Life Income Management™
Creating income for life.

Samuel S. Young, MBA
West Coast Regional Director
Investment Advisor, *registered*
Fiduciary
909-566-2111
sam@lifeincomemanagement.com

Financial Outlook

JULY 2026

Estate Planning for Complicated Family Situations

In our modern and increasingly complex society, planning for the future is not always straightforward. Divorce and remarriage, blended families, children with disabilities, or even a financially irresponsible child can complicate estate planning to the point where procrastination is tempting. If any of these situations apply to you, the reality is you should have a well-thought-out estate plan in place. While accommodating all of your loved ones is a delicate balancing act with many variables to consider, the reward is peace of mind knowing that your spouse and children will be cared for in the best possible way following your death.

If You Are Divorced

One of your top priorities is updating your beneficiaries, last will, trusts (along with the executor/trustee), durable power of attorney, and healthcare proxy. Likewise, because you no longer have the benefit of combining your estate and inheritance tax exemptions with a spouse, you may need to consider more strategic estate planning to avoid estate taxes.

If there are children involved, you have even more decisions to make, including guardians of any minor children. Typically, you will not want your former spouse or his/her new blended family to receive any of your assets.

While you can name anyone as your beneficiary on life insurance policies, annuities, retirement accounts (if permitted by your plan), IRAs, and health savings accounts, your children typically cannot receive these funds until they turn 18. In the meantime, your children's appointed guardian, such as their surviving parent, could be designated by the court to manage these monies until they reach adulthood. Proper estate planning can avoid any mishandling of those funds and provide you with the reassurance that your children will be financially protected.

One way to ensure this outcome is to set up a trust with an appointed trustee, such as a grandparent, aunt, or godparent.

If You Have Remarried

While remarrying is a beautiful reminder that second chances really do exist, this can often complicate

Continued on page 2

Asset Allocation Tips

Unfortunately, there is no single asset allocation plan that is suitable for all investors. You need to evaluate your risk tolerance, time horizon for investing, and return needs to determine how you should allocate your portfolio among the various investment categories. To help you with those decisions, consider these points:

- The theory behind asset allocation is that different investment categories are affected differently by economic events and market factors. Some asset classes move in opposite directions while others move in the same direction at different speeds. By owning different types of assets, it is hoped that when one asset suffers a major decline, other assets will increase in value.
- Investments with higher return potential generally have higher risk and more volatility in year-to-year returns. While most investors want higher returns, they may be uncomfortable assuming higher risk levels. Asset

Continued on page 3

Estate Planning

Continued from page 1

estate planning — particularly when at least one spouse has children from another marriage. The first step is to sit down with your spouse and discuss what you both feel is fair for each other and your children, perhaps categorizing what is yours, mine, and ours to reach a decision.

Because of state marital estate laws, unless you have a prenuptial agreement in place, your current spouse has legal entitlement to up to half of your estate, regardless of what your will may designate.

Assuring your surviving spouse is provided for while leaving a legacy for your children can be a fragile matter; it's important to have a plan intact that assures both your spouse and children receive what you intend. You might consider a trust, such as a marital trust, qualified terminable interest property trust (QTIP), or irrevocable life insurance trust (ILIT) that can provide lifetime income to your surviving spouse, while simultaneously ensuring that your heirs receive the remaining proceeds.

If You Have A Special Needs Child

Understandably, parents of a special needs child are often so distracted with accommodating their child's immediate needs that important financial matters are overlooked. The consequences of putting off estate planning are far worse in these situations.

The two most important factors to consider are preserving your child's eligibility for Medicaid and other essential benefits while continuing to provide the best possible lifestyle for him/her. However, without a proper action plan, an inheritance could disqualify your special needs child from vital benefits.

To avoid this situation, parents often leave special needs children out of the inheritance equation, listing other siblings or a designated guardian as heirs with the intention that their special needs child will be provided for as he/she continues to receive necessary medical benefits. The truth is, misuse of these intended funds is always a possibility, as intentions and reality often do not mesh. A much more reassuring path is to consider a special needs trust, which can assure that your child continues to qualify for medical benefits while providing a sound financial future that can include special trips, therapeutic lessons, and life-enhancing activities.

An Irresponsible Adult Child

It's quite common for parents to worry that a child could get into serious trouble when presented with a large sum of money. This depends on a variety of factors, such as age at the time of inheritance, lifestyle, or even addiction issues. Consider establishing a trust — such as a spendthrift trust or even an incentive trust — where the appointed trustee can limit your child's inheritance to several installments throughout the course of his/her lifetime (even on an annual basis if you so wish), place conditions such as good behavior on the disbursements, or even appropriate the funds for something as specific as college tuition.

