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WEALTH PLANNING

NEWS YOU CAN USE

6 Pillars of Economic & Market Success for 2026

As we begin the new year, it's important to cut through much of the economic and market noise and identify the key areas that we should monitor throughout 2026. These key items will be known as the **"6 Pillars of Economic and Market Success for 2026"**. Below, you will find the key pillars that we will review throughout the year.

Pillar I:Inflation (Core PCE) must lower to a range of 2.0% - 2.5%:

While there are many different ways to measure inflation, the Federal Reserve's (FED) preferred inflation gauge is the Core Personal Consumer Expenditure (Core PCE). The Core PCE level currently sits at 2.80%. For the FED to have confidence that the inflation concerns are behind, we need to experience consistently lower Core PCE inflation levels throughout 2026. The ideal range would be for these levels to move to levels of 2.0% - 2.5%.

Pillar II:The Federal Reserve should lower their Fed Funds rate to near 3.0% by Q4 2026:

The current Fed Fund rate is in the range of 3.50%-3.75%. The neutral Fed Funds level is in the 3.0% range. This neutral level means Federal Reserve policy isn't seen as restrictive or stimulative. After years now of restrictive interest rate policy, it would be ideal to see the Fed Funds policy levels reach neutral by the fourth quarter of 2026. For continued higher markets, we need to experience interest rate decreases as an ongoing normalization cycle due to lower inflation levels and not in response to a recession.

Article continues inside...

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NEWS YOU CAN USE

2026 Pillars of Economic & Market Success

Pillar III:Economic growth levels should remain near expected potential of 1.5% - 2.0%:

An official recession is only fully known after the fact and is deemed a recession by the National Bureau of Economic Research (NBER.) The general definition of a recession is two consecutive quarters of negative Gross Domestic Product (GDP) growth. While recessions may not be official until quarters after the period of negative growth, we are likely to be aware of the trend of growth as it is occurring. Most economist agree that the long-term potential growth for the overall US economy is around 2.0%/year. Given the size and mature nature of the US economy, a 1.5% - 2.0% growth rate would be welcomed by most. Ongoing growth levels below 1.50% are likely to begin causing concerns about the ability for the US to avoid a recession. Throughout 2026 we will be monitoring the data points that create the GDP levels and identify if trends begin to set in place a slowing pace of growth.

Pillar IV:Unemployment levels must remain below 5.00%:

Unemployment levels are a key economic data point to monitor as we try to identify recessionary trends. In 2025, the unemployment rate moved to as high as 4.40%. This is still a historically low level of unemployment as we begin 2026. We are currently in what many economists have called a "low fire and low hire" environment. This is a unique labor market, with less job additions occurring monthly, but still low levels of layoffs and job losses. Given this unique environment, we will be monitoring to see if the unemployment levels can remain below 5.00% throughout 2026.

Pillar V:Earnings growth (S&P 500) must remain in the 7%-10%/year growth range and the level of earnings beating estimates, should continue above the 5 & 10-year averages:

The heartbeat of the stock market continues to be the profitability of corporations and investment into these companies based on the long-term expected earnings. Continued corporate earnings growth allows for valuations to move back in line with historical norms and mitigate the risk of "bubbles" from forming. A healthy high single-digit growth level would likely be strong enough to allow markets to continue to move higher throughout 2026. Lower earnings growth and "outright misses" on earnings would create much higher levels of concern. This will be a key data point to continue to monitor throughout the next year.

Pillar VI:Black swan events, including extreme policy changes, must be mitigated or avoided:

We experienced many policy changes with the new administration throughout the previous year. We expect less policy changes in 2026 but know that ongoing changes to things like Tariff policy are likely to continue. For the markets, generally, the less extreme changes, the better. We will continue to monitor any extreme policy changes and how they could impact the economy and overall stock market. The mid-term elections will create some level of uncertainty and usually lead to a higher level of volatility throughout the year.

Black swans are the unknowns that are not planned for or expected. While there are various levels of black swans, these occur at some level in most years. These could be anything that isn't known going into the year that stem from extreme policy changes, wars, pandemic; the types of things that could be extreme if not contained but cannot be easily planned for overall.

