Volume 44, No. 1

Success InSight®

Spring 2026

Gifting Money for Home Purchase

Q: My husband and I plan to give our married children money to buy a house. Can they still qualify for a mortgage if I provide most of the down payment?

Yes, you can gift money to your kids for a house down payment (or closing costs) even if they're getting a mortgage. Lenders generally allow it for primary residences, and the process is straightforward if handled properly. Here's what you need to know about timing, method, documentation, and tax rules in 2026.

The annual gift tax exclusion is $19,000 per recipient in 2026 (or $38,000 if you and your spouse split the gift). You can give this amount to each child without filing any gift tax paperwork or reducing your lifetime exemption.

For example, you and your spouse could give your child $38,000 and their spouse $38,000 for a total of $76,000 without triggering any gift tax.

Gifts above these limits require you (the donor) to file IRS Form 709 (gift tax return) by April 15 of the following year. This isn't filed with your 1040 but it's easy to comply. It's a simple form to complete and you just mail to the address listed. Most people filing form 709 don't owe gift tax, because the lifetime gift and estate tax exemption is about $15 million per person in 2026. This form just keeps track of how much you give away in case you hit that larger limit. The recipient of the gift has no IRS reporting requirements. If the gift is large and you don't want the extra reporting burden, consider spreading it over multiple years (e.g., $19,000 per year per parent, per recipient) to stay under the annual exclusion.

When a mortgage is involved, the timing can be important. It's a good idea to discuss the exact timeline with your kids' loan officer early. They know their specific lender program rules and will be able to guide you. Some common points to consider are:

Most lenders review the last 2–3 months of bank statements during underwriting to verify funds and ensure no undisclosed loans. Large recent deposits can raise questions.

The lender will almost always require a Gift Letter.

The best option for simplicity is to transfer the money well in advance (ideally 60+ days before loan application) so it becomes "seasoned" funds in your kids' account. Another common and lender-friendly option is to wait until after mortgage approval but before closing, and wire the funds directly to the title company or closing agent. This avoids seasoning issues and makes documentation cleaner. Many lenders prefer or require this for larger gifts.

Avoid depositing a large gift into their personal account right before or during underwriting without lender coordination, this could delay the process or require extra

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Janus Henderson AAA CLO ETF (JAAA)

Most investors look to keep some portion of their investment assets in safe, low or no volatility holdings. Certificates of Deposit (CDs) and/or Money Markets are popular choices that provide stable performance with known levels of return.

In an effort to earn higher returns while assuming very little risk, in addition to CDs and Money Markets one can look to an investment such as the Janus Henderson AAA CLO ETF (JAAA).

JAAA seeks capital preservation and current income by seeking exposure to high quality AAA rated collateralized loan obligations (CLOs). A CLO is a securitization product created to acquire and manage a pool of leveraged loans. CLOs are actively managed, allowing managers to buy and sell loans within the pool, which aims to optimize returns and minimize losses, offering diversity and potential for higher-than-average yields to investors.

John Kerschner, Global Head of Securitized Products and portfolio manager at Janus Henderson Investors and Nick Childs, Head of Structured and Quantitative Fixed Income and portfolio manager have been the lead managers of this fund since its inception in 2020.

Industry standard bond rating agencies evaluate the risk of a bond and assign it a safety rating. There are various levels of Investment Grade and Below Investment Grade bonds, ranging from the safest to the riskiest. AAA is the highest ranking within the Investment Grade sector. As its name implies, this fund only invests in AAA rated, floating rate corporate bonds. Floating rate indicates that these bonds are subject to periodic resetting of interest paid dictated by the current level and direction of interest rates.

In short, if interest rates are in an uptrend the yield on this fund may increase, and if interest rates are in a downtrend, the yield on this fund may decrease.

Diversification plays an important role in an investor's overall performance. Not only do we look to diversify among different asset classes such as Stocks, Bonds and Cash equivalents, but also diversify within each of those categories. For those looking for alternatives within the safe money portion of their portfolio, JAAA is worth considering.

This fund is a monthly payer and has a current yield of 5.14%. Performance annualized and updated through 03/31/2026: 1-Year: +5.11%; 3-Year: +6.85%; 5-Year: +4.64%. The gross annual expense ratio is 0.20%.

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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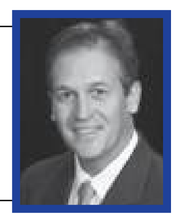

Solopreneur Basics

Q: ***What are the best entity options for a new small business with one owner who is also the only employee?***

A: The most common choice in 2026 is a single-member Limited Liability Company (LLC), potentially with an S-Corporation tax election once profits justify it. However, choosing the best entity depends on which option works for you. Here's a clear breakdown to help you decide.

