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Success InSight®

Winter 2026

Essential Review for 2025 Tax Year Filing

The One Big Beautiful Bill legislation made many 2017 Tax Cuts and Jobs Act (TCJA) provisions permanent (preventing their expiration after 2025) and added new temporary breaks for 2025. When filing your 2025 federal income taxes, here are several key changes to keep in mind:

Higher Standard Deduction

Single or Married Filing Separately:	$15,750
Married Filing Jointly or Qualifying Surviving Spouse:	$31,500
Head of Household:	$23,625

If you're 65 or older (or blind), you get an additional standard deduction (around $2,000 single/HOH or $1,600 per qualifying spouse on joint returns), plus a new temporary $6,000 "bonus" deduction for seniors (through 2028). This means if you are single your standard deduction would be $23,750 and if married filing jointly with both are age 65 or older, your standard deduction together is: $46,700.

The new $6,000 extra for over 65 is subject to a Modified Adjusted Income (MAGI) phaseout and is completely eliminated for MAGI over $175,000 for single filers and at $250,000 MAGI for those married filing jointly. NOTE: Eligible taxpayers can claim the extra $6,000 even if they itemize, whereas the existing standard over 65 bonus is only available if you take the standard deduction.

Tax Brackets and Rates Remain the Same (Lower Rates Made Permanent)

The seven federal income tax rates stay at 10%, 12%, 22%, 24%, 32%, 35%, and 37%. The TCJA's lower rates and structure are now permanent, so no jump back to pre-2018 higher rates.

New Temporary Deductions and Exclusions for 2025)

Several new provisions apply to 2025 (often temporary through 2028 unless extended):

- Tips up to $25,000 can be excluded from federal income tax, subject to income limits and specific eligibility requirements. Use schedule 1-A to claim.
- Overtime pay up to $12,500 (or $25,000 for joint filers) can be excluded from income but also subject to income phaseouts.
- New child savings accounts (called Trump accounts) start with a $1,000 federal deposit for kids born in 2025–2028 and allow further yearly contributions subject to limits and rules. File Form 4547 with your 2025 tax return to enroll.

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Vanguard Long-Term Corporate Bond ETF (VCLT)

Experienced investors have long recognized the importance of asset allocation, investing in different asset classes such as Stocks, Bonds and Cash Equivalents, and recognize it as perhaps the most important element in determining the overall level of risk and return of one's portfolio.

When it comes to the Bond portion of a portfolio, our primary objectives are to provide the portfolio with some level of protection in the event of a pullback in the stock market and to earn a rate of return that exceeds the return of a safe money investment such as a Certificate of Deposit (CD) or Money Market.

I first wrote about The Vanguard Long-Term Corporate Bond ETF (VCLT) back in mid-2024, and given the current interest rate environment, I thought it was worth revisiting. The Federal Reserve Board (the Fed) is consistent in reminding the market that upcoming decisions on the level and direction of interest rates will be based on currently available inflation and employment data, so there are no guarantees as to what happens next. With that said, although there are some differences of opinion within the Fed regarding the direction of interest rates, the consensus among market participants is that the current downward trend in interest rates is likely to continue in 2026.

The Vanguard Long-Term Corporate Bond ETF (VCLT) invests primarily in U.S. dollar-denominated investment-grade fixed income securities issued by industrial, utility, and financial companies with maturities greater than 10 years. As has been noted before, there's an important measurement in the bond market called "duration". Duration is a measure of the sensitivity of the price of a bond to a change in interest rates. In almost all scenarios, the higher the duration, the more a bond's price will increase if interest rates fall or decrease if interest rates rise.

Please note that based on the composition of its holdings, VCLT has a high duration, meaning that it's quite sensitive to changes in interest rates. If the consensus is correct and in fact interest do continue to fall in 2026, between its attractive current yield of 5.65% (dividends paid out monthly) and the potential for price appreciation, this fund may be a viable addition to the bond portion of one's portfolio.

Performance annualized and updated through 12/31/2025: 1-Year: +7.28%; 3-Year: +5.36%; 5-Year: -3.00%. The gross annual expense ratio is very low 0.03%.

If you're interested in this fund or would like a portfolio review to determine if this fund might be an appropriate addition to your portfolio, please call Ted Black, CFP® at 888-878-0001, extension 3.

Ted Black, CFP®
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Advisory services offered through
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Essential Review for 2025 Tax Year Filing

• *continued from page 1*

- Deduction for car loan interest. Up to $10,000 of interest on loans for new U.S. assembled vehicles (phases out at higher incomes, e.g., over $100,000 single / $200,000 joint).
- Increased Child Tax Credit. Boosted amount (e.g., higher maximum, possibly $200 more per child in some references).
- The SALT deduction cap increased (to $40,000 for some taxpayers through 2029), which helps if you itemize in high-tax states
- Personal exemptions remain $0 (eliminated under TCJA).

