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CORNERSTONE
WEALTH PLANNING

NEWS YOU CAN USE

Midterms and a New Fed Chair

Two historically significant events are converging in 2026 — a midterm election cycle and a new Federal Reserve Chair. Individually, each has a track record of introducing above-average market volatility. Together, they merit a closer look at what history tells us and what to keep in mind for the months ahead.

1. Midterm Years Have a Volatility Problem

History is consistent: midterm election years are the most volatile of the four-year presidential cycle. Since the S&P 500 was created in 1957, the index has entered correction territory (a decline of at least 10%) in 12 of the 17 midterm election years. Average intra-year drawdowns during midterms run about 18–19%, compared to 13% in non-midterm years.

Yet the average full-year return is still roughly 6%, below the long-run historical average but positive, meaning much of the volatility often washes out by year-end. The reason is straightforward: uncertainty. Midterms almost always shift the balance of power in Congress, leaving investors guessing about future fiscal, trade, and regulatory policy. Markets price in that uncertainty before the votes are counted.

2. New Fed Chairs Rattle Markets Too

Jerome Powell's term expires in May 2026, and Kevin Warsh has been nominated to succeed him. That transition is historically meaningful for markets. Barclays reports that since 1930, the S&P 500 has averaged drawdowns of 5%, 12%, and 16% over the one, three, and six-month periods following a new Fed Chair taking office. Ned Davis Research finds that the average correction in the first six months of a new Chair's tenure is around 15%.

This reflects a recurring "test the new Chair" dynamic. Investors wait to see how the incoming Chair responds to real-world conditions, particularly growth slowdowns or inflationary spikes, before recalibrating expectations.

Continued on the next page...

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...Jerome Powell's early tenure is instructive: markets dropped sharply in late 2018 when investors felt the Fed was moving too aggressively on rates.

3. But History Also Shows a Meaningful Recovery

The other side of the midterm volatility story deserves equal attention. The S&P 500 has not declined in the 12 months *following* a midterm election since 1946. Average post-midterm 12-month returns are about 16%, nearly double the long-run average. Carson Research notes that the six-month window from November through April following a midterm is historically the strongest period of the entire four-year presidential cycle, with average gains near 14%.

Why? Once the election results are in, uncertainty resolves. Investors can reprice based on a known legislative landscape rather than multiple hypothetical scenarios. The fog clears, and markets tend to move.

While volatility always occurs and history indicates the midterm year and Fed chair usually creates heightened volatility, each year and cycle is different. One year will never look exactly like a previous one, but history often rhymes.

4. What to Watch in 2026

With both a midterm cycle and a Fed leadership change, near-term bumpiness is historically well-supported. The first half of the year, particularly around the Fed transition in May, is a logical window for elevated volatility.

What *isn't* well-supported is the impulse to reposition dramatically in response. Attempting to time midterm corrections has a poor track record. As legendary fund manager Peter Lynch observed, far more money has been lost preparing for corrections than in the corrections themselves. The more productive focus: ensure your portfolio's risk posture matches your goals and time horizon so that short-term volatility doesn't force decisions that long-term fundamentals wouldn't justify.

History doesn't guarantee any specific outcome. 2026 has its own macro variables, including tariffs, elevated valuations, and the Fed's rate path. But the pattern is clear enough to be useful: volatility is likely, it tends to be front-loaded, and the other side has historically rewarded patience.

THE GOOD LIFE

The Art of Connection: Staying Social in Retirement

How you start your morning shapes the hours that follow. Instead of falling into old habits or rushing through the morning, embracing a thoughtful ritual gives you control and a chance to focus on what matters most, whether that's hobbies, health or personal connections. With a purposeful start, you're more likely to enjoy the day ahead and make the most of every moment during this rewarding chapter of life.

SIMPLE RITUALS TO TRY

You don't need a lot of time -- often, just 10 minutes can make a real difference. Here are three examples of morning rituals that can help you tackle the rest of your day.

