# RBC Wealth Management
# WealthMonitor

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**$7.77 trillion**

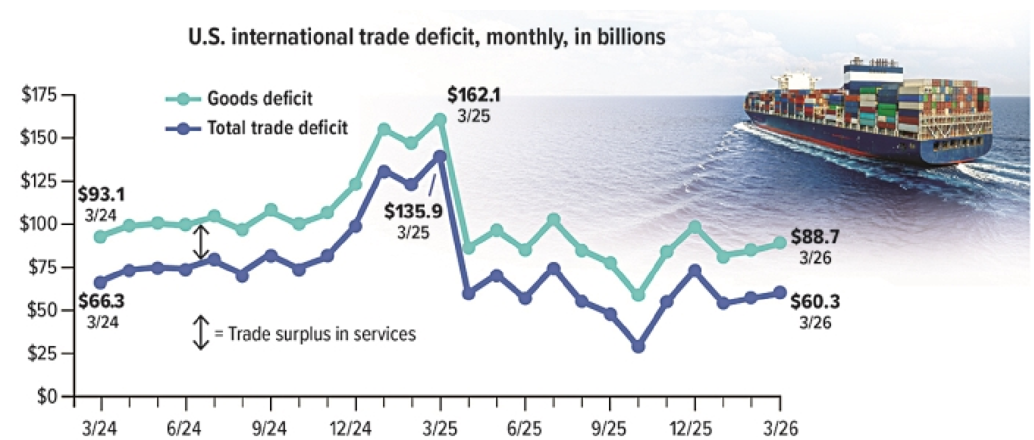
Total U.S. international trade in 2025, up from $7.37 trillion in 2024. This includes imports and exports in goods and services. Trade in goods was $5.64 trillion with a deficit of $1.24 trillion, while trade in services was $2.14 trillion with a surplus of $329 billion. The total deficit was $912 billion.

Source: U.S. Bureau of Economic Analysis, 2026

## Tariffs Helped Drive Decline in Trade Deficit

The U.S. trade deficit in goods — the target of tariffs — increased by about 2% in 2025. However, the annual data was skewed by heavy import activity in late 2024 and early 2025 as businesses stockpiled foreign goods in anticipation of increased tariffs.

The monthly goods deficit began to decline with new tariffs in April 2025 and was 4.7% lower in March 2026 than in March 2024. Over the same period, the monthly total trade deficit dropped by 9.0% due to the declining goods deficit and a growing U.S. surplus in services.




Source: U.S. Bureau of Economic Analysis, 2026



July 2026

# 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.

> *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.*


## 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.*

# The Employment Situation: A Closely Watched Report

Among all the economic indicators released each month, the Employment Situation is one of the most watched. Each monthly report is highly anticipated and can move the markets.

## What is the Employment Situation?

Each month, the Bureau of Labor Statistics (BLS) publishes the Employment Situation Summary (commonly known as the "jobs report") based on information from the prior month. The data for the report is derived primarily from two sources: (1) a survey of approximately 60,000 households, or about 110,000 individuals (household survey), and (2) an establishment survey of over 650,000 worksites. The information contained in each report includes the total number of employed and unemployed people, the unemployment rate, the number of people working full time or part time, average hourly and weekly earnings, and average hours worked per week. The report on private payroll excludes government workers. Because it is released by the BLS on the first Friday of every month, it provides the first comprehensive status check of the U.S. economy for the preceding month.

## What should you look for within the report?

There's plenty of important data within each report. The labor force includes all people age 16 and older who are classified as either employed or unemployed. Conceptually, the labor force level is the number of people who are either working or actively looking for work. The unemployed includes people who are not employed as of the date of the particular survey, are available for work, and made an unsuccessful attempt to find a job within the four weeks preceding the date of the survey. The unemployment rate represents the number of unemployed people as a percentage of the labor force. The information contained in this report can have an impact on the stock market as it relates to interest rate expectations, consumer spending, and corporate earnings.

## Why is it important?

According to the Bureau of Labor Statistics, when workers are unemployed, their families and the country can be negatively impacted. Workers and their families lose wages, and the country loses the goods or services that could have been produced. In addition, the purchasing power of these workers is lost, which can lead to unemployment for even more workers.