Be sure to gather records for the new deductions (car loan interest, tip and overtime income) This year many may see larger refunds. The One Big Beautiful Bill (OBBB) cuts applied to 2025, but withholding tables weren't adjusted mid-year, so many over-withheld during 2025 and will get it back.

Key Changes For the 2026 Tax Year

Here's a sampling of some significant tax law changes going into effect this year:

- Even if you take the standard deduction, you can take the new charitable contribution deduction for nonitemizers for cash contributions up to $1,000 ($2,000 for married couples filing jointly).
- For those who do itemize, there is a new 0.5% of adjusted gross income floor on charitable deductions for itemizers. This means only the excess over that amount is deductible.
- New 35% benefit limit on itemized deductions for taxpayers in the 37% tax bracket
- Reduced income thresholds at which the alternative minimum tax exemption begins to phase out
- New tax-advantaged Trump accounts kick off in July 2026. You can enroll by filing Form 4547 with your 2025 tax return or register at TrumpAccounts.gov when it goes live in mid-2026.
- Increase in tax-free 529 plan withdrawal limit for qualified elementary and secondary school expenses to $20,000 (from $10,000 for 2025)
- New requirement that higher-income taxpayers' catch-up contributions to employer-sponsored retirement plans must be treated as post-tax Roth contributions.
- Elimination of certain energy-efficiency credits for homeowners.
- Wider income ranges over which the Section 199A qualified business income (QBI) deduction limitations phase in, potentially allowing larger deductions for some pass-through entity owners.
- New minimum QBI deduction of $400 for taxpayers who materially participate in an active trade or business if they have at least $1,000 of QBI from it.

Q *Who needs to file a return for the 2025 tax year?*

A: For the 2025 tax year (returns filed in 2026), most U.S. citizens and resident aliens must file a federal income tax return if their gross income meets or exceeds certain thresholds. These are based on your filing status, age at the end of 2025, and whether you're claimed as a dependent on someone else's return.

The Key Filing Thresholds are based on your gross income which includes wages, tips, interest, dividends, business income, etc. (excluding certain nontaxable items).

If under age 65 at the end of 2025:

Filing Status	Gross Income Threshold (File If At Least This Amount)
Single	$15,750
Head of Household	$23,625
Married Filing Jointly	$31,500 (both spouses under 65)
Married Filing Jointly	$33,100 (one spouse under 65)
Married Filing Separately	$15,750
Qualifying Surviving Spouse	$31,500

If age 65 or older at the end of 2025:

Filing Status	Gross Income Threshold (File If At Least This Amount)
Single	$17,550 (includes extra ~$1,800 for age)
Head of Household	$25,625
Married Filing Jointly	$33,100 (one spouse 65+)
Married Filing Jointly	$34,700 (both spouses 65+)

*Additional for blindness: If blind (or spouse blind), add another ~$2,000 (single/HoH) or ~$1,600 per qualifying person (joint) to the standard deduction, which raises the filing threshold accordingly.

*Dependents: If someone can claim you as a dependent, the thresholds are much lower (often $1,350+ of unearned income, or earned income over ~$15,750, or gross income over the standard deduction amount minus $450—check IRS Pub 501 for exacts).

You Must Also File If Any of These Apply (Even If Income Is Below Thresholds)

- You owe special taxes (e.g., self-employment tax of $400+, household employment taxes, alternative minimum tax, or additional Medicare tax).
- You had wages from which federal income tax was withheld (to get a refund).
- You're claiming refundable credits like the Earned Income Tax Credit (EITC), Additional Child Tax Credit, or recovery rebates.
- You received advance payments of premium tax credit or need to repay excess.
- You had net earnings from self-employment of $400 or more.
- You're claiming certain other situations (e.g., church employee income over $108.28, or certain scholarship/fellowship income).

Even If Not Required, You Should File If...

- Federal tax was withheld from your pay (to claim a refund—many get money back).
- You're eligible for refundable credits (e.g., EITC, Child Tax Credit).
- You want to start the clock on the statute of limitations or carry over losses.

