GFC Report

Building Your Wealth & Retirement Income

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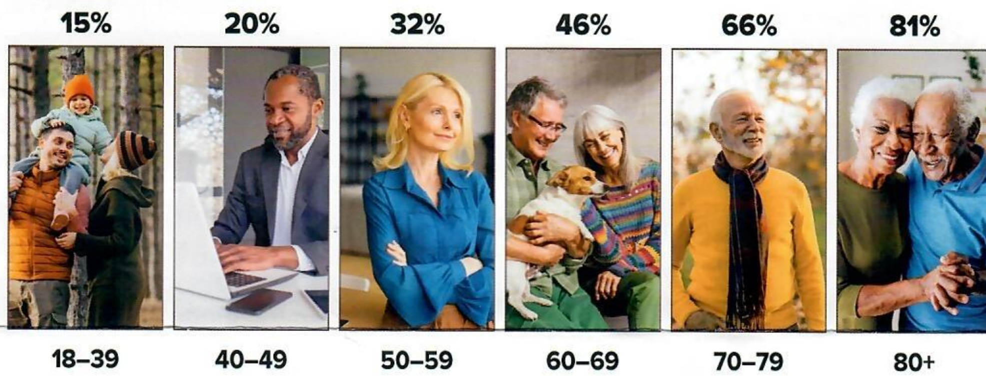
Updating Beneficiaries

Assets in most bank and brokerage accounts, retirement plans, and insurance policies pass directly to the people named on the beneficiary forms, even if they are different from the heirs named in a will. For this reason, it's important to regularly review your beneficiary designations and update them as appropriate.

Do You Need a Will?

Only about one-third of U.S. adults say they have a will. While it's to be expected that older people would be more likely to have one, it may be surprising that fewer than half of people in their 50s and 60s have taken the time to create this essential estate-planning document.

Percentage of U.S. adults who have created a will, by age group



Source: Pew Research Center, November 6, 2025

PRACTICAL INSIGHTS FOR YOUR FINANCIAL GOALS

How Medicare and Social Security Could Affect Your HSA

One of the benefits of a health savings account (HSA) under current law is that you can withdraw HSA funds tax-free to pay Medicare premiums as well as other qualified medical expenses. HSA funds cannot be used to pay regular health insurance premiums, so this provision offers a tax advantage for those 65 and older.

The catch is that once you enroll in Medicare, you cannot contribute to an HSA, even if you are also covered under a high-deductible health plan (HDHP). HSA funds can be used regardless of whether you are eligible to contribute, but you would have to build substantial savings before enrolling in Medicare in order to cover premiums from your HSA throughout retirement.

Spousal solution

If you are married and your spouse is HSA-eligible, you can contribute to your spouse's HSA even if you are enrolled in Medicare. Using this approach, some couples may be able to build more tax-advantaged savings before both spouses enroll in Medicare and lose their HSA eligibility.

In order to make the maximum HSA family contribution to one spouse's HSA, the spouse who owns the HSA must not be covered by Medicare and both spouses must be covered under an HDHP for the full year. For example, both spouses might be covered under a workplace HDHP even though one spouse has Medicare Part A hospital insurance as discussed below. However, the catch-up contribution for individuals 55 and older can only be made by the spouse who owns the HSA and is not covered by Medicare. (See chart for contribution limits.)

Retroactive trap

If you enroll in Medicare (or are automatically enrolled) at age 65, you lose your HSA eligibility on the first day of the month you turn 65. However, if you enroll after age 65, you will be retroactively enrolled in premium-free Medicare Part A hospital insurance for six months (or back to your 65th birthday if that is within six months) and thus will lose your HSA eligibility for that period.

Claiming Social Security benefits after age 65 automatically triggers enrollment in Medicare Part A, with the same six-month retroactive period. For example, if you file for Social Security in October 2027, when you turn age 67, you will be retroactively enrolled in Medicare Part A as of April 2027.

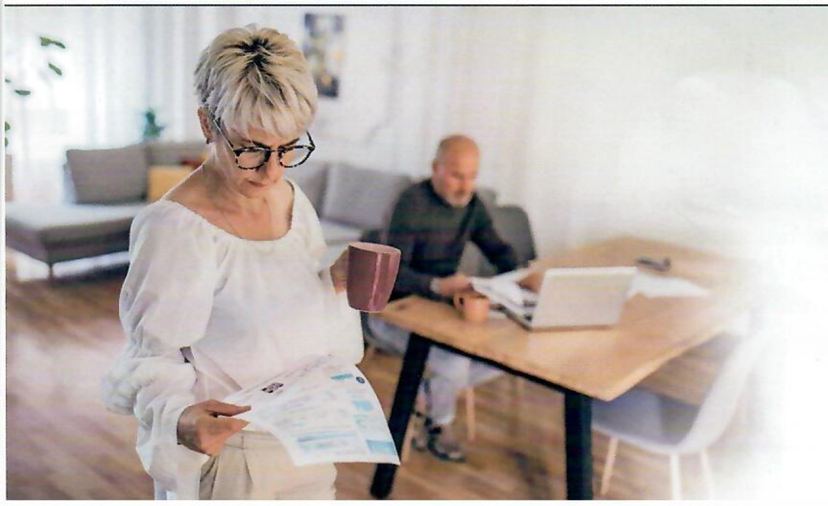
Without careful planning, this situation can lead to excess HSA contributions for the year. Using the example above, you would be eligible to contribute only for January, February, and March 2027 — three out of 12 months — equal to one-fourth of your annual contribution limit. Any contributions beyond this would be considered excess and would be liable for back income taxes and an annual 6% penalty as long as the excess contributions and any earnings on the contributions remain in your account.

