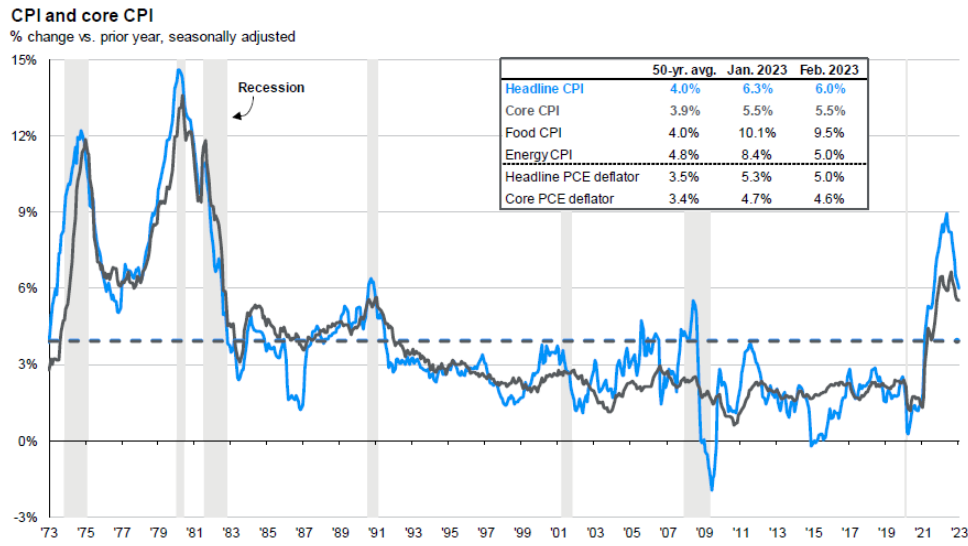
CBO Baseline forecast, USD trillions



Source: CBO, J.P. Morgan Asset Management; (Top and bottom right) BEA, Treasury Department. Estimates are based on the Congressional Budget Office (CBO) February 2023 Update to the Budget and Economic Outlook. Other spending includes, but is not limited to, health insurance subsidies, income security and federal civilian and military retirement. Note: Years shown are fiscal years. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated. *Guide to the Markets – U.S.* Data are as of March 31, 2023.

While inflation has been all the talk the last couple of years, as you can see by the chart on the following page, it really hasn't been an issue for us since the late 1970s and early 80s. However, with all our spending, inflation has really increased as well – reaching a high of 9% in 2022. Last week we got some good news that the inflation rate is now around 5% (year over year), but still much higher than the Fed would like it to be, which is closer to 2%. We have some real progress to make in order to bring it down, and the fears are real that inflation will remain much higher than both the Fed and consumers would like.

The good news for me was that mom never really charged a high interest rate on the ledger balance back in the late 80s/early 90s – it was always around 1-2%. Cheap back then, and frankly by today's standards as well. She was such a saint.



Source: BLS, FactSet, J.P. Morgan Asset Management.  
CPI used is CPI-U and values shown are % change vs. one year ago. Core CPI is defined as CPI excluding food and energy prices. The Personal Consumption Expenditure (PCE) deflator employs an evolving chain-weighted basket of consumer expenditures instead of the fixed-weight basket used in CPI calculations.  
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Looking back to the second chart, what happens to our annual deficit when the cost of servicing our annual debt increases due to interest rates? It's one thing when you are paying 2% on debt, but what happens when that doubles – now we are paying twice as much just to cover the interest cost. If we are already using debt to pay for our annual budget, how do we cover the increased shortfall? Do we borrow even more? Not a good answer.

Clearly, we have some serious financial issues facing our country. In the coming weeks we need to solve the near-term issue with our debt ceiling, not to mention the much more difficult long-term issue of spending more than we make as a country. We have kicked that can down the road for far too long, and some hard decisions need to be made soon.

I wish my mom was still here – maybe she could help us fix these problems. She fixed so many other things for me growing up. She was the best mom I could ask for.

To all the children out there, please remember to acknowledge all the hard work your mother does for you, and all the lessons she teaches you. She works hard so many days of the year, she deserves at least one day for herself. Remind her of that, and how much you appreciate her. It's never too often to tell her what she means to you. To all the moms, Happy Mother's Day!

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