1 Sole Proprietorship

This option is a default. If you don't choose a specific entity form, you are a sole proprietor.
How it works: No formal entity formation. You and the business are legally the same. You report income and expenses on Schedule C of your personal Form 1040.

Pros: This choice is the simplest and cheapest, there are no filing fees, no annual reports, minimal paperwork and you have full control.

Cons: You have personal liability, which means your personal assets (home, savings, car) are at risk if the business is sued, has debts, or faces a claim. You pay full self-employment tax (15.3% on net profit for Social Security and Medicare) plus income tax. It is harder to open business bank accounts or get certain loans and credibility.

Best for: Very low-risk, low-revenue testing phase, such as part-time sales or work with income under $20K–30K with no contracts or liability exposure. Most experts recommend moving beyond this quickly for any real business activity.

2 Single-Member LLC

How it works: To form you file Articles of Organization with your state Department of Corporations. By default, it's taxed as a "disregarded entity", the same as a sole proprietorship using Schedule C and you pay full self-employment tax. You can obtain an EIN (Employer Identification Number) and open a business bank account in the LLC's name.

Pros: A formal entity can give you more professional credibility with clients, banks, and vendors. You have limited liability protection which separates personal and business assets so your home and savings are generally shielded from business lawsuits and debts, if you maintain proper separation. It is simple and flexible with fewer formalities than corporations such as no required board meetings or minutes. It's also easy to change tax treatment with options such as an S Corporation.

Cons: The paperwork process is minimal but you will have to pay a small fee (around $150) to form your LLC. There is also an annual report due every year with a similar fee to keep the registration active. An LLC still pays full self-employment tax on all profits by default.

Best for: Most solo owners starting out, especially if there's any risk of contracts, clients, products, or services that could lead to claims.

3 LLC Taxed as an S-Corporation

How it works: Go to your State Department of Corporations website and form a single-member LLC first. Then file IRS Form 2553 to elect S-Corp taxation. It is usually effective the same year if filed timely. You become both owner (shareholder) and employee. You can pay yourself a reasonable salary with a W-2, and subject to payroll taxes then take remaining profits as distributions which are not subject to self-employment tax.

Pros: This keeps the LLC's liability protection and flexibility with the added bonus of significant self-employment tax savings once net profit reaches around $50K to $60K+ and savings increase with higher profits. Example: At $100K net profit, you might save several thousand dollars annually compared LLC or sole proprietor taxation. This entity enjoys pass-through taxation (which means it avoids corporate-level tax) and you may be able to contribute more to retirement plans such as a Solo 401k.

Cons: You will face more compliance. For example, you must run payroll, file quarterly payroll taxes, issue yourself a W-2, and file Form 1120S annually. You typically will have extra accounting and payroll costs as well. You can't just take what you want as distributions. The IRS requires you to be paid a reasonable salary. This has to be fair market value for your work based on your industry, duties, and location. If you pay yourself too little, you could be at risk for an audit resulting in recharacterization of distributions as wages. It isn't ideal for a business with profits under $50K to 60K as compliance costs may outweigh savings.

Best for: Solo businesses with growing or solid profits where tax savings make sense. Many owners start as a default-taxed LLC and elect S-Corp later as their business grows.

4 C-Corporation (Usually Not Recommended Here)

Why? The corporation is the least chosen option due to the double taxation of corporate tax plus dividends, more formalities, and higher entity maintenance costs. It's usually not needed for a one—person operation but it still may work for businesses planning to raise venture capital or go public.

Q *If I choose the simplest form, how do I pay myself?*

A: Even when your business is just starting out, it's important to open a separate checking account and keep your business and personal funds separate. For sole proprietors or single-member LLCs, you typically take an owner's draw by transferring money from your business account to your personal account rather than taking a traditional salary. The key is doing it consistently, keeping records, and not draining the business of needed cash.

Q *How should I track income, expenses, and bookkeeping?*

A: Simple options include software like QuickBooks Self-Employed, Wave, or even spreadsheets at first. Categorize everything, save receipts, and review weekly or monthly. Good bookkeeping helps spot problems or patterns early and maximizes deductions.

Q *What taxes do I owe, and how do I handle quarterly estimated payments?*

A: **Federal Income Tax:** The options recommended above (1-3) are all pass-through entities. This means the business doesn't owe taxes and the income passes through to you, is added to your income and taxed at your personal income tax rate. You may qualify for the 20% Qualified Business Income (QBI) deduction, which can reduce the taxable amount of your profits.

