Life Income Management™

Creating income for life.

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FINANCIAL OUTLOOK

JUNE 2026

Pump Up Your Retirement Savings

Don't just give up on your retirement goals if you find you've entered middle age with little to no retirement savings. Sure, it may be harder to reach your retirement goals than if you had started saving in your 20s or 30s, but here are some strategies to consider:

- **Reanalyze your retirement goals.** First, thoroughly analyze your situation, calculating how much you need for retirement, what income sources will be available, how much you have saved, and how much you need to save annually to reach your goals. If you can't save that amount, it may be time to change your goals. Consider postponing retirement for a few years so you have more time to accumulate savings as well as delay withdrawals from those savings. Think about working after retirement on at least a part-time basis. Even a modest amount of income after retirement can substantially reduce the amount you need to save for retirement. Look at lowering your expectations, possibly traveling less, or moving to a less expensive city or a smaller home.
- **Contribute the maximum to your 401(k) plan.** Your contributions, up to a maximum of $24,500 in 2026, are deducted from your current-year gross income. If you are age 50 or older, your plan may allow an additional $8,000 in 2026 catch-up contributions, bringing your maximum contribution to $32,500 in 2026. Find out if your employer offers a Roth 401(k) option. Even though you won't get a current-year tax deduction for your contributions, qualified withdrawals can be taken free of income taxes. If your employer matches contributions, you are essentially losing money when you don't contribute enough to receive the maximum matching contribution. Matching contributions can help significantly with your retirement savings. For example, assume your employer matches 50 cents on every dollar you contribute, up to a maximum of 6% of your pay. If you earn $75,000 and contribute 6% of your pay, you would contribute $4,500 and your employer would contribute $2,250.

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Overcoming 5 Retirement Fears

We've all heard stories about people losing all of their retirement savings in a stock market crash, outliving their money, or incurring unexpected medical expenses that forces 80-year-olds back into the workforce. At times, these stories can seem overwhelming — even to the point of deterring people from planning for retirement. Are these fears likely to become realities? Probably not, but the truth is that these things can happen. Here's how you can deal.

1. **Outliving your money** — There's a rule of thumb to decrease the odds of outliving your money over a 25 year retirement: by the time you're ready to retire, you should have saved 8 times your annual salary. To get there, gradually work up to it. For example, at age 35, you should have 1 times your current salary saved, then 3 times by 45, 5 times by 55, and so on.

   Of course, the amount of money you need to have saved by the time you're ready to retire depends on a huge range of individual factors:

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Pump Up

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- ❍ **Make sure to look into individual retirement accounts (IRAs).** You can contribute a maximum of $7,500 in 2026 to an IRA, plus an additional $1,100 in 2026 catch-up contributions if you are age 50 or older. Even if you participate in a company-sponsored retirement plan, you can make contributions to an IRA provided your adjusted gross income does not exceed certain limits.
- ❍ **Reduce your preretirement expenses.** Typically, you'll want a retirement lifestyle similar to your lifestyle before retirement. Become a big saver now and you enjoy two advantages. First, you save significant sums for your retirement. Second, you're living on much less than you're earning, so you'll need less for retirement. For instance, if you live on 100% of your income, you'll have nothing left to save toward retirement. At retirement, you'll probably need close to 100% of your income to continue your current lifestyle. With savings of 10% of your income, you're living on 90% of your income. At retirement, you'll probably be able to maintain your standard of living with 90% of your current income.
- ❍ **Move to a smaller home.** As part of your efforts to reduce your preretirement lifestyle, consider selling your home and moving to a smaller one, especially if you have significant equity in your home. If you've lived in your home for at least two of the previous five years, you can exclude $250,000 of gain if you are a single taxpayer and $500,000 of gain if you are married filing jointly. At a minimum, this strategy will reduce your living expenses so you can save more. If you have significant equity in your home, you may be able to use some of the proceeds for savings.
- ❍ **Substantially increase your savings as you approach retirement.** Typically, your last years of employment are your peak earning years. Instead of increasing your lifestyle as your pay increases, save all pay raises. Anytime you pay off a major bill, such as an auto loan or your child's college tuition, take the money that was going toward that bill and put it in your retirement savings.
- ❍ **Restructure your debt.** Check whether refinancing will reduce your monthly mortgage payment. Find less costly options for consumer debts, including credit cards with high interest rates. Systematically pay down your debts. And most important — don't incur any new debt. If you can't pay cash for something, don't buy it.
- ❍ **Stay committed to your goals.** At this age, it's imperative to maintain your commitment to saving. Please call if you'd like help reviewing your retirement savings program. ❍❍❍

Do You Really Need a Will?

Many people believe they don't need a will. But how valid are the more common reasons for not preparing a will?