Your Small Business 7 Step Tax Plan for 2026

1. **Maximize asset deductions.** Use 100% bonus depreciation (restored) and expanded Section 179 limits (up to $2.5M) for equipment, vehicles, and qualified property placed in service this year.
2. **Optimize SALT & PTE elections.** With the SALT cap now higher ($40K+ and increasing), revisit pass-through entity (PTE) tax elections in high-tax states to deduct state taxes at the entity level and generate owner credits.
3. **Claim full QBI deduction.** Secure the permanent 20% qualified business income deduction for pass-through entities (S corps, partnerships, sole props); review income classification, wages, and SSTB limitations.
4. **Boost retirement & benefits.** Increase contributions to 401(k)s, SEP IRAs, etc., with higher 2026 limits (e.g., $24,500 employee deferral + catch-ups); consider Roth options if applicable.
5. **Harvest losses & time income and expenses.** Offset gains via tax-loss harvesting; accelerate deductions or defer income to leverage wider brackets and higher standard deductions.
6. **Leverage incentives.** Explore Qualified Opportunity Zones (preserved), R&D credits, energy-efficient deductions, and charitable strategies (e.g., appreciated assets).
7. **Plan for inflation adjustments.** Project income to stay in lower brackets with broader ranges and higher deductions/exemptions.

Need Help?

Contact the Tax Hotline

800-654-6023

Navigating Inheritances

DISCLAIMER: This article is for informational purposes only and is not intended as legal advice. Please consult an attorney for advice specific to your situation.

Q ***My son is my only heir. I love him, but he and his wife are irresponsible with money. How can I ensure my estate isn't depleted quickly and that funds remain for my grandchildren?***

A: Use estate planning tools to control distributions and protect assets. The best option is usually a trust with spendthrift provisions, which:

- Prevents your son from selling, pledging, or assigning his interest.
- Shields assets from most creditors while in the trust.
- Allows controlled payouts (e.g., monthly/annual stipends, discretionary for health/education/maintenance/support, or incentive-based).
- Bars lump-sum access to principal.

Name an independent trustee (professional, bank, or trusted person—not your son or his wife) to manage it responsibly.

To ensure your grandchildren are provided for you could make your son a lifetime beneficiary (receiving income and support), with remaining assets passing to grandchildren upon his death. You can also:

- Name grandchildren as remainder beneficiaries.
- Create separate sub-trusts for them.
- Use generation-skipping or dynasty trusts for longer-term/multi-generational protection (possible in some states, with tax benefits).

A revocable living trust (becoming irrevocable at death) often avoids probate and can reduce taxes, though trust income may be taxable. Trusts require precise drafting so it's best to avoid DIY forms. We recommend you consult a qualified estate planning attorney in your state.

Q ***How is an inheritance treated in a divorce?***

A: Inheritances are generally separate property and not counted as marital or community property in all U.S. states, so they're usually not divided. This applies whether received before or during marriage.

However, an inheritance can become divisible through:

- Commingling which means mixing the inheritance with marital funds. Examples include depositing funds into a joint account, using inherited funds to pay down a joint mortgage, or to buy or improve marital property or other assets.
- Transmutation. Actions that treat the inherited asset as shared marital property, even unintentionally, can causse transmutation.
- Active appreciation. Value increases from marital efforts from funds may be divisible while the original amount stays separate. Examples include asset appreciation and interest or dividends.

Q ***How can I keep inherited assets separate and protected?***

A: Most states agree on these general guidelines

- Keep inherited funds and assets in separate accounts and titles in your name only.
- Avoid using inherited funds for joint expenses or to improve marital assets.
- Maintain clear records showing no mixing.
- Use a prenuptial agreement to designate inheritance as separate property
- Use a transmutation agreement to define assets obtained during marriage as separate (this is also referred to as a postnuptial agreement)

Q ***Can a spouse be completely disinherited?***

A: No, in most states, a surviving spouse can't be fully cut out without their consent. Many common law states allow a spouse to claim one-third to one-half of the estate (via an elective share), even if the will states otherwise.

Q ***Do children have a legal right to inherit from parents?***

A: Generally, no. Parents can disinherit children in most states. Exceptions include protections for pretermitted (omitted) children, homestead rules, or minor children in some cases.

Q ***What's the difference between a will and a trust for inheritance?***

A: A will directs distribution after death but requires probate (public, often slower, and costlier). A trust (especially revocable living) manages assets during life and after death, often avoids probate, provides more control (e.g., staggered distributions), and offers privacy.

Q ***Can I refuse or disclaim an inheritance?***

A: Yes, beneficiaries can decline an inheritance, often for tax reasons or to pass it to others. It must be disclaimed properly which usually means in writing and within a time limit to avoid complications.