Self Employment (SE) Tax also known as FICA or Paytoll Taxes. For sole proprietors and default LLCs, the amount due is calculated as 15.3% of the business net profits. This covers Social Security and Medicare. You do get to deduct half of the SE tax as an adjustment to income and only 92.35% of the earnings are subject to the rate in the calculation.

The S Corporation pays W-2 wages with Federal income tax paid accordingly. You still owe FICA but the business pays half of the tax (7.65%) and the other half (7.65%) is withheld from your paycheck as an employee. The remaining profits are taken as distributions to you and are not subject to FICA but are subject to Federal Income Tax.

Quarterly Estimate Taxes. If you expect to owe more than $1,000 in tax payments, you will need to make quarterly estimated taxes using form 1040-ES. In 2026, the due dates are April 15, June 15, September 15 and January 15, 2027.

State Taxes. Depending on your location, you may owe state taxes.

Gifting Money for Home Purchase

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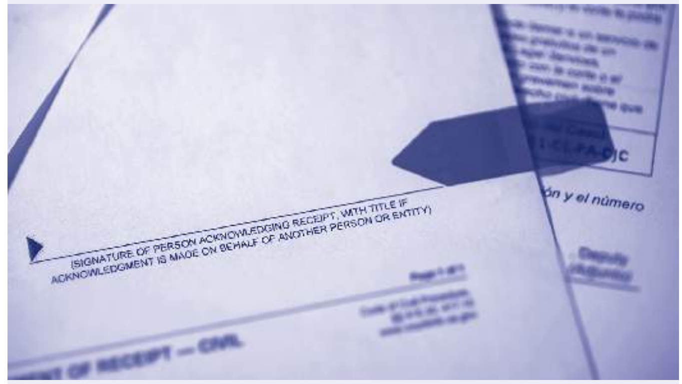


explanations.

Lenders want proof the money is a true gift (no repayment expected) and not a hidden loan, which could affect debt-to-income ratios.

The lender will almost always require a Gift Letter. They will typically provide their own approved template for you to fill out if you ask. This is simply a signed letter from you stating:

- Your name, address, phone, and relationship to the recipient(s).
- Exact gift amount and date (or intended date).
- That it's a gift with no expectation of repayment.
- Source of your funds (e.g., from your savings or investment account).

You may also be asked to provide proof of the transfer and where it originated from. Examples include:

- Bank statement or wire confirmation showing the money leaving your account.
- Proof it arrived in their account or directly at closing (e.g., wire receipt, deposit slip).
- Sometimes your bank statements to show you had the funds available.

Most conventional loans allow family gifts for all or part of the down payment (sometimes with a small borrower contribution requirement). FHA loans are very flexible with gifts from relatives. Gifts are typically fine for primary residences but rules may be stricter for investment properties.

Your best strategy is to coordinate with everyone. Talk to your kids and their loan officer first. Confirm the lender's exact requirements for gift letters, seasoning, and wiring instructions. Then keep good records. Save all paperwork for transfer confirmations, statements, and letters for your taxes and their mortgage file.

What to DO When the IRS Contacts You

Q: ***Help! I just received an IRS notice and I'm not sure what it's for.***

A: Don't panic. Notices from the IRS are more common than you may realize. Each year, the IRS mails millions of letters to clarify information, confirm changes or request additional documentation. Receiving a notice may seem intimidating, but most notices can be addressed quickly with the right information and guidance.

Each IRS notice includes a reference number, such as CP49 or CP14. It identifies the issue and helps determine the appropriate response. Below is an overview of the most common types of notices and what to do if one arrives in your mailbox:

1 CP12 (including CP12, CP12E, CP12F, CP12G, CP12N and CP12U), refund adjustment.

A CP12 is sent when the IRS corrects a math error or similar issue on your tax return. The correction may increase or decrease your expected refund. If you agree with the change, no response is required. If you disagree, call the IRS at the toll-free number shown on the notice by the date indicated.

2 CP14, balance due.

This notice informs you that you owe taxes. Address the notice promptly. You can pay in full, explore installment options or seek assistance if you believe the notice is incorrect. Ignoring it can result in interest charges, penalties and collection actions.

3 CP49, refund applied to a debt.

This notice explains that your refund was used to pay all or part of an outstanding tax liability. Review how the refund was applied. Disputes are generally handled with the agency that received the funds, not the IRS. On a joint return, a spouse who's not responsible for the debt may be able to recover his or her share of the refund by filing Form 8379, "Injured Spouse Allocation."

4 CP2000 series, proposed changes to your return.

This notice is issued when the IRS compares your tax return to information reported by third parties, such as employers or financial institutions, and finds a mismatch. It isn't a bill; it's a proposal to adjust your return. Read the notice carefully and respond by the deadline listed. Follow the instructions, include any required documentation and note whether you agree or disagree. If no response is received, additional notices or a bill may follow.

