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THE FINANCIAL PIPELINE

2ND QUARTER 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 $23,500 in 2025 and $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 $7,500 in 2025 and $8,000 in 2026 catch-up contributions, bringing your maximum contribution to $31,000 in 2025 and $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 employer match. 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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Key Insights This Quarter

- Retirement savings strategies for those getting a later start
- 2026 contribution limits and opportunities to save more
- Making the most of employer-sponsored plans
- Managing expenses to support long-term financial goals
- Keeping your insurance coverage aligned with life changes

If you have questions or would like to review your life insurance as part of your overall financial and retirement strategy, we're here to help. Simply scan the QR code below to schedule time with a financial advisor. ❍❍❍

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Pump Up

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Look into individual retirement accounts (IRAs). You can contribute a maximum of $7,000 in 2025 and $7,500 in 2026 to an IRA, plus an additional $1,000 in 2025 and $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.

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. ❍❍❍

Growth vs. Value Investing

One major question investors have is whether to focus on growth or value investing. Both have their pros and cons. The two approaches complement each other quite well and can be used in tandem. To gain a better understanding of growth and value investing, let's take a moment to discuss the differences between the two.

Growth Investing

Growth stocks are those that have seen impressive gains in recent years and have been proven to be leaders in their sectors. They're considered to be safe bets for continuing to deliver high levels of profit growth, although it's important to realize that there are no guarantees. Generally, growth companies are those that have held a prominent place in the market for some time, but may also be new, emerging companies that bring in large profits at the beginning of their business life. Growth stocks tend to be higher priced, more volatile, and characteristic of higher earnings than the rest of the market.

Value Investing

Another approach to buying and selling stocks is value investing. This involves looking for companies whose stock prices may not necessarily reflect their value. The idea is that by getting in on the ground floor or after a good company has experienced a serious setback, investors have a good chance of seeing an impressive return with value stocks. This being said, the market price for certain stocks that show promise may actually be accurate, in which case a large return will likely not materialize.

Which Approach to Take?

Because growth and value investing are so different from one another, there doesn't tend to be a whole lot of overlap. This is actually good for the investor, however, as it allows for both approaches to be utilized at the same time. Making use of growth investing *and* value investing is an effective way to diversify your portfolio and increase the chances that you might see a strong return over time. While many people choose to take a split approach and allocate half of their stocks to value and half to growth, this is entirely dependent on your portfolio allocation. If you feel more pulled towards growth investing, then by all means allocate the majority of your portfolio to growth stocks.

It helps to work with a professional who has a deep understanding of how these two techniques can assist each other. Please call if you'd like to discuss growth and value investing in more detail. ❍❍❍

Does Your Insurance Need Adjusting?

We love the convenience of automation. We appreciate that after we've set something up once, we don't have to think about it again. But because our lives are constantly changing, staying on auto-pilot when it comes to our insurance means our coverage may not be up-to-date with our actual needs. For this reason, you should review your insurance every year or after major life events, like marriage, divorce, the birth of a child, a new job, or the death of a spouse or dependent. All of these factors could affect what insurance is best for your particular circumstances.

Marriage and Divorce

These life events may affect multiple types of insurance:

✔ **Life** — A new marriage may mean that you will want to purchase a life insurance policy to ensure your spouse is looked after if you pass away. A recent divorce may prompt you to remove your former spouse from your insurance policies and perhaps name a new beneficiary.

✔ **Health** — Upon getting married, you generally have 30 days after the marriage to add your spouse to your employer-sponsored health insurance or you may have to wait until the next annual open enrollment period. If you've divorced, you will need to remove your former spouse from your health insurance plan.

✔ **Homeowners** — If you marry someone who has significant property and plan to combine households, you will need to increase your personal property insurance to cover and protect all of your newly combined assets.

✔ **Auto** — While you certainly do not have to change policies once you've married, you may be missing out on available discounts and savings associated with having multiple policies with the same company.

Spousal Death or Disability

All of your insurance needs may require reevaluation in the case of spousal disability. If your spouse has passed away, you will need to name new beneficiaries on your life insurance policies.

Birth of a Child

✔ **Life** — To make sure your child will be provided for in the event of your death, you will need to reassess your life insurance. You may want to consider education expenses in addition to the day-to-day cost of raising a child.

✔ **Health** — Similar to adding a spouse, you will have roughly 30 days after their birth to add your child to your employer-sponsored health insurance plan.

✔ **Disability** — Another child means you will have another dependent, so you may want to make sure your disability insurance — long or short term — will be sufficient to provide for all of your dependents.