Revolutionizing Risk: How Insurance Companies Are Using AI to Underwrite Home and Auto Insurance

In recent years, the insurance industry has experienced a profound technological transformation driven by artificial intelligence (AI). Once reliant on manual processes, historical data, and actuarial tables, insurers are now leveraging AI to underwrite home and auto insurance with greater speed, accuracy, and predictive power. This shift is reshaping the way risk is evaluated, policies are priced, and claims are managed—ultimately improving profitability for carriers and potentially fairer pricing for customers.

At its core, underwriting is about risk assessment: predicting the likelihood and cost of future claims based on available information. Traditionally, underwriters reviewed applications, considered demographic and credit data, and applied standardized rules. While effective, this approach is limited by human cognitive constraints and static models. AI, in contrast, can analyze vast and complex datasets far beyond human capability, identifying patterns and correlations that would otherwise remain invisible.

One of the most impactful ways AI is being used in underwriting is through machine learning models. These algorithms learn from historical claim outcomes and risk factors to forecast future losses. For example, in auto insurance, AI systems can digest data from telematics devices—such as vehicle sensors or mobile apps—that record speed, braking patterns, and routes. By analyzing driver behavior in real time, insurers can better distinguish between high-risk and low-risk drivers. This leads to more personalized premiums that reflect actual driving habits, rather than broad categories like age or zip code.

Similarly, in home insurance, AI ingests a wide range of structured and unstructured data sources. Satellite imagery, property age and construction materials, neighborhood crime rates, and even proximity to fire hydrants or flood zones can feed into risk models. Some insurers are incorporating computer vision—a form of AI that interprets images—to assess roof conditions or identify potential hazards like overhanging trees. This vastly improves the precision of risk scoring compared to traditional questionnaires or site inspections.

Another AI advancement transforming underwriting is natural language processing (NLP). This technology enables computers to read and understand text-based information such as claims notes, maintenance records, inspection reports, and social media activity. By extracting relevant insights from unstructured text, NLP

enhances data completeness and reduces reliance on costly manual review.

The benefits of AI-powered underwriting are significant. First, speed and efficiency improve dramatically. What once took underwriters hours or days can now happen in seconds, enabling instant quotes and reducing operational costs. Second, accuracy increases as models continuously learn from new data, reducing both underpricing and overpricing. When premiums align more closely with risk, insurers see fewer losses while consumers with lower risk profiles may pay less.

However, the adoption of AI in underwriting also raises challenges. One concern is data privacy and security: using granular driver behavior or personal digital information must be balanced with consumer rights and regulatory compliance. Another issue is algorithmic fairness; if historical data contains biases, AI systems may inadvertently perpetuate them, leading to discriminatory pricing. Insurers must therefore invest in transparency, validation, and ethical AI practices to ensure models are trustworthy and equitable.

Looking ahead, AI will likely become even more embedded in underwriting. Emerging technologies like predictive analytics, real-time risk scoring, and Internet of Things (IoT) sensors (e.g., smart home devices or connected cars) promise to refine risk assessments further. As these innovations progress, carriers that embrace AI thoughtfully and responsibly will be better positioned to deliver competitive pricing, faster service, and more tailored insurance solutions.

In conclusion, AI is redefining how insurers underwrite home and auto risks, shifting the industry toward more data-driven, efficient, and personalized risk assessment. While challenges remain, the potential for better outcomes for both insurers and policyholders has never been greater.

AI Assisted Article

From the Financial Hotline

Call, fax or e-mail for answers to all your financial questions.

Q ***I make a decent salary, but I just keep ending up stressing about my money. How can I adjust my spending and finances to help me stay on track?***

A: Handling rising costs of living and inflation remains a major concern for many Americans in 2026, regardless of location. As of mid-January 2026, the latest data from the U.S. Bureau of Labor Statistics shows the annual inflation rate held steady at **2.7%** for the 12 months ending December 2025 (with core inflation at 2.6%). This is moderate compared to recent peaks but still means prices for essentials like food, shelter, and energy are climbing, reducing purchasing power over time.

The national average household spends around **$61,000–$77,000** annually on expenses (with housing often taking 30-35%), and many feel the squeeze on groceries, utilities, and other basics. The good news is there are proven, practical strategies to fight back effectively, focusing on control, efficiency, and growth.

1 Master Your Budget – Track and Adjust Ruthlessly

Start by logging every expense for 30 days (use free apps like Mint, PocketGuard, or a simple spreadsheet). Identify "leakage" from subscriptions, dining out, or impulse buys. Adopt a flexible rule like **50/30/20** (50% needs, 30% wants, 20% savings/debt), but bump needs to 55-60% if inflation hits hard. Review monthly and add a 5-10% "inflation buffer" for rising categories like food and utilities.