5 Letter 4883C, identity verification.

When the IRS suspects possible identity theft, it may pause processing your return until your identity is confirmed. Call the Taxpayer Protection Program hotline as directed in the letter. Have the tax return referenced in the letter, a prior-year return (if available), and supporting documents, such as Form W-2, Form 1099 and Schedule C, ready. If you didn't file the return listed in the notice, contact the IRS immediately, because this may indicate identity theft.

Speaking of fraud, remember that the IRS will never email, text or call demanding payment. Legitimate notices always come by mail.

Understanding Your Options

IRS notices can be confusing, especially when calculations or supporting documents are involved. If you receive a notice, contact the Tax Hotline for help confirming whether it's accurate, understanding your options and communicating with the IRS.

Q: ***I have a hobby that's becoming more of an income stream. How do I determine if I can deduct anything?***

A: A small business is a proven way to help lower your tax bill. Turning a favorite pastime into income can be rewarding, but it raises an important tax question: Is the activity a hobby or a business? The answer matters because different tax rules apply to each.

All income must be reported on your tax return, regardless of whether it's from a hobby or a business. But related expenses (and losses) are deductible only if the activity is a business.

The IRS distinguishes a hobby from a business based on several factors. It weighs all the facts and circumstances, and no single factor is more important than another.

One factor the IRS considers is whether you conduct the activity in a businesslike manner. This includes maintaining complete and accurate records, tracking income and expenses and taking steps to improve operations. The time and effort you devote is important, especially when they demonstrate an attempt to make the activity profitable rather than purely recreational.

Your financial situation is also considered. If you rely on the activity's income to support yourself, the activity is more likely to be viewed as a business. If other earnings primarily fund the activity, it may be treated as a hobby. Personal motives, such as pursuing the activity mainly for enjoyment or relaxation, can weigh against business classification.

Profit history and future potential are also key. The IRS considers whether losses you've experienced are typical for a start-up (assuming you began the activity relatively recently) or caused by factors outside your control. If so, the IRS may view your activity as a business. Experience and success in similar activities can further support business status. Additionally, the expectation of future profit from the appreciation of assets used in the activity can indicate a business motive.

Historically, taxpayers with hobby income could generally deduct certain related expenses as miscellaneous itemized deductions, subject to a 2% adjusted gross income (AGI) floor. The Tax Cuts and Jobs Act suspended these deductions for tax years 2018 through 2025. The legislation commonly known as the One Big Beautiful Bill Act, signed into law in July of 2025, made that suspension permanent. This means that if the activity is a hobby, you can't deduct expenses associated with it. However, you must still report all income from your hobby.

If the activity is considered a business, you can deduct related expenses. If the business activity results in a loss, you can deduct the loss from your other income in the same tax year, subject to various limits.

The line between a hobby and a business isn't always clear. If you earn income from a side activity, or are considering turning a passion into a profitable venture, contact the Tax Hotline for help evaluating your situation and understanding the tax implications.

Q: ***My daughter is heading off to college soon and expecting to receive multiple scholarships. Is this funding tax-free?***

A: Generally, scholarships received by degree candidates are tax-free to the extent they're used for qualified tuition and related expenses. These include tuition, mandatory fees and required books, supplies, and equipment. However, amounts used for nonqualified expenses, such as room and board or travel, are taxable.

Q: ***My son will have a job at college plus his total scholarship amounts will add up to more than the qualifying expenses. Do I report this on my return?***

A: IF his taxable income (including any taxable scholarships) exceeds his standard deduction, he must file his own tax return. (Even if you claim him as a dependent) The taxable scholarship amount is typically reported as earned income on the student's tax form 1040. If a scholarship requires the student to perform services, such as teaching or research, the portion paid for those services must be reported as income and is generally taxable. However, exceptions apply.

Q: ***How do I prove how many miles I drive for business so I can take the deduction?***

A: The IRS says you must keep a 'contemporaneous' record. A simple method is to keep a logbook or calendar that records the date, destination, business purpose and total miles traveled. Mobile apps such as MileIQ can assist in automatically logging trips. Be sure to record your odometer reading on January 1 and December 31 of the calendar year. Don't worry if you didn't keep a log, its not too late to reconstruct using your receipts, email or other communication.

Business owners or self-employed who drive for business purposes will get a deduction boost in 2026. The IRS's standard mileage rate for business driving in 2026 is 72.5 cents per mile (up from 70 cents in 2025). Meanwhile, medical and moving mileage rates are 20.5 cents per mile, while the charitable rate is 14 cents.