New Drivers in Household

Teenage or new drivers may relieve some of the demands on your time, but they also carry a heavier financial burden in regard to auto insurance. To look for savings, check to see if your insurance company offers discounts based on the new driver's specific training or good grades in school. If they go away to college and do not take the car, inform your insurance company and enjoy the corresponding lowered rate.

Job or Income Change

✔ **Life** — If your lifestyle has significantly changed due to a job change or retirement, you may want to adjust your life insurance policy and review your long-term financial needs.

✔ **Auto** — If your new job or retirement lifestyle does not rely as heavily on your car to commute daily, you may qualify for lower auto insurance premiums.

New Investments and Assets

Purchasing or selling a home does not necessarily mean you will have to change homeowners insurance policies, as they typically cover new purchases automatically. However, new assets and purchases may exceed the value limits of your current policy or not even be covered at all. Review your personal property inventory and make sure you are still covered by the personal property protections in your homeowners insurance policy.

Extensive Home Improvement

Review your homeowners insurance on a regular basis and when you add significant value to your home. Your home value will fluctuate with the market and you will need to be vigilant in making sure that your policy limits will still allow for the full coverage in the cost of rebuilding a home if yours is destroyed.

It's a good idea to reassess your insurance needs at least once a year. Please call if you'd like to discuss your insurance needs in more detail. ❍❍❍

Should You Stay or Should You Go?

Choosing a place to live is one of the most important decisions you can make when planning for retirement. And it's not always an easy choice to make. You'll have to weigh financial, emotional, and lifestyle factors before you can decide where you should live after you stop working. Below are some tips that may help you make your choice.

Questions to Ask Yourself

You can start your retirement housing search by asking yourself these questions: Where do I really want to live in retirement? Where can I afford to comfortably live? If I'd like to relocate, how much will that cost? Will relocating allow me to save money on housing and other expenses? Can I save on taxes by moving to another area? If I'd like to move, what price can I expect to get for my house? Where do my friends and family live?

Making the Choice

What if your answers to the above questions suggest that relocation is a good idea? Depending on your current financial situation, it may not be realistic. Many still have hefty mortgage payments heading into retirement. Some people who want to relocate simply may not have the financial ability to do so.

If you are interested in moving, it pays to do your homework. Looking into housing in your ideal location is just the start. You'll also want to think about how much you can get from the sale of your current home. Taxes are another element. Some retirees can save money by moving from a high-tax state to one that offers tax breaks to retirees. Another thing to consider? The cost of travel back to your original home if you still have family and friends living there.

If you're sure that relocating in retirement is the right choice for you, don't rush into a decision. Try a trial run of a month or two in your ideal destination to see how you really like living there. In addition to obvious considerations, make sure you think about amenities. Are there hospitals nearby? What about public transit in case you're eventually unable to drive? Will you be part of a ready-made retirement community? Knowing the answers to these questions in advance can help you avoid making a costly financial mistake.

Thinking about relocating in retirement? Please call if you'd like to discuss this in more detail. ❍❍❍

Fun Ways to Save

Most people don't think saving money is exciting, but there are ways to make it fun for the entire family. Check out these ideas for fun ways to save:

Make It a Competition — You and your spouse, or maybe two of your teenagers, can challenge each other to a "save-off." Most people love a good challenge, and this is a great way to jump start your savings. Make sure the prize doesn't claim everything you've saved.

Create a Savings Thermometer — Let the kids create a large thermometer out of poster board, then write a saving goal at the top and hang it somewhere in the house where everyone can see it. The top of the thermometer could represent a prize that everyone in the family wants.

Have a Family Garage Sale — Let your children help coordinate the garage sale, develop the advertising for the sale, and be part of the sales team during the sale.

Find Inexpensive Family Fun — Not every outing with your kids needs to include spending a lot of money. Go to a local park, plant a garden together, or play a family game of baseball or volleyball. The point is to spend time as a family, not to spend money. ❍❍❍

Financial Thoughts

In 2024, homebuyers typically paid more than five times their income for a home, compared with 1965 when buyers typically spent less than three times their income. In 2023, the average age of first-time homebuyers was 35, a four-year increase from 2013 (Source: CNBC, 2025).

About 20% of the 86 million single-family homes in the United States are owned by investors, per BatchData. The vast majority (85%) of all investor-owned residential properties are mom and pop shops who own between one and five homes. Investors who own between six and 10 homes account for another 5%, and those big institutional investors with 1,000+ properties in their portfolio have just a 2.2% share.

Most students borrow money to attend college. The average federal student loan debt is $38,375. Student borrowers pay an average of $2,636 in interest each year. The standard repayment plan for federal student loans lasts 10 years; the longest federal loan repayment plan available is 30 years. The average student borrower spends closer to 20 years paying off their loans (Source: Education Data Initiative, 2025). ❍❍❍