2 Slash Everyday Expenses – Target the Big Ones

- **Groceries & Food:** Meal plan around sales, buy in bulk/store brands, use apps for coupons (Ibotta, Fetch), and minimize waste—many save 20-30% this way.
- **Utilities & Energy:** Lower thermostat settings, switch to LED bulbs, unplug devices, and shop for better rates (electricity/natural gas can vary by provider).
- **Insurance & Bills:** Compare auto/home/renters quotes annually (switching can save hundreds); negotiate cable/internet/phone plans or bundle.
- **Subscriptions & Small Stuff:** Cancel unused ones. You can often find $50-100/month in forgotten charges.

3 Increase Your Income Streams

Negotiate a raise, seek overtime (especially with potential tax perks on overtime pay), or start a small business (freelance, rideshare, selling online). Even small boosts compound quickly against inflation.

4 Protect Savings from Erosion

Move emergency funds (target 3-6+ months of expenses) to **high-yield savings accounts** or money market accounts (many yield 4-5%+ APY currently, outpacing 2.7% inflation). Consider short-term CDs or I-Bonds for locked-in rates.

5 Attack High-Interest Debt

Focus on credit cards or loans above 10% APR using the avalanche (highest interest first) or snowball (smallest balance first) method. Refinance if possible for lower fixed rates.

6 Invest for Long-Term Protection

Once basics are covered, put extra money into inflation-resistant options:

- Stocks (especially in sectors like essentials, energy, or companies with pricing power).
- TIPS (Treasury Inflation-Protected Securities) or commodities.
- Max retirement contributions (401(k) up to $24,500 + catch-ups) for tax advantages and growth.

Q ***Where can I find information about benefits I may qualify for?***

A: Use these free, official national tools to screen for assistance you may be eligible for:

- **USA.gov Benefit Finder:** *www.usa.gov/benefit-finder*
- **Benefits.gov:** *www.benefits.gov*
- **Social Security Benefits:** *www.ssa.gov/benefits/* or the "Check eligibility" section.
- **USAGov Contact Center:** Call 1-844-USA-GOV1 (1-844-872-4681) for federal program guidance. Dial 211 (24/7, free nationwide) for referrals to local/national benefits (food, utilities, housing, health, seniors).
- **BenefitsCheckUp (great for seniors 65+ or people with disabilities):** *https://benefitscheckup.org*
- **Call:** 1-800-794-6559 for counselor help screening programs (e.g., Medicare, low-income aid, extra deductions).
- **State Social Service Agencies:** *www.usa.gov/state-social-services*
- **SNAP (food):** *www.fns.usda.gov/snap/state-directory*
- **Medicaid/CHIP:** *www.medicaid.gov/state-overviews/state-profiles* (map) or *www.medicaid.gov/eligibility*
- **Veterans benefits:** *www.va.gov*
- **General state portals:** *www.usa.gov/state-governments.*

2026 Real Estate Outlook

The U.S. real estate market in 2026 is expected to show gradual recovery and stabilization after years of high mortgage rates, low inventory, and affordability challenges. Forecasts from sources like Redfin, Realtor.com, Zillow, NAR, and CBRE point to a balanced market with modest national growth—no major booms or crashes.

In the residential sector, home prices are expected to show modest rises of 1–2.2% nationally with wages outpacing prices for the first time in years, improving affordability.

Mortgage rates are predicted to average around 6.3% for 30-year fixed, easing slightly but remaining elevated vs. pre-2022 levels.

Existing-home sales are trending up modestly and up as much as 14% in some scenarios. The sales will hopefully driven by lower rates unlocking buyers. New construction and sales see slight gains, increasing supply and options.

While the national picture is one of modest recovery, regions diverge based on factors like current affordability, inventory, migration patterns, overbuilding in some hot spots and economic drivers such as jobs, remote work return and climate resilience.

The Northeast & Midwest are coming in as the strongest performers due to affordability, limited supply, job stability, and resilience. Expect solid price growth (3–5% or higher in hotspots) and balanced-to-seller-favored activity. Top metros: Hartford CT, Buffalo NY, Rochester NY, Worcester MA, Toledo OH (up to 13% in some forecasts), Syracuse NY, Scranton PA, Columbus OH, Indianapolis IN, Minneapolis-St. Paul MN.

The South/Sun Belt region is trending softer overall, with inventory surges from prior overbuilding and migration slowdowns. Expect flat or declining prices in many areas particularly declines in Florida metros like Cape Coral-Fort Myers -10%, North Port-Sarasota -9%, Tampa -3.6% and Raleigh NC -3.7%. There is potential stabilization or rebound later with rate relief. Brighter spots in this area include Charleston SC, Charlotte NC, Jacksonville FL and Atlanta GA.