As we enter 2026, it is vital to monitor these key pillars. The closer each of these pillars can be to the upside potential, the better. The more these pillars fall to the downside potential, the more likely it is for the economy and markets to experience higher levels of ongoing volatility. We will work diligently to monitor these ongoing pillars and will make you aware of any key updates as we continue throughout the year.

THE GOOD LIFE

The Art of Connection: Staying Social in Retirement

Staying socially active is not just about having fun; it supports your mental, emotional and even physical health.[1] This makes retirement the perfect time to focus on nurturing meaningful relationships.

Building New Friendships
Stepping out of your comfort zone can lead to wonderful new connections. Try joining a local club based on your interests, attending community events or taking a class to meet like-minded people. Platforms like Meetup or various Facebook Groups are excellent resources for finding local activities and connecting with individuals who share your passions.

Maintaining Existing Relationships
Nurturing long-standing friendships is just as important. Make an effort to stay in touch, even if distance is a factor. Schedule regular phone calls, plan a weekly coffee meetup or set up a video chat to catch up with old friends and share your life updates.

Participating in Community Activities
Getting involved in your community is a fantastic way to stay engaged and meet new people. Consider volunteering for a cause you care about, joining a hobby group like a book club or a gardening circle, or signing up for a fitness class. These activities offer a natural way to connect with others who share your passions.

[1] World Health Organization. June 30, 2025. "Social connection linked to improved health and reduced risk of early death." https://www.who.int/news/item/30-06-2025-social-connection-linked-to-improved-heath-and-reduced-risk-of-early-death. Accessed Oct. 3, 2025.

HOW TO ...

Taming the Paper Tiger

Having documents ready and accessible makes managing finances easier and speeds up meetings with your advisor. Here are two effective methods to simplify this process.

One In, One Out
This rule focuses on preventing paper accumulation. Whenever a new statement or document arrives. like a new monthly bank statement, the oldest equivalent document is reviewed and shredded.

This prevents clutter and forces consistent review of financial paperwork; keeps filing systems lean; and simplifies the task of purging old files.

Action Box
This involves separating documents based on the task required. Three trays or boxes are used: "To do," "To file" and "To shred." All incoming mail is immediately sorted into one of these boxes.

This offers a clear way to manage incoming paperwork. You won't miss bills, and documents get filed or thrown out on time.

DOLLARS & SENSE

From Health Care to Wealth Care: Unlock the Power of Your HSA

If you have a Health Savings Account (HSA), you know it helps cover out-of-pocket health care costs. But your HSA can also strengthen your retirement plan. By mid-2025, HSA assets reached $159 billion, with a 30% year-over-year jump in investments.[1] More people are seeing HSAs as more than just a place to stash cash for copays.

Here's how you can maximize your HSA.

CHOOSE THE RIGHT HSA STRATEGY

Everyone's financial situation is different, so consider how to use your HSA:

- **The "Pay-As-You-Go" Approach**
  If cash flow is tight or you're cautious with investments, contribute enough to cover yearly health costs. You'll get a tax break for money you spend anyway, without market risk involved. It's straightforward and safe, helping with short-term needs, even if it doesn't build a large nest egg.
- **The "Balanced Saver" Plan**
  If you can, max out your HSA while keeping your funds in low-risk, interest-earning accounts (like savings or money markets). Your money grows gradually as a backup for future medical costs. This option keeps things predictable.
- **"Go for Growth" — The Long Game**
  Treat your HSA like a retirement account: max your contributions, invest in growth assets and pay health costs from your checking account. Save receipts and reimburse yourself later after your investments grow. Compounding earnings can mean a bigger payoff.

WHY AN HSA BELONGS IN YOUR RETIREMENT PLAN

Analysts say HSA assets could reach $208 billion by 2027.[2] If you invest and let it grow, your HSA can cover future health expenses, one of retirement's biggest costs. Unlike 401(k)s or IRAs, there's no age when you must withdraw from your HSA and no required minimum distributions.[3] That means true flexibility and continued, tax-free growth.

Plus, your HSA can pay for Medicare premiums, long-term care insurance, dental and more.[4] Flexibility to use funds for many eligible medical costs makes your HSA a consistent resource through retirement.