You can choose to deduct eligible vehicle expenses based on business use under the actual expense method or by applying the standard mileage rate, which simplifies recordkeeping. Bear in mind, however, that the IRS requires documentation in either case.

From the Insurance Hotline

Insurance carriers are increasingly shifting to **Actual Cash Value (ACV)** or scheduled depreciation for roofs once they reach around 15 years of age. While this change frustrates many homeowners, it reflects a broader recalibration of risk, costs, and sustainability in the property insurance market.

At its core, the issue is simple: roofs wear out. Materials like asphalt shingles—still the most common roofing type in the United States—typically have a functional life of 15–25 years depending on climate, installation quality, and maintenance. By the time a roof crosses the 15-year threshold, insurers view it as being in the latter half of its life cycle. Covering it on a full replacement cost basis means the insurer could be paying for a brand-new roof to replace one that was already significantly depreciated.

Most common roofing type in the United States—typically have a functional life of 15–25 years depending on climate, installation quality, and maintenance.

Historically, many policies provided **replacement cost coverage**, meaning the carrier would pay to replace damaged property with new materials of like kind and quality. Over time, however, this created what insurers see as a mismatch: customers effectively receiving a "betterment" upgrade. For example, a 17-year-old roof damaged in a storm might be replaced entirely at the insurer's expense, even though the homeowner had already received most of the roof's useful life.

The shift to ACV corrects for this by factoring in depreciation. Instead of paying the full cost of a new roof, the insurer pays the current value of the existing roof at the time of loss. This aligns the payout more closely with the actual economic value of the asset and reduces the incentive to defer maintenance or replacement.

Another major driver is the dramatic increase in **weather-related losses**, particularly in states like Florida, Texas, and Colorado. More frequent and severe hailstorms, hurricanes, and convective storms have

driven up claims frequency and severity. Combined with rising construction costs—labor shortages, supply chain issues, and inflation in materials—roof claims have become one of the largest cost centers for insurers.

There's also a behavioral component. Some carriers have observed what they describe as "claims-driven roof replacement," where minor damage leads to full roof claims, often encouraged by contractors. By introducing ACV schedules or age-based depreciation, insurers aim to reduce opportunistic claims and stabilize loss ratios.

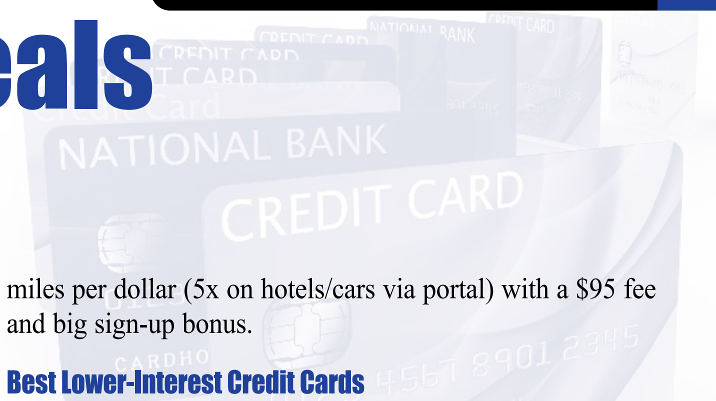
From an underwriting standpoint, this shift allows carriers to continue writing business in high-risk areas rather than withdrawing entirely. In many markets, especially coastal regions, the alternative to ACV isn't full replacement coverage—it's non-renewal or significantly higher premiums.

For homeowners, the implication is clear: the financial responsibility for an aging roof is shifting back to them. This makes proactive maintenance and timely replacement more important than ever. Some carriers still offer replacement cost options, but often with stricter eligibility requirements, inspections, or higher premiums.

Ultimately, the move toward ACV after 15 years reflects a balancing act. Insurers are trying to maintain affordability and availability of coverage while managing escalating risks. While not always popular, these changes are part of a broader effort to keep the property insurance system functioning in an increasingly volatile environment.

Please call us at Novak Insurance if you would like to discuss your insurance!
Craig Novak | 440-914-0606

Best Credit Card Deals



Credit card offers evolve quickly, so the 'best' deals depend on your credit score, spending habits, and goals like debt payoff, rewards, or score-building. Currently, top options emphasize long 0% intro APR periods, strong cash-back or points, and accessible cards for thin or damaged credit files. Always verify current terms on issuer sites—approval isn't guaranteed and depends on your credit profile. Rates and fees apply after promotional periods.

Best 0% Interest Balance Transfer Deals

These cards are good for consolidating high-interest debt. The goal is to pay off the transferred balance during the intro window to avoid interest.