The West has a more mixed outcome with coastal and urban areas competitive and showing modest growth, but some inland spots are cooling with declines in Stockton CA and Spokane WA. Affordability continues to persist in high-demand cities.

Commercial Real Estate Outlook

The overall tone from major reports is cautious optimism: investment volumes are rising, capital is flowing more freely with easing rates, and focus is on high-conviction, resilient, or tech-driven sectors rather than broad speculation.

Key trends include a move from “niche” to “essential” real estate, AI and tech integration, demographic-driven demand such as the (aging population) and renter growth, and a preference for quality assets in recovering markets. Income (rents and cash flow) drives most returns, with modest cap rate compression.

Data Centers and Digital Infrastructure are on target for explosive growth from AI demand; one of the strongest secular themes. Investors prioritize these for high yields and long-term leases.

Industrial/Logistics and Warehouses remain resilient due to e-commerce expansion; absorption remains strong despite some new supply moderation.

Multifamily and Rental Housing show a sustained demand from rising renters, migration to population growth areas, and affordability challenges keeping people renting.

Senior Housing and Healthcare-Related demographic tailwinds (aging population) make this a high-potential sector for growth and resilience.

Self-Storage continues as a defensive, essential play with steady demand.

Office sectors shift to an emphasis on quality which favors modern buildings with amenities, while older stock lags. Overall leasing improves but remains uneven.

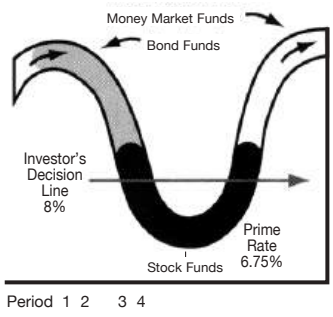
Retail is expected to be steady in resilient formats; two-tiered consumer spending favors practical and essential retail over others.

Weaker or cautious areas include older office stock and some overbuilt multifamily pockets, but overall, the market favors tried and true strategies over broad exposure.

Overall, 2026 marks a shift toward normalcy: more balanced residential markets, improved affordability, and selective commercial opportunities in resilient sectors. Regional and sector differences remain key.

The Money Movement Strategy

Prime Rate Chart for Money Movement Strategy



How It Works

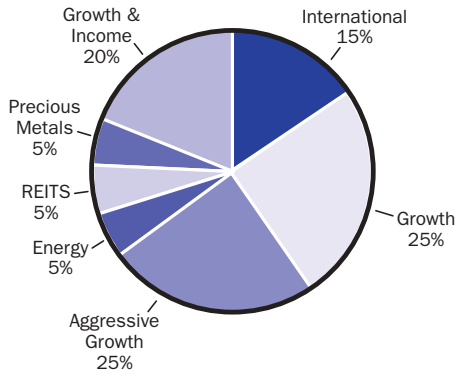
Long-term increases or decreases in the value of stocks, bonds and money market instruments are caused by changes in interest rates, primarily the Prime Rate. Of the three categories of mutual funds — stock, bond, or money market, there is only one type of investment that will give you above-average returns at any given time.

The Money Movement chart represents typical changes of interest rates smoothed out over time. The Investor's Decision Line (IDL) indicates the point at which you should move your money from one type of fund to another. Contact the Stock and Mutual Hotline or Investment Holine for the best evaluation of how the Money Movement Strategy will work for your specific circumstances.

Models For Portfolio Management

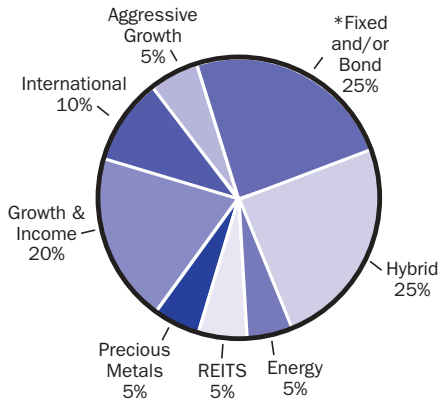
Aggressive

Keep all mutual funds and retirement money in stock funds.



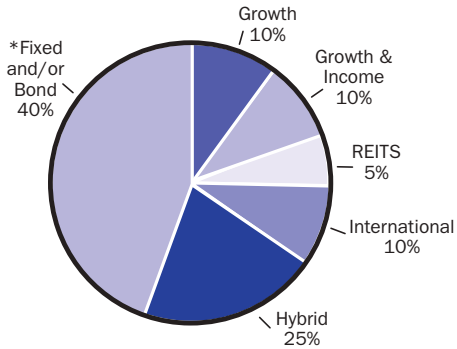
Moderate

Keep most mutual funds and retirement money in stock funds.