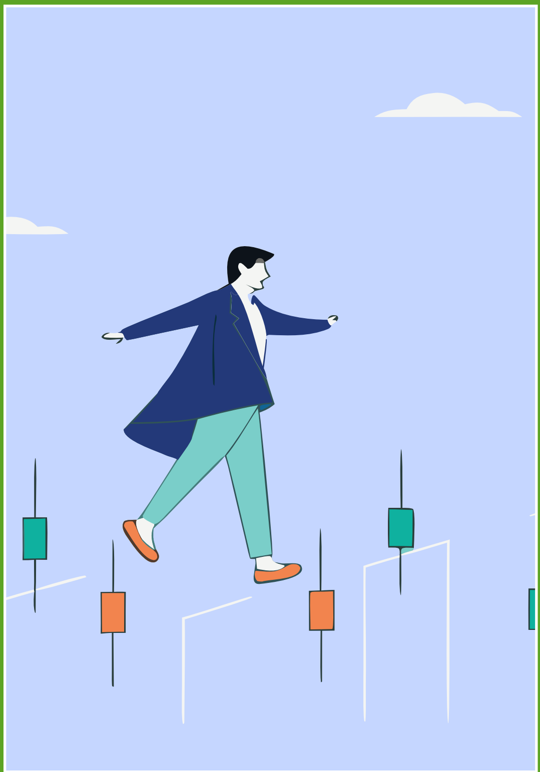
1. Mindful Reflection: Before checking your phone, spend five minutes in silence. Do some meditation or simply focus on your breathing. This creates a buffer between sleep and the noise of the digital world.

2. Gentle Movement: Wake your body up. Five minutes of stretching, a quick yoga flow or a brisk walk around the block gets your blood flowing and energy up. This keeps your body active, improves flexibility, and boosts energy levels without being too strenuous.

3. Plan It Out: Identify your "Big Three." What are the three absolute must-do tasks for today? Write them down. This gives you a clear roadmap for the day and prevents decision fatigue later.

START SMALL

The key to building a rewarding new habit is consistency. There's no need to transform your full routine overnight. Choose just one of these rituals and try it for a week. You may find it brings a greater sense of calm and satisfaction to your mornings.



HOW TO ...

Staying Financially Fit During Market Volatility

Market fluctuations can feel unsettling for retirees. But staying financially fit is possible with the right strategies.

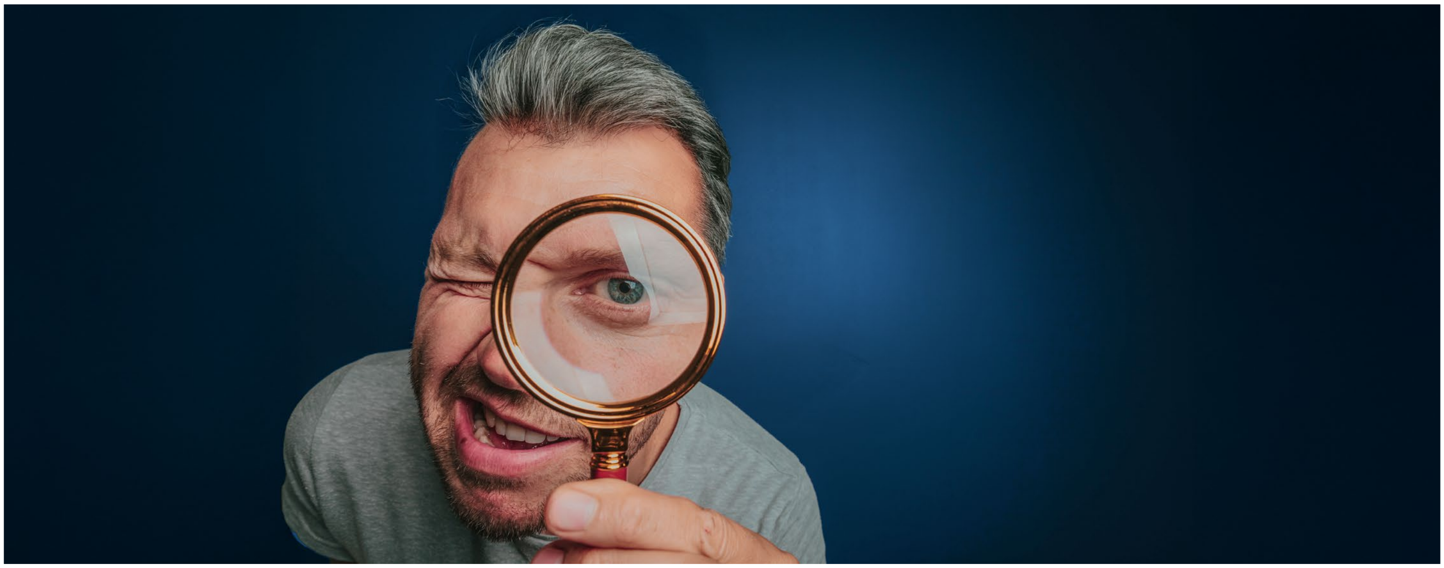
Start by diversifying your portfolio. Spreading investments across stocks, bonds and other assets helps reduce risk. Focus on long-term goals and avoid reacting to short-term market swings.

Maintain a cash reserve covering six to 12 months of expenses to avoid selling investments during downturns. Reassess your risk tolerance and adjust your portfolio as you near retirement. Budget, cut spending and free up funds for savings.