The Wells Fargo Reflect® Card leads with 0% intro APR for 21 months on qualifying balance transfers (must complete within 120 days) and purchases. A 5% balance transfer fee (min. $5) applies. No annual fee; regular APR is 17.49%–28.24% variable afterward. It includes cell phone protection up to $600. Ideal for longer payoff timelines.

BankAmericard® credit card offers 0% intro APR for 21 billing cycles on balance transfers made in the first 60 days (5% fee). No annual fee; ongoing APR starts at 14.99%–25.99% variable—one of the lower post-promo rates. No late or penalty fees.

U.S. Bank Shield™ Visa® Card provides 0% for 21 billing cycles on purchases and balance transfers, plus minor rewards (4% on travel bookings) and $20 annual statement credits for consistent use. No annual fee.

Citi Simplicity® or **Diamond Preferred®** give 18–21 months 0% on transfers (often 3–5% fee). Good for shorter windows. Transfer limits and fees vary. Calculate savings carefully before applying. Good-to-excellent credit (670+) is typically required.

Best Rewards Cards

Rewards cards maximize everyday spending. No-annual-fee options are your best bet.

Chase Freedom Unlimited® earns unlimited 1.5% cash back on all purchases, 3% on dining/drugstores, and 5% on Chase Travel. Current bonus: $250 after $500 spent in 3 months. $0 annual fee; pairs well with 15-month 0% intro APR.

Citi Double Cash® delivers effective 2% (1% on purchase + 1% on payment). $0 annual fee,

Blue Cash Preferred® Card from American Express targets groceries (6% on up to $6,000/year at U.S. supermarkets), streaming, and gas. $95 annual fee (waived first year in some offers); up to $300 intro cash back.

Travel-focused: **Capital One Venture Rewards** gives 2 miles per dollar (5x on hotels/cars via portal) with a $95 fee and big sign-up bonus.

Best Lower-Interest Credit Cards

These feature competitive ongoing APRs (or long 0% promos that delay high rates). **The BankAmericard** and **Wells Fargo Reflect** top our list with post-promo APRs as low as 17% variable which is far below the 25%+ national average. Credit-union cards (e.g., BECU Low Rate) may offer even lower fixed rates but require membership.

Best Little or No-Credit Cards

For beginners with no history, secured or alternative-data cards build scores quickly.

Discover it® Secured Credit Card requires a $200+ deposit (refundable) but offers 2% cash back at gas/restaurants (quarterly caps) plus first-year match. Automatic unsecured review after 7 months; $0 annual fee. Reports to all bureaus.

Capital One Platinum Secured starts with a low $49–$200 deposit and may graduate to unsecured. $0 annual fee.

Petal® 2 Visa uses bank activity (no credit score needed) for approval and provides cash back with no fees. This one is an all around great card for anyone with little or no credit history.

Chase Freedom Rise® is another unsecured starter option for limited history.

Best Bad-Credit Cards

Focus on rebuilding: secured cards reduce lender risk.

OpenSky® Plus Secured Visa® requires no credit check—just a $200+ deposit. $35 annual fee and reports to all the major credit bureaus.

Discover it® Secured and **Capital One Quicksilver Secured** add rewards (1.5%–2% cash back) with $0 annual fee and upgrade paths.

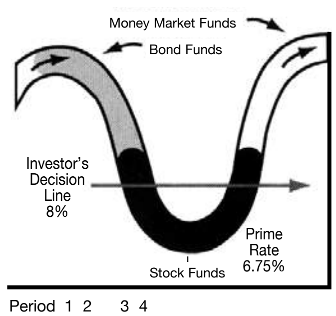
First Progress Prestige Secured Mastercard® offers unusually low 13.49% variable APR plus cash back ($49 annual fee).

Unsecured rebuilding picks: **Credit One Bank® Platinum Visa®** (1% cash back on select categories, $75–$99 first-year fee) or **Revel® Platinum** (higher APR at 35.9%, but no deposit).

When rebuilding credit, prioritize on-time payments. Paying responsibly is 35% of your FICO score. Also, be sure to keep utilization under 30%. That means if you have a card with a $300 credit limit, don't owe more than $90 per month (30%).