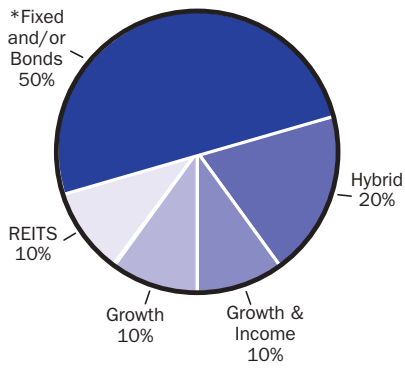
Conservative

Keep most mutual funds and retirement money in stock funds.



Retirees

Note: This portfolio does not follow the Money Movement Strategy! Create the proper mix of Stock, Bond, and money market funds.



*Fixed Market-Linked CDs

No-Load Mutual Funds*

Fund Name/Type	Stock Symbol	Buy, Sell or Hold	3 Month % Change	Average Annual Returns as of to 09/30/25 1 Year % Change	5 Year % Change	10 Year/ % Change	Expense Ratio
Aggressive Growth							
BNY Mellon Small Cap Index	DISSX	Buy	1.59	5.49	6.60	9.28	0.51
Kinetics Paradigm No Load	WWNPX	Buy	-9.19	-14.69	19.01	16.74	1.64
Needham Growth	NEEGX	Buy	5.10	9.06	6.06	11.26	1.71
Schwab Health Care	SWHFX	Buy	10.26	15.91	6.54	8.10	0.79
Value Line Small Cap Opp	VLEOX	Buy	1.87	6.35	6.67	10.86	1.18
Growth							
American Century Mid Cap	ACMVX	Buy	0.12	8.89	8.77	9.04	0.97
BNY Mellon MidCap Index	PESPX	Buy	1.52	6.94	8.58	10.19	0.51
Janus MidCap Value T	JMCVX	Buy	1.98	6.70	8.75	8.62	1.06
Neuberger Berman Partners Inv	NPRTX	Buy	6.16	20.68	10.73	13.02	0.75
Selected American Shares	SLASX	Buy	8.16	26.77	13.14	12.32	0.98
American Century Small Cap Value	ASVIX	Hold	-1.06	-3.27	7.04	8.94	1.08
Growth & Income							
American Century Equity	TWEIX	Buy	1.84	11.91	7.77	8.97	0.94
American Century Large Value	ALVIX	Buy	3.31	16.41	10.46	9.76	0.84
abrdn Dynamic Dividend Instl	ADVDX	Hold	3.69	20.31	8.21	9.41	1.25
Parnassus Core Equity Inv	PRBLX	Buy	1.59	11.64	11.41	13.32	0.81
Janus Contrarian T	JSVAX	Buy	-3.52	7.29	7.85	11.26	0.76
T. Rowe Price Equity Income	PRFDX	Buy	3.86	14.58	11.31	10.66	0.67
Hybrid							
American Century Balanced	TWBIX	Buy	1.36	9.60	6.45	7.99	0.89
James Balanced Golden Rainbow	GLRBX	Buy	2.19	13.17	6.85	4.59	1.23
Oakmark Equity & Income	OAKBX	Buy	3.28	11.06	8.44	8.52	0.85
Impax Sustainable Allocation Inv	PAXWX	Buy	0.73	10.86	5.38	7.68	0.93
Permanent Portfolio	PRPFX	Buy	6.07	28.78	12.52	11.19	0.81
Value Line Asset Allocation Inv	VLAAX	Buy	-3.80	-2.63	4.09	8.15	1.06
International							
American Century Intl Growth	TWIEX	Buy	0.33	15.60	1.56	6.15	1.22
Artisan International Inv	ARTIX	Buy	1.52	36.03	8.56	8.26	1.20
Matthews China Investor	MCHFX	Hold	-5.29	29.81	-3.90	6.48	1.25
William Blair Intl. Growth	WBIGX	Buy	1.85	17.74	1.46	6.61	1.15
T. Rowe Price Emerging	PRMSX	Buy	6.93	32.46	-1.83	6.16	1.23
Sector Funds							
American Century Real Estate Inv	REACX	Buy	-1.73	0.82	5.08	4.95	1.15
Cohen & Steers Realy Shares	CSRSX	Buy	-2.69	2.82	5.72	6.33	0.88
T. Rowe Price Health Sciences	PRHSX	Buy	15.45	17.72	4.21	9.14	0.80
Victory Precious Metals/Minerals	USAGX	Sell	14.26	156.06	19.11	19.76	1.14
US Global Investors Global Res	PSPFX	Hold	18.45	80.27	9.86	9.32	1.58
Bond Funds							
American Century Infl-Adj Bond	ACITX	Buy	-0.19	6.67	0.84	2.70	0.54
Fidelity Capital & Income	FAGIX	Buy	1.77	12.36	7.03	7.93	0.90
Janus Flexible Bond	JAFIX	Buy	1.04	7.37	-0.31	2.27	0.65
Loomis Sayles Bond Retail	LSBRX	Buy	1.46	8.93	2.34	3.66	0.89
Impax High Yield Bond Indv Inv	PAXHX	Buy	1.53	8.72	2.81	5.19	0.93
American Century Sh-Dur Bd fund	APOIX	Buy	0.07	5.95	3.20	2.98	0.61
Western Asset Core Bond	WATFX	Buy	1.19	8.00	-1.26	2.10	0.45