Please call to discuss this topic in more detail. ❍❍❍

A Strategy for College Costs

If you haven't looked at college costs recently, be prepared. For the 2025-26 school year, the average annual cost of a public university is $30,990, while a private university costs $65,470 (Source: *Trends in College Pricing and Student Aid*, 2025). To help ensure you'll be prepared to provide your children with a college education, start planning now. Consider the following tips:

- **Start investing now.** Determine how much you need to save to reach your goals. Many people will have difficulty saving the amount needed to fully fund a college education. However, there are other sources to help fund those costs, such as loans and financial aid. Thus, your goal may be to accumulate 30%, 50%, or some other percentage of the total cost of college. If you're tempted to postpone starting an investment program, run your savings numbers again, assuming you wait a few years before investing. The increase in the annual savings amount may be startling.
- **Determine if you can pay some costs from current income.** Paying down your debts before your child enters college may free up current income for college costs.
- **Encourage your child to participate in the process.** Maintaining good grades and participating in extracurricular activities may make your child a more desirable candidate for college. He/she may then be eligible for a larger range of grants or scholarships. The most attractive loan programs are offered only to students. While you may not want to burden your child with large loans, it may make sense for your child to obtain the loan and, if able, you can then gift funds at a later date for him/her to repay the loan.
- **Expect your child to work to pay part of the cost.** Although a child will have difficulty saving all the costs for college, you may expect him/her to fund a certain percentage of those costs. You can make him/her responsible for tuition, out-of-pocket expenses, transportation costs, or room and board. This may also help ensure your child is committed to his/her education. ❍❍❍

Asset Allocation

Continued from page 1

allocation allows you to combine more volatile investments with less volatile ones. This combination can help reduce the overall risk in your investment portfolio.

- Not only should you diversify across broad investment categories, such a stocks, bonds, and cash, you should also diversify within those categories. For instance, within the stock category, consider large capitalization stocks, small capitalization stocks, value stocks, growth stocks, and international stocks. Bonds could include long-term bonds, intermediate-term bonds, high-quality bonds, lower-quality bonds, Treasury securities, municipal bonds, and international bonds.
- Assessing your risk tolerance is one of the most important parts of determining your asset allocation. You are trying to assess your emotional ability to stick with an investment when returns are less than expected.
- Your portfolio can become more aggressive as your time horizon lengthens, since you have more time to overcome potential downturns in investments. Those with a time horizon of less than five years should not be invested in stocks. Look at cash and bonds for those short-term needs. Individuals with time horizons over five years should consider stocks because of their growth potential. As your time horizon lengthens, you can add higher percentages of stocks to your portfolio.
- Make sure you have reasonable return expectations for various investment categories. Basing your investment program on return estimates that are too high could cause you to increase your portfolio's risk in an attempt to obtain higher returns.
- In general, consider a more conservative allocation if you are older, have short-term needs for your money, have low earnings, have a low risk tolerance, or are uncomfortable with investing. A more aggressive allocation may be warranted if you have higher earnings, are younger, do not need your money for many years, or are an experienced investor.
- Time diversification is also important. By staying in the market through different market cycles, you reduce the risk of receiving a lower return than expected, especially with investments that fluctuate significantly.
- Rebalance your portfolio at least annually. Over time, your actual asset allocation will stray from your desired allocation due to varying rates of return on your different investments. Changes may be needed to bring your allocation back in line.
- Be patient. The results of an investment program are best evaluated over a period of years, not days, weeks, or months.

Please call if you'd like help with your asset allocation strategy. ❍❍❍

When Adult Children Return Home

Once your child has graduated from college, don't assume your financial responsibilities are over. Adult children return home to live for a variety of reasons — they can't find a job, they have too much debt to afford living alone, or they have divorced and need financial support. Use the situation to help reinforce basic financial concepts:

- **Set a time frame.** Don't let your child move in for an open-ended time period. Financial goals should be set and followed, so your child is working toward financial independence and living on his/her own.
- **Charge rent.** There are increased costs when your child returns home — additional food, utilities, etc. Although you don't have to charge a market rental rate, you should charge something. If you're uncomfortable taking money from your child, put the rent money aside in a separate account and use it to help your child when he/she moves out. Also decide which chores your child is expected to perform.
- **Put your agreement in writing.** While putting everything in writing may seem too businesslike, it gives you an opportunity to clearly spell out your expectations and the rules of the house. This can prevent future misunderstandings. ❍❍❍