The Money Movement Strategy

Prime Rate Chart for Money Movement Strategy



How It Works

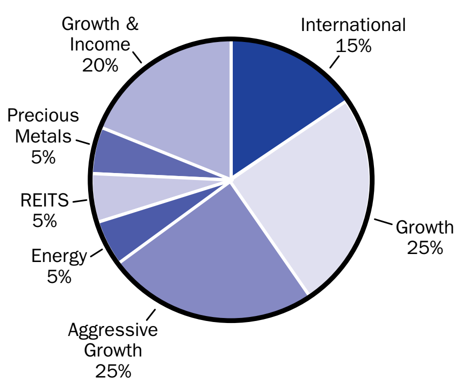
Long-term increases or decreases in the value of stocks, bonds and money market instruments are caused by changes in interest rates, primarily the Prime Rate. Of the three categories of mutual funds — stock, bond, or money market, there is only one type of investment that will give you above-average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

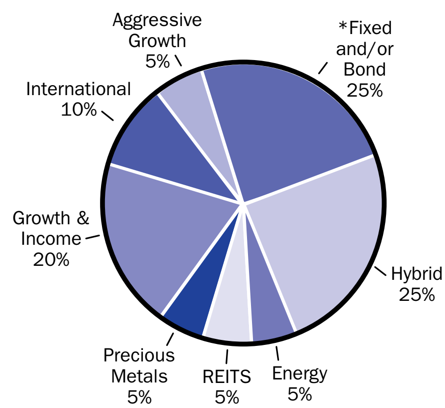
Aggressive

Keep all mutual funds and retirement money in stock funds.



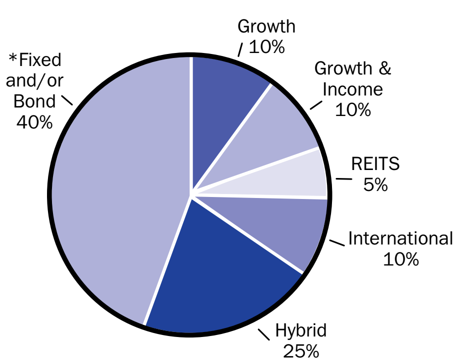
Moderate

Keep most mutual funds and retirement money in stock funds.



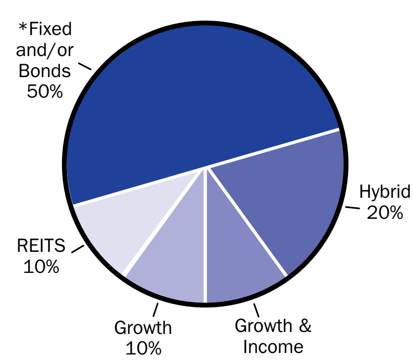
Conservative

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 03/31/26 1 Year % Change	5 Year % Change	10 Year/ % Change	Expense Ratio
Aggressive Growth							
BNY Mellon Small Cap Index	DISSX	Buy	3.43	19.92	4.00	9.37	0.50
Kinetics Paradigm No Load	WWNPX	Buy	38.76	5.35	16.50	20.66	1.64
Needham Growth	NEEGX	Buy	15.68	50.47	7.66	12.86	1.67
Schwab Health Care	SWHFX	Buy	-2.94	5.21	5.53	8.48	0.80
Value Line Small Cap Opp	VLEOX	Buy	1.15	16.37	5.75	11.01	1.18
Growth							
American Century Mid Cap	ACMVX	Buy	2.60	9.48	6.86	8.78	0.97
BNY Mellon MidCap Index	PESPX	Buy	2.37	16.75	6.40	10.05	0.50
Janus MidCap Value T	JMCVX	Buy	5.42	14.54	7.89	8.87	1.06
Neuberger Berman Partners Inv	NPRTX	Buy	6.41	23.56	8.38	13.32	0.75
Selected American Shares	SLASX	Buy	-0.05	25.54	10.11	12.88	0.98
American Century Small Cap Value	ASVIX	Hold	3.85	7.15	3.20	9.41	1.08
Growth & Income							
American Century Equity	TWEIX	Buy	3.53	10.68	7.45	8.71	0.94
American Century Large Value	ALVIX	Buy	1.50	12.02	9.22	9.90	0.84
abrdn Dynamic Dividend Instl	ADVDX	Hold	1.03	19.89	7.18	9.67	1.26
Parnassus Core Equity Inv	PRBLX	Buy	-6.17	7.37	8.49	12.31	0.81
Janus Contrarian T	JSVAX	Buy	-4.93	10.12	5.45	11.10	0.77
T. Rowe Price Equity Income	PRFDX	Buy	0.86	11.08	8.73	10.46	0.69
Hybrid							
American Century Balanced	TWBIX	Buy	-3.56	9.36	4.88	7.45	0.89
James Balanced Golden Rainbow	GLRBX	Buy	-0.60	13.51	6.07	4.42	1.23
Oakmark Equity & Income	OAKBX	Buy	-3.14	6.59	5.67	8.09	0.85
Impax Sustainable Allocation Inv	PAXWX	Buy	-3.18	9.63	3.92	7.25	0.93
Permanent Portfolio	PRPFX	Buy	4.73	27.44	12.64	10.90	0.81
Value Line Asset Allocation Inv	VLAAX	Buy	-6.14	-9.73	3.22	7.91	1.06
International							
American Century Intl Growth	TWIEX	Buy	-5.16	7.62	0.35	5.98	1.19
Artisan International Inv	ARTIX	Buy	4.89	30.53	9.54	9.18	1.19
Matthews China Investor	MCHFX	Hold	-7.84	8.41	-5.93	6.80	1.25
William Blair Intl. Growth	WBIGX	Buy	-0.77	16.79	1.58	6.88	1.15
T. Rowe Price Emerging	PRMSX	Buy	2.33	31.89	-1.65	5.85	1.23
Sector Funds							
American Century Real Estate Inv	REACX	Buy	3.34	2.50	4.24	4.79	1.16
Cohen & Steers Realy Shares	CSRSX	Buy	3.52	3.17	4.71	6.30	0.88
T. Rowe Price Health Sciences	PRHSX	Buy	-6.24	10.42	2.93	9.85	0.83
Victory Precious Metals/Minerals	USAGX	Sell	6.26	97.28	23.31	16.48	1.14
US Global Investors Global Res	PSPFX	Hold	9.10	91.96	10.24	9.55	1.58
Bond Funds							
American Century Infl-Adj Bond	ACITX	Buy	0.28	2.70	1.16	2.28	0.54
Fidelity Capital & Income	FAGIX	Buy	0.81	14.76	6.38	7.95	0.90
Janus Flexible Bond	JAFIX	Buy	-0.17	4.36	0.35	2.03	0.65
Loomis Sayles Bond Retail	LSBRX	Buy	-0.76	5.66	2.45	3.31	0.89
Impax High Yield Bond Indv Inv	PAXHX	Buy	-0.62	7.01	2.70	5.11	0.93
American Century Sh-Dur Bd fund	APOIX	Buy	0.87	3.42	3.10	2.86	0.61
Western Asset Core Bond	WATFX	Buy	-0.23	4.74	-0.51	1.78	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