FINAL THOUGHTS

Your HSA is more than just a doctor visit safety net. With top-tier tax benefits and investment potential, it can boost your retirement strategy. Whether you're conservative or growth-minded, there's a way to make your HSA work for you.

Want to review your current HSA approach? Consider reaching out to your financial professional about ways to fit this versatile account into your financial plan.

[1,2] *Devenir. Oct. 9, 2025. "2025 Midyear Devenir HSA Research Report." https://www.devenir.com/research/2025-midyear-devenir-hsa-research-report/. Accessed Oct. 14, 2025.*

[3,4] *Rob Williams. Charles Schwab. March 12, 2025. "Potential Long-Term Benefits of Investing Your HSA." https://www.schwab.com/learn/story/potential-long-term-benefits-investing-your-hsa. Accessed Oct. 14, 2025.*

THE SCOOP

Travel Trends for 2026

As you map out your adventures for the new year, the world of travel is evolving in exciting ways. Whether you're planning a grand tour or a quiet getaway, here are three trends shaping travel in 2026.

AI Travel Agents

Artificial intelligence (AI) is becoming a popular tool for building itineraries, booking hotels and finding the best deals. According to survey specialists Kantar, "40% of global travelers have already used AI-based tools to plan their trips, and 62% are open to using them in the future."[1] Although AI is a helpful tool, rely on your own research to create your final itinerary.

Discovering Hidden Gems

Travelers are sick of arriving at their dream destination, only to find it teeming with other tourists. In response, they're seeking out underrated spots to avoid the crowds. This shift toward discovering new (and sometimes cheaper) places allows for more authentic connections with the locale — without the long lines and disgruntled residents.

The Rise of Slow Travel

The fast-paced tour is giving way to a more relaxed approach. Travel expert Simon Mayle told Forbes that there is a renewed interest in slow transport and an appetite for destinations that combine nature, culture and family connection.[2] This trend means choosing meaningful experiences over checking off a list and taking the time to really savor your vacation.

[1] Steve Wigmore. Kantar. Feb. 6, 2025. "When machine meets wanderlust: The role AI plays in tourism." www.kantar.com/inspiration/research-services/the-role-ai-plays-in-tourism-pf. Accessed Sept. 29, 2025.

[2] Laura Begley Bloom. Forbes. Aug. 26, 2025. "The 26 Best Trips For 2026, According To Travel Experts." www.forbes.com/sites/laurabegleybloom/2025/08/21/the-26-best-trips-for-2026-according-to-travel-experts/. Accessed Sept. 29, 2025.

BRAIN GAMES

15 Up

Game Rules

Each puzzle must be divided into regions totaling 15. The regions can be any shape as long as all the cells touch each other. Use a pen or pencil to draw the boundaries around groups of cells all adding up to 15.

5	3	2	6	5	3	3	8	11
5	5	2	9	5	3	1	3	1
11	8	6	5	2	2	5	9	6
4	1	4	9	2	13	1	4	4
2	7	6	1	1	1	3	8	5
3	8	4	4	12	2	3	6	6
5	6	11	4	1	13	5	3	5
5	8	4	7	3	2	4	1	8
5	1	10	5	5	7	6	11	2

Winter Refresh

Remodeling Tips To Warm Your Space

Winter is the perfect time to make your space warmer, cozier and more inviting. From sealing drafts to adding personal touches, small changes can have a big impact on your comfort. These simple tips will help you refresh your home and keep out the winter chill.

Draft Defense: Keep the Cold Out

Winter often means higher energy usage, but a few smart upgrades can help keep your home cozy without breaking the bank. Start by sealing any drafts or leaks that let warm air out. Weatherstripping around windows and doors and caulking gaps in walls, floors and ceilings creates a barrier that locks in heat.

Your windows might also be working against you. A 2020 study published in Joule found that "in winter, windows are responsible for 30% of energy loss."[1] You can combat this by installing heavy-duty plastic film on your windows to reduce heat loss and keep your heating bill in check. It's a simple, cost-effective solution that makes a big difference.