Your estate is too small. Some believe that if their estate won't be subject to estate taxes (in 2026, your taxable estate must be over $15 million before estate taxes would be owed), there is no need for a will. However, a will's purpose is not to save estate taxes, but to:

- ❍ **Provide for the distribution of your assets.** Without a will or other estate planning documents, your estate will be distributed in accordance with state law, which may or may not coincide with your desires.
- ❍ **Name guardians for minor children.** Without a will, the courts decide who will raise minor children when both parents die.
- ❍ **Select an executor for your estate.** The executor assembles and values your assets; files income, estate, and inheritance tax returns; distributes assets; and accounts for all transactions. You will typically be in a better position, based on family relationships and individual qualifications, to decide who should be named executor of your estate.

All your property is jointly owned. When one owner dies, jointly-owned property passes directly to the joint owner, regardless of provisions in a will. Also, the unlimited marital deduction allows you to leave any amount of your estate to your spouse without paying estate taxes. Thus, many married couples use joint property ownership as their sole estate planning technique. However, individuals with very large estates may distribute some assets to other heirs for a variety of reasons, including tax benefits.

A living trust will distribute your assets. Only assets actually conveyed to the living trust are controlled by the trust document. Typically a pour-over will is also needed, which places any asset not held by the trust at your death in the trust.

You expect your estate to grow significantly in the future. Some feel it is premature to plan their estate while it is being built. However, a will can be changed. In fact, you should periodically review your entire estate plan to see if changes in your personal situation, preferences, or tax laws require changes to your plan.

Please call if you'd like to discuss the role of a will in your estate plan. ❍❍❍

Overcoming 5

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What are your plans for retirement? How old are you? Will you still have a mortgage? Do you have long-term-care insurance? To truly decrease the odds that you'll outlive your money, work with a financial advisor to develop a robust retirement plan, then stick to the plan and revisit it often to make sure it remains in alignment with your goals and circumstances.

2. High inflation — What if inflation went up to 12–14% like in the 1970s? What would you do? It's probably not likely that inflation will spike like that again, however, because it has happened before, you want to be prepared. This is where an annual review of your investments can be wise. In periods of very high inflation in the U.S., for example, you may need to adjust your investment strategy. Indeed, that is the point of diversification: if you are properly diversified, your portfolio should include investments that move opposite each other, so when one asset class or subclass is down, another is up.

3. Unexpected medical expenses before retirement — Unexpected medical expenses that you may incur while you are still working could totally derail your retirement. To prepare for them, it's important to have insurance in place, such as disability and life insurance. Disability insurance will ensure that if you do lose your income due to a disability, you will still be able to take care of your basic necessities and not tap into your retirement. Life insurance will protect your family in the event of your death — especially important if your income was the key to your spouse's retirement.

4. Unexpected medical expenses during retirement — For most people, health care is one of the largest (often *the* largest) expense incurred during retirement. There are a few ways to prepare for medical emergencies: private health insurance to fill the gaps in Medicare, long-term-care insurance, and rainy day savings. For today's retirees, Medicare takes care of most medical expenses, however, you need savings to cover what insurance won't — like copays and expenses exceeding your insurance limit. And just as you save before retirement for unexpected expenses, so should you continue your rainy day fund in retirement; even if you are adequately insured, copays can be significant if you have a medical emergency.

5. Market crash — As with high inflation, the key to surviving a market crash is diversification. (To be clear, there is no way to insulate yourself completely from the effects of economic turmoil. But you can take steps to ensure that turmoil doesn't completely ruin your retirement plans.) As you get closer to retirement, you should be invested less heavily in equities and more in investments like bonds.

Please call if you'd like to discuss this in more detail. ❍❍❍

The Benefits of Low-Correlated Assets

At first glance, asset correlation may seem like a complex topic. However, it is important to understand the concept and how it affects your portfolio. By combining assets with low correlation, you can potentially improve portfolio returns while reducing risk.

Correlation is a statistical measure of how one asset class performs in relation to another asset class. Correlations can range from +1 to –1. A correlation of +1 means the two assets move very closely together in the same direction. Combining assets with a high positive correlation will not provide much risk reduction. A correlation of –1 indicates the assets move in opposite directions, a rare event in the investment world. A correlation close to 0 means no relationship exists in the price movements of the two assets.

Combining assets with consistently high correlations to each other does little to reduce risk. The greatest combination benefit to a portfolio seems to be achieved by combining assets with consistently low correlations, which results in consistently reduced risk.

When selecting investments for your portfolio, don't just look at their risk and return characteristics. Also consider the diversification aspects for your overall portfolio. While correlations change over time, general observations include:

- Stocks tend to have a low positive correlation with corporate and government bonds.
- Short-term bonds tend to have a low correlation with long-term bonds.
- Stock markets around the world are all positively correlated to some degree. In general, European stock markets are more closely correlated to each other and the U.S. than to markets in Japan or Asia. Correlations between developed countries tend to be higher than correlations between developed and emerging countries.
- Real estate tends to have a low correlation with stocks and bonds.