We all know about the U.S. and Israeli militaries attacking Iran. The Ayatollah and his successor are dead, along with much of the rest of Iran's political and military leadership. What effect will this have on investment decisions going forward. First, it had an immediate effect on the price of oil going up. Other U.S. stocks have been very volatile, going down over 10% and back up close to the higher levels.

The stock market remains a focal point in the current economic outlook. Recent fluctuations in major indices reflect investor sentiment amid ongoing global uncertainties and shifting monetary policies. Analysts recommend closely monitoring sector performance and staying informed about upcoming earnings reports as they may influence market direction in the coming weeks as the war continues and economic data is released. War is uncertain, and while the U.S. and Israel are dominating, investors would be foolish to assume they know every twist and turn to come. Personally, I feel that we are dominating the war and will continue to gain control over the strait of Hormuz. As this continues and we continue to take further control the oil prices should start to come down, and U.S. and world economies will improve and inflation should fall. Hopefully by the time you read this article we will be in control of the Strait of Hormuz and the war behind us or soon to be over. There will be a lot of work ahead for Iran to rebuild the country as well as form a new government. Hopefully Iran will be a good neighbor to its surrounding countries, and the people of Iran will finally have the freedom they have always wanted with future opportunities to have a better and prosperous life.

Moving on to our Federal Reserve, another important topic. Soon our Federal Reserve Chairman will retire, we should have a new Federal Reserve Chairman very soon to replace Chairman Powell. Kevin Warsh, President Trump's pick should take the helm soon. He is about to go before the Senate for confirmation hearing soon. Since Chairman Powell is under investigation, several Senators said they may hold up their votes for the Mr. Kevin Warsh, the nominee, until the Justice Department ends its investigation of Chairman Powell's cost overruns on the construction of the new Federal Reserve building. Look for the investigation to end soon so it does not delay Kevin Warsh's appointment beyond the end of Chairman Powells term on May 15. Kevin Warsh is very experienced and has been head of a Federal Reserve Bank in the past. He would most likely start to lower interest rates soon. He has a lot of economic and stock market experience as well as he believes in a smaller and more efficiently run government. Once he is appointed look for the stock market to show a favorable response to his taking on the new role as Federal Reserve Chairman.

If these troubles we have been experiencing in this, the topsy turvy world over the first two quarters of 2026 start to subside and the economy continue to improve as we think they will, look for the economy and the stock market to continue to perform positive over the second half of the year.

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

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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

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

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