Getting Rug-Snug

When temperatures drop, you'll spend more time inside. Make it warm and inviting! Start by focusing on the heart of your living space: the fireplace. You don't have to replace it with a new one to enjoy its charm. Think about upgrading the mantle or simply rearranging seats or couches to make it the center of the room if it isn't already. Don't forget the floors! Area rugs aren't just stylish; they're also great insulators. Adding a thick wool or plush rug to your living room or bedroom can help trap heat and keep your feet toasty on chilly mornings.

Beat Back the Winter Blues

Sometimes, the winter season can snow you in. Turn cabin fever into creativity with a few simple projects. A fresh coat of paint in a bright color can make a room feel lighter. Use it to create an accent wall that draws attention to family photos or artwork. In tiled rooms, like the kitchen or bathroom, re-grout or re-caulk tiles for a clean, fresh look. DIY enthusiasts can invite the kids or grandkids over to help build a unique shelf or table that will have your family's fingerprints all over it.

[1] Yang Zhou et al. Joule. Nov.z18, 2020. Pages 2,458-2,474. "Liquid Thermo-Responsive Smart Window Derived from Hydrogel." https://www.sciencedirect.com/science/article/pii/S2542435120304037. Accessed Oct. 10, 2025.

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From Novice to Natural: Mastering the Art of Starting a Hobby

Picking up a new hobby is more than just a way to pass the time; it's an investment in your well-being, offering stress relief, personal growth and new social connections. Although starting something new can feel daunting, the following tips will help you stay motivated for the long haul.

Set Realistic Goals
One of the quickest ways to get discouraged is by setting the bar too high. Start with a simple scarf instead of aiming to knit an entire sweater on your first try. Breaking your larger ambition into small, manageable goals builds confidence and momentum.

Track Your Progress
Keep a journal, start a blog or take photos to document your journey. Looking back at your first attempts and seeing how far you've come is a powerful motivator. A visual record of your improvement can provide a huge boost when you feel like you're not getting anywhere.

Join a Community
Hobbies are more fun when shared. Look for local clubs, meetup groups or workshops where you can connect with others who share your passion. Online forums and Facebook groups are also fantastic resources for asking questions, sharing your work and getting encouragement.

Celebrate Small Wins
Acknowledge your achievements along the way. Finished your first painting? Frame it, and hang it on the wall. Mastered a new recipe? Host a dinner party to show it off. Rewarding yourself for milestones, no matter how small, reinforces your positive habits and makes the journey more enjoyable.

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RECIPE
BROCCOLI CHEESE SOUP

This broccoli cheese soup is very flavorful. It's great for serving at luncheons or special gatherings with quiche or a salad.

INGREDIENTS

- *½ cup butter*
- *1 onion, chopped*
- *1 (16 oz) package frozen chopped broccoli*
- *4 (14.5 oz) cans chicken broth*
- *1 lb cheddar cheese, cubed*
- *2 cups milk*
- *1 tbsp garlic powder*
- *⅔ cup cornstarch mixed with 1 cup water*

HOW TO MAKE IT:

1. Gather all ingredients.
2. Melt butter in a stockpot over medium heat. Add onion and cook, stirring occasionally, until softened. Stir in broccoli.
3. Add broth and simmer until broccoli is tender, 10 to 15 minutes.
4. Reduce heat; add cheese cubes and stir until melted. Stir in milk and garlic powder.
5. Stir cornstarch and water together in a small bowl until smooth. Stir into soup; cook, stirring frequently, until thick. Serve and enjoy!

BRAIN GAMES
ANSWER KEY:

5	3	2	6	5	3	3	8	11
5	5	2	9	5	3	1	3	1
11	8	6	5	2	2	5	9	6
4	1	4	9	2	13	1	4	4
2	7	6	1	1	1	3	8	5
3	8	4	4	12	2	3	6	6
5	6	11	4	1	13	5	3	5
5	8	4	7	3	2	4	1	8
5	1	10	5	5	7	6	11	2

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UPCOMING DATES

JANUARY

01 New Year's Day

19 Martin Luther King Jr. Day

26 Monthly Market Webinar at 12:30pm

FEBRUARY

02 Groundhog Day

14 Valentine's Day

16 Presidents Day

23 Monthly Market Webinar at 12:30pm

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