The data in this report can provide useful information to investors. For instance, a rising unemployment rate may indicate a slowing economy. In this scenario, stock values may decline with falling corporate profits, while bond prices may rise as yields fall in response to lower interest rates. Slower wage growth may be a sign of lower inflation, declining interest rates, and reduced economic productivity.

Conversely, a declining unemployment rate may indicate a growing economy and potentially rising interest rates. In this scenario, stock values may increase with expanding corporate profits, while bond prices may fall for fear of rising interest rates.

Advancing wages may also be a sign of higher inflation and advancing interest rates, as well as greater economic productivity. But if the report is too strong relative to expectations, investors may fear more tightening by the Federal Reserve.

The employment data can influence consumer spending. More people with jobs generally means more disposable income, which should translate to higher sales for retail, tech, and travel companies. Job losses or stagnant wages may signal a future drop-off in spending, which could lead to lower corporate earnings. Even if interest rates stay low, a significant drop in jobs can cause stocks to tumble due to fears of a recession.

## How does the jobs report influence the Federal Reserve?

The Federal Reserve's dual mandate is maximum employment and stable prices. The Employment Situation is the main gauge of the first mandate and an important factor in inflation risk. If the jobs report is stronger than expected during a period of rising inflation, the Fed may assume a more hawkish stance, either delaying interest rate cuts or hiking rates. A weaker-than-expected report with moderating inflation can lead to interest rate cuts. In general, the Fed rarely reacts to a single report, instead making policy moves based on a sequence of strong or weak jobs data.

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### Other Important Economic Indicators

- **Unemployment Insurance Weekly Claims Report** — provides data on new claims filed, total claims paid, and the unemployment rate
- **Consumer Price Index** — measures changes in the average price of goods and services purchased by consumers
- **Federal Reserve's monthly industrial production index** — measures monthly and annual changes in output in manufacturing, mining, and utilities

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*All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. Estimates are based on current conditions, are subject to change, and may not come to pass.*

# Midyear Checkup: Can You Contribute More to Your Retirement Plan?

With traditional pensions in decline, other work-based plans that are driven primarily by employee contributions — such as 401(k), 403(b), and 457(b) plans — are the bedrock of the U.S. retirement system. This means it's up to you to build retirement savings.

The good news is that the contribution limits for these plans are generous, much higher than the limits for IRAs. However, unlike IRAs — which allow contributions up to the April tax deadline of the following year — you generally must make annual contributions to an employer-sponsored plan by December 31.

The middle of the year is a good time to make sure you are on track to meet your annual contribution goal. Employers will typically allow you to change your contribution levels at any time during the year.

## Beyond the match

If your employer offers matching contributions, make sure you are at least contributing enough to receive the full employer match. If not, you are leaving money on the table.

However, employers typically match contributions only up to a small percentage of your salary. Increasing your contributions could make a big difference in boosting your retirement savings. Keep in mind that traditional contributions to an employer plan are usually made with pre-tax dollars, so the decrease in your take-home pay will generally be less than the increase in your contributions.

The earlier you start contributing, the longer your savings have to pursue potential growth. But any time is a good time to increase your contributions — and special catch-up contributions provide an extra opportunity for older employees to boost their savings.

## Contribution limits

The standard 2026 contribution limit for 401(k), 403(b), and 457(b) plans is $24,500.

Employees who are age 50 to 59 or 64 and older can contribute an additional $8,000 in catch-up contributions for a total of $32,500. Employees who reach age 60 to 63 in 2026 can contribute an additional $11,250 for a total of $35,750.

Beginning in 2026, an employee who earned more than $150,000 in Social Security wages the previous year must make age-based catch-up contributions as Roth contributions. You can find your Social Security wages in box 3 of your W-2 form. Not all employers offer the option to make Roth contributions.

Some 403(b) and 457(b) plans may offer an additional catch-up opportunity that is not subject to the new Roth provision for high earners. These apply to 403(b) participants with 15 or more years of service or 457(b) participants within three years of the plan's normal retirement age. Ask your employer for more information.