Avoid emotional decisions and consult a financial professional before making significant changes. Stay informed with credible sources, but don't obsess over daily news.

Lastly, consider dividend-paying stocks for steady income, and review your retirement withdrawal rate to preserve savings.

These steps can help protect you in a volatile market.



DOLLARS & SENSE

The Hidden Costs of Investing: What Retirees Need to Know About Fees

As you approach retirement, you're likely focused on your portfolio's growth. But what if hidden costs are quietly eating away at your savings? Even a 1% fee could reduce your nest egg by more than 20% over several decades, potentially costing you hundreds of thousands of dollars.

Understanding and managing these fees is a powerful step toward improving your financial future.

COMMON FEES EVERY INVESTOR SHOULD KNOW

Most investment fees fall into a few categories. Awareness is the first step toward minimizing their impact.

- **Expense Ratios:** This is an annual fee charged by mutual funds and exchange-traded funds (ETFs) to cover operating costs. Index funds typically have low ratios (0.05%-0.20%), while actively managed funds can charge 0.75% or more.
- **Advisory Fees:** Financial advisors often charge around 1% of assets under management annually. This ongoing cost may be worth the information and advice they provide.
- **401(k) Administrative Fees:** Workplace retirement plans have record-keeping and administrative fees. These are often small percentages, but they add up over time.
- **Sales Loads and 12b-1 Fees:** Some mutual funds charge a sales commission ("load") on buys or sells. Additionally, 12b-1 fees are marketing costs passed on to you that don't benefit your portfolio's performance.

UNCOVERING FEES THAT FLY UNDER THE RADAR

Less obvious fees include bid-ask spreads on ETFs, transaction fees for buying certain mutual funds and complex, layered fees within annuity products. While individually small, their combined effect can create significant drag on your returns.

Find out if you are paying these fees and assess whether they're justified.

ARE SOME FEES WORTH PAYING?

Not all fees are bad. The goal is to feel you're getting value for what you pay.

A fee-only advisor provides personalized planning, tax strategies and behavioral coaching that can be worth far more than their fee. Similarly, the fee for a low-cost annuity might be justified if your goal is guaranteed income. Weigh the cost against the benefit for your specific financial strategy.

WAYS TO KEEP MORE OF YOUR HARD-EARNED MONEY

You've worked diligently to build your savings; preserving it is crucial.

Choose low-cost index funds and ETFs for your portfolio's core. Select an advisor with transparent fees who prioritizes your interests. Always review the fee disclosures for your 401(k) and IRA, and don't be afraid to ask questions. Avoid funds with high sales loads or marketing fees when possible.

By staying informed and proactive, you can make decisions that align with your retirement goals.

THE SCOOP

Unlock Savings With Medical and Dental Deductions

Medical and dental bills can be a significant financial strain, but the IRS offers a way to ease that burden. By deducting qualified medical and dental expenses, you can lower your taxable income and keep more money for what matters most: your health. This guide will show you ways to optimize these valuable savings.

UNDERSTANDING THE BASICS

The IRS allows you to deduct qualified medical expenses that exceed 7.5% of your adjusted gross income (AGI) when you itemize deductions. This includes costs for treatments, preventative care and prescriptions. It's like getting free money just for taking care of yourself!

- **Qualified Medical Expenses:** Deduct doctor visits, hospital stays and prescription drugs.
- **Dental Care:** Routine cleanings, fillings and even dentures count.
- **Insurance Premiums:** Premiums for medical, dental and long-term care insurance are often deductible.

OVERLOOKED DEDUCTIONS

Don't miss out on these commonly overlooked expenses:

- **Transportation:** You can even deduct mileage, parking fees and tolls for trips to your appointments.
- **Home Modifications:** Medically necessary improvements, such as wheelchair ramps or stairlifts, can be deducted.

To claim these, keep detailed records, including receipts and invoices. Make sure your records are well-organized. Keeping them in a simple folder or digital tool can make tax time much smoother.

YOUR HEALTH IS YOUR WEALTH

Staying on top of your doctor and dentist appointments is not just vital for your physical health; it's a savvy financial move. By tracking your expenses, you can reduce financial stress and focus on your well-being. Investing in your health is truly one of the best investments you can make.

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BRAIN GAMES

Str8ts

Game Rules

Rows and columns are divided into compartments of white squares. Use single numbers to complete a straight for each compartment. A straight is a set of numbers with no gaps and in any order. No single number can repeat in any row or column. Clues in black cells remove that number as an option in that row and column, and are not part of any straight

THISTLE BE GOOD:

Easy Spring Flowers To Brighten Your Garden

Fresh spring blooms are one of the simplest ways to add color and joy to your garden or patio. If you're dreaming of a cheerful outdoor space — but prefer flowers that don't demand much time or fuss — these tried-and-true favorites will help your garden thrive easily and beautifully.