Financial Data

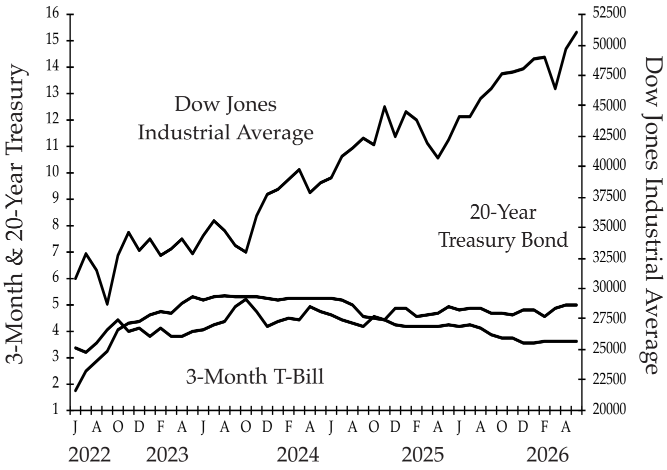
Indicator	Month-end Mar-26	Month-end Apr-26	Month-end May-26	Dec-25	May-25
Prime rate	6.75	6.75	6.75	6.75	7.50
Money market rate	0.42	0.42	0.43	0.41	0.45
3-month T-bill yield	3.62	3.59	3.60	3.57	4.26
10-year T-bond yield	4.30	4.40	4.45	4.18	4.41
20-year T-bond yield	4.88	4.97	4.98	4.79	4.93
Dow Jones Corp.	5.43	5.27	5.35	5.00	5.38
30-year fixed mortgage	6.57	6.39	6.62	6.27	6.97
GDP (adj. annual rate)#	+4.40	+0.50	+1.60	+0.50	-0.60

Indicator	Month-end Mar-26	Month-end Apr-26	Month-end May-26	% Change YTD	% Change 12-Mon.
Dow Jones Industrials	46341.51	49652.14	51032.46	6.2%	20.7%
Standard & Poor's 500	6528.52	7209.01	7580.06	10.7%	28.2%
Nasdaq Composite	21590.63	24892.31	26972.62	16.1%	41.1%
Gold	4592.00	4641.00	4560.50	5.0%	38.7%
Consumer price index@	326.79	330.21	333.02	2.7%	3.8%
Unemployment rate@	4.40	4.30	4.30	-6.5%	2.4%

— 3rd, 4th, 1st quarter @ — Feb, Mar, Apr Sources: *Barron's, Wall Street Journal*

4-Year Summary of Dow Jones Industrial Average, 3-Month T-Bill & 20-Year Treasury Bond Yield

June 2022 to May 2026



Past performance is not a guarantee of future results.

News and Announcements

How to Pay for College Without Student Loans

Student loans may seem like a simple solution to pay for college, but it can be daunting to graduate with lots of debt. If you are looking for ways to pay for college without student loans or with minimal student loan debt, here are some alternatives to consider:

Scholarships — Not all Scholarships are based on academic performance. You should avidly look for scholarship opportunities, including those that are based on your major, your heritage, and even your parents' employers.

Employer Tuition Reimbursement — Consider working for a company that will pay for your college education. Make sure you understand the requirements, because some companies will have a requirement that you work for them for a certain period of time after you graduate.

Go Part-Time — Another option is to work full-time while attending college part-time. While it will take you longer to complete your education, it may be worth it if you don't have to sacrifice so much when it comes to your lifestyle. There are many good college programs that are geared toward people who work full-time.

Load Up on Your Classes — You may be able to maximize your money if you take a heavier class load. By taking more classes, you may be able to graduate earlier. Also, the tuition for summer classes is often less expensive than other semesters. ❍❍❍

FR2026-0122-0255

Indices are unmanaged and investors cannot invest directly in an index. Unless otherwise noted, performance of indices do not account for any fees, commissions or other expenses that would be incurred. Returns do not include reinvested dividends.
The Dow Jones Industrial Average (DJIA) is a price-weighted average of 30 actively traded "blue chip" stocks, primarily industrials, but includes financials and other service-oriented companies. The components, which change from time to time, represent between 15% and 20% of the market value of NYSE stocks.
The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. It is a market value weighted index with each stock's weight in the index proportionate to its market value.
The Nasdaq Composite Index is a market-capitalization weighted index of the more than 3,000 common equities listed on the Nasdaq stock exchange. The types of securities in the index include American depositary receipts, common stocks, real estate investment trusts (REITs) and tracking stocks. The index includes all Nasdaq listed stocks that are not derivatives, preferred shares, funds, exchange-traded funds (ETFs) or debentures.
The Consumer Price Index (CPI) is a measure of inflation compiled by the US Bureau of Labor Studies