If you'd like to discuss correlation in more detail, including how it may impact your portfolio, please call. ❍❍❍

FINANCIAL DATA

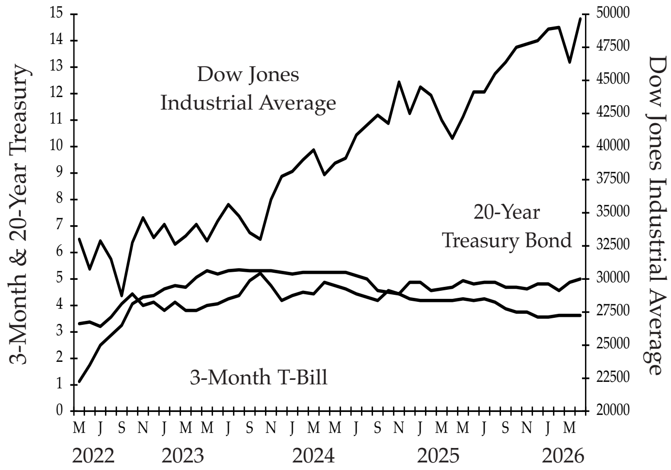
Indicator	Feb-26	Mar-26	Apr-26	Dec-25	Apr-25
	Month-end				
Prime rate	6.75	6.75	6.75	6.75	7.50
Money market rate	0.41	0.42	0.42	0.41	0.45
3-month T-bill yield	3.59	3.62	3.59	3.57	4.20
10-year T-bond yield	3.97	4.30	4.40	4.18	4.17
20-year T-bond yield	4.57	4.88	4.97	4.79	4.68
Dow Jones Corp.	5.03	5.43	5.27	5.00	5.38
30-year fixed mortgage	6.12	6.57	6.39	6.27	6.85
GDP (adj. annual rate)#	+4.40	+0.50	+2.00	+0.50	-0.60

Indicator	Feb-26	Mar-26	Apr-26	YTD	12-Mon.
	Month-end			% Change	
Dow Jones Industrials	48977.92	46341.51	49652.14	3.3%	22.1%
Standard & Poor's 500	6878.88	6528.52	7209.01	5.3%	29.4%
Nasdaq Composite	22668.21	21590.63	24892.31	7.1%	42.7%
Gold	5232.00	4592.00	4641.00	6.8%	40.5%
Consumer price index@	325.25	326.79	330.21	1.9%	3.3%
Unemployment rate@	4.30	4.40	4.30	-6.5%	2.4%

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

4-YEAR SUMMARY OF DOW JONES INDUSTRIAL AVERAGE, 3-MONTH T-BILL & 20-YEAR TREASURY BOND YIELD

MAY 2022 TO APRIL 2026



Past performance is not a guarantee of future results.

NEWS AND ANNOUNCEMENTS

DISTRIBUTING PERSONAL POSSESSIONS

After deciding who should receive major assets, you may need to use a variety of vehicles to distribute those assets, such as wills, gifts, and trusts. Dealing with major assets may be so time consuming that you don't even think about your personal possessions, leaving distribution decisions up to your heirs. But disputes over personal possessions are more apt to cause conflict among heirs than disputes over money. Some items to consider include:

❍ **TAKE TIME TO THINK ABOUT WHO SHOULD RECEIVE TREASURED PERSONAL POSSESSIONS.** You might want to detail your wishes in a separate letter to your heirs to prevent disagreements. Indicate why you are distributing those possessions in that manner.

❍ **ASK YOUR HEIRS WHAT POSSESSIONS ARE IMPORTANT TO THEM.** Otherwise, you may inadvertently give a treasured possession to one child without realizing its importance to another child. Children may then try to read motives into your decisions that didn't actually exist.

❍ **DON'T DISTRIBUTE ASSETS BASED ON ARBITRARY CRITERIA.** You don't necessarily have to give your jewelry to your daughter or your tools to your son. Your son might want to pass on some of your jewelry to his wife or daughter. Likewise, don't give your most valued possessions to your oldest child without considering younger siblings.

❍ **DEVISE A METHOD FOR HEIRS TO DISTRIBUTE PERSONAL POSSESSIONS.** You probably won't want to decide how every personal possession should be distributed. After you have determined how to distribute your most valued possessions, detail a method for heirs to distribute the rest of your possessions. It can be as simple as having heirs take turns selecting items or flipping a coin if more than one person is interested in an item. ❍❍❍

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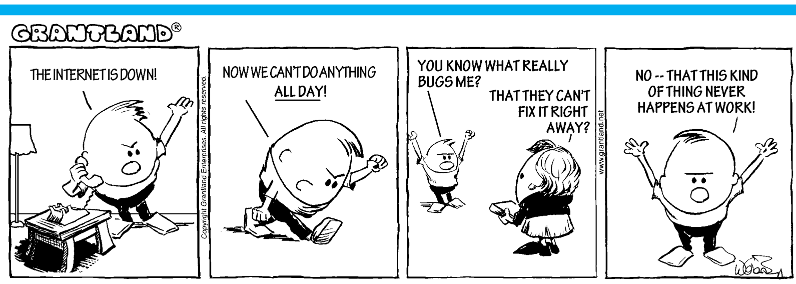

Indices are unmanaged and investors cannot invest directly in an index. Unless otherwise noted, performance of indices do not account for any fees, commissions or other expenses that would be incurred. Returns do not include reinvested dividends.

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