* Some funds may be closed to New investors due to demand.

The performance data quoted represents past performance and the principal value and investment return will fluctuate so that an investor's shares, when redeemed, may be worth more or less than their original cost. Returns shown, unless otherwise indicated, are total returns, with dividends and income reinvested. Past performance is no guarantee of future results.

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Economic Outlook

–By Russ Colbert

The year ended on a positive note with a gain of over 16%. We continue to expect a positive year for 2026 going forward. We also expect new technologies to roll out for many of the technology companies. We have always believed that it is innovation that leads to higher standards of living. We also support deregulation and fewer bureaucrats, policing crime, and fighting fraud, stopping illegal immigration, keeping tax rates low, using tariffs to reduce other countries trade barriers and unfair trade practices against the U.S., as well as cutting excess government waste and overspending where possible.

We did not worry last year about the tariffs causing inflation or a collapse in global trade. We also disagreed with the fear of the end of American Exceptionalism.

The two biggest worries of last year were one being the Covid stimulus going from easy money to irresponsible deficit spending as it was winding down. We were surprised that by locking down the economy we escaped a recession. So far, the price to be paid was higher inflation and more inequality and that price has been paid by those with lower incomes. The overall economy has continued to grow, but as the stimulus faded we expected things to slow more than they have. Also, the stock market was overvalued for many company stocks last year signaling to many economists and talking heads about the possibility of a significant pullback or a correction in the stock market. It rarely happened and the pullbacks never seemed to last very long.

So, what do we see on the horizon for 2026. Well, no one really knows what is going to exactly happen. We just give our best estimate based on the information we have at hand though out the year. To begin with we recently saw the unexpected arrest of the self-appointed President of Venezuela, Nicolas Maduro. We understand the arguments many have made on the constitutionality of the arrest and won't debate them other than to mention that Congress takes their time and dithers around while Russia, China, and Nicolas Maduro, a criminal, thumb their noses at the U.S. It was all being done in our hemisphere with little pushback until now. It was a bit of a surprise and most likely will have a negative effect on China, Russia, and Cuba oil markets and their global politics. We will see how that situation develops and the effects on the U.S. economy throughout the year. So far, it looks like it should bring down the price of oil causing a positive effect on the gas prices and the U.S. economy. Later this year in November the U.S will elect a new Congress that will have a significant impact on our fiscal policy for future years to come. The Federal Reserve will most likely lower interest rates at least two or three times this year for three-quarters of a percentage point or possibly even more than that.

Deregulation is also having a positive effect on productivity. The shrinking of the bureaucracy (January to November Federal Employment was down 271,000) and hundreds of billions of dollars in cuts to climate-related subsidies are removing wasteful spending and obstacles to productivity growth. At least for now, these should have a positive effect on the U.S economy. Freedom will always reduce the power of authoritarians and dictators.

If you have any questions or need a portfolio review to keep you on track with your investments or retirement plan, please call me. Russ Colbert, Senior Portfolio Manager 888-878-0001.

Russ Colbert
Senior Portfolio Manager
1-888-878-0001

FREE Portfolio Review

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___ College Funding for my children/family
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___ Review of 401(k), 403(b) or other retirement plan
___ Investing in Mutual Funds
___ Transferring or Rollover of IRA or retirement account
___ Review of my Investment Portfolio
___ Where to invest in 2026

Savings (IRA, 401(k), CDs, etc.):

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___ $10,001 - $50,000
___ $50,001 - $100,000
___ $100,001 - $500,000
___ $500,001 +

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_____

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