Daffodils

These sunny yellow blooms are like little bursts of sunshine. No flower says spring quite like these cheerful trumpets.

Why they are easy

Daffodils are incredibly tough. These deer-resistant and self-multiplying plants reward you with more blooms each year.

Simple care tip

Let foliage die back naturally to nourish bulbs for next year.

Pansies

With their vibrant, expressive "faces," pansies thrive in early spring's cool air — perfect for containers or borders and popping instant color into any spot.

Why they are easy

You can buy pansies as small plants ready to pop into the ground or a pot for instant gratification.

Simple care tip

Water regularly, but let the soil dry slightly between waterings. Pinching off the spent blooms (deadheading) will encourage them to produce even more flowers

Hyacinths

These are dense, starry clusters with an intoxicating fragrance that fills the air. Plant hyacinths near walkways or windows to enjoy their sweet perfume up close.

Why they are easy

These low-maintenance bulbs return every year with little effort.

Simple care tip

Place in well-drained soil, and soak up the scent as you stroll by.

Primrose

These bouquets of vibrant color bring life to shaded corners and window boxes, often brightening things up while the air is still crisp.

Why they are easy

Primroses thrive in partial shade and moist soil, making them ideal for areas where other, sun-loving plants struggle.

Simple care tip

Keep the soil moist for consistent blooms throughout the season.

CENTER STAGE

A Beginner's Guide to Birdwatching

For those interested in a new hobby, spring is the perfect time to start birdwatching! Migratory birds return and become more vocal, making them easier to spot.

GEAR UP

Dress in neutral colors and layers to stay comfortable and blend in.

Birdwatchers typically have three things:

- **Binoculars:** Experts recommend 7- or 8-power binoculars, such as an 8x42, for a bright image and a wide field of view.[1]
- **Bird ID App:** Tools like Merlin Bird ID and BirdNET can help you identify birds.
- **Notebook:** This can be used to track sightings.

WHERE TO GO

Set up a feeder or birdbath in your yard to attract local species. Visit parks, wetlands or nature reserves for more variety. For a bigger adventure, research migration hotspots.

TIPS FOR SUCCESS

Listen for bird calls, move quietly and be patient. Focus on common local species first, and use landmarks like trees or bodies of water to help identify where particular birds are perched.

JOIN THE FUN

Connect with local groups or participate in citizen science projects such as eBird or the Great Backyard Bird Count. These communities are great for learning and sharing.

Birdwatching is a relaxing and rewarding way to enjoy the spring. Grab your binoculars and head outside!

National Audubon Society. "The Audubon Guide to Binoculars." Audubon,https://www.audubon.org/gear/binocular-guide. Accessed 25 Nov. 2025.

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RECIPE

ALMOND-TOPPED FISH

This easy baked fish recipe features tender cod or haddock layered over buttery onions, topped with a creamy Parmesan-lemon spread and finished with crunchy toasted almonds. Simple, flavorful, and perfect for a quick weeknight meal.

INGREDIENTS

- *1 tablespoon butter*
- *1 small onion, thinly sliced*
- *4 cod or haddock fillets (6 ounces each)*
- *Seasoning blend (1t. seasoned salt, ½ t. dill weed, and ¼ t. pepper)*
- *1/4 cup grated Parmesan cheese*
- *1/4 cup reduced-fat mayonnaise*
- *1 tablespoon lemon juice*
- *2 tablespoon sliced almonds, toasted*

HOW TO MAKE IT:

1. Place butter in a 13x9-in. baking dish; heat in a 400° oven until melted.
2. Spread butter over bottom of dish; cover with onion.
3. Arrange fish over onion, sprinkle with salt, dill and pepper seasoning blend.
4. Combine the Parmesan cheese, mayonnaise, and lemon juice; spread over fish.
5. Bake, uncovered, at 400° until fish flakes easily with a fork, 18-20 minutes.
6. Sprinkle with almonds.

BRAIN GAMES

ANSWER KEY:

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CORNERSTONE
WEALTH PLANNING

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UPCOMING DATES

MARCH

8 Daylight Saving Time

11 & 12 Retirement Planning Blueprint Class at Levine Sr. center

17 St. Patrick's Day

23 Monthly Market Webinar at 12:30pm

APRIL

5 Easter

11 Retirement Planning Blueprint Class at UNC-Charlotte

15 Tax Day

18 Retirement Planning Blueprint Class at SPCC

20 Monthly Market Webinar at 12:30pm