Preventing the penalty

You can generally prevent this penalty by withdrawing excess HSA contributions and any earnings up to the tax filing deadline (including extensions) of the tax year for which the contributions were made. To do so, you must request the withdrawal from the HSA trustee. The excess contributions should be claimed as ordinary income on your tax return for the year in which the contributions were made, even if you actually receive the funds in the following year. Depending on when your request is processed by the HSA trustee, the distribution may appear on Form 1099-SA for the year for which you requested it or the following year, so be sure to keep careful records.

There have been multiple proposals to change the rules regarding Medicare and HSAs, so you may want to keep an eye on further developments.

HSA funds can be withdrawn free of federal income tax and penalties provided the money is spent on qualified health-care expenses. Depending on the state, HSA contributions and earnings may or may not be subject to state taxes. You cannot establish or contribute to an HSA unless you are enrolled in an HDHP and do not have Medicare or other health insurance coverage, except as permitted by the IRS.



HSA Contribution Limits

	2026	2027
Self-only coverage	**$4,400**	**$4,500**
Family coverage	**$8,750**	**$9,000**
Age 55+ catch-up contribution	**$1,000**	**$1,000**

Positioning Your Portfolio for Volatility

Volatility refers to stock market ups and downs, but few investors worry about the ups. It's the downs that typically cause stress and can be especially challenging for older investors who may not be in a position to wait for the market to recover. A sharp downswing at the time of retirement, when you begin to draw down your savings, can have an outsized long-term effect on your portfolio.

The low volatility anomaly

The idea that a portfolio should become more conservative as you approach retirement or retire is fundamental to retirement savings strategy. In its simplest terms, this refers to the balance of stocks and bonds, with the percentage of stocks decreasing and the percentage of bonds increasing in an effort to help reduce risk, preserve capital, and provide income. However, with longer life spans, you may want to consider holding a larger percentage of stocks for growth potential. The danger in this, of course, is that stocks carry higher risk.

Holding stocks and stock funds that tend to be less volatile may help manage risk while maintaining a more robust equity portfolio. Although less risk typically means lower reward, academic research suggests that lower-volatility stocks have the potential to outperform higher-volatility stocks over time across a broad range of market conditions. This is called the *low volatility anomaly*, because the data clashes with the typical expectations of risk and reward. Keep in mind that performance is never guaranteed, and lower-volatility stocks are still significantly more volatile than bonds. Moreover, lower-volatility stocks typically do not outperform during strong market upswings.[1]

Stocks and funds

In general, stocks of larger, well-established companies tend to be less volatile than the stocks of smaller companies, and certain market sectors tend to be more volatile than others. Yet a portfolio invested too heavily in a particular company, industry, or market sector could carry higher risk and volatility.

Some funds — typically labeled *minimum volatility* or *low volatility* — focus on managing volatility and may help stabilize the equity portion of your portfolio. These funds vary widely in their objectives and strategies, and there is no guarantee that they will maintain a more conservative level of risk, especially during extreme market conditions.

Market sensitivity

Volatility is not an absolute concept, and measuring it can be complex. One common metric is beta, which can usually be found with other information about an investment. Beta measures sensitivity to market movements relative to a benchmark, typically the S&P 500 Index. By definition, the market as a whole (represented by the benchmark) has a beta of 1.0. A beta of 1.2 means an investment has been 20% more sensitive to market movements than the benchmark, while a beta of 0.8 means it has been 20% less sensitive. In theory, such an investment might experience 80% of market gains during an upswing and 80% of losses during a downswing — and thus would have less ground to gain when the market turns upward again.

Beta can be helpful in comparing individual stocks or funds, or assessing the potential volatility of a portfolio. However, for investments that do not correlate with the market, a low beta does not necessarily equate with lower volatility.

Asset allocation is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. The principal value of all investments fluctuates with changes in market conditions. Shares, when sold, and bonds redeemed prior to maturity may be worth more or less than their original cost.

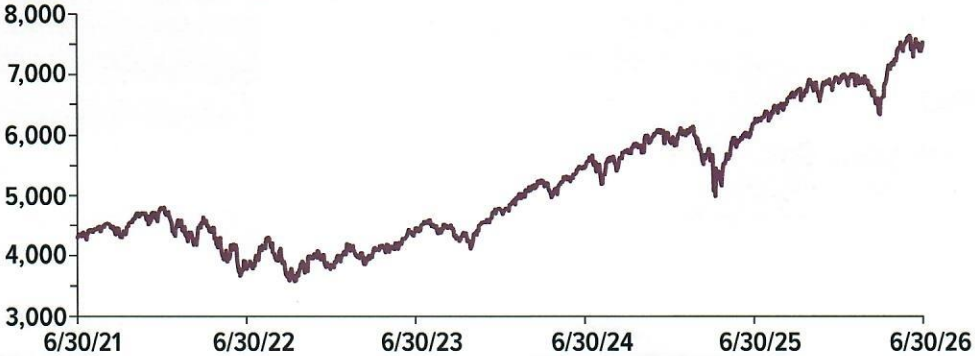
Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1) S&P Dow Jones Indices, July 2021 (most recent data available)

Bumpy Ride

The S&P 500 Index gained almost 75% over the five-year period ending on June 30, 2026, but there were plenty of ups and downs along the way.

S&P 500 Index, daily close



Source: S&P Dow Jones Indices 2026, S&P 500 Index for the period 6/30/2021 to 6/30/2026. The S&P 500 is an unmanaged group of securities that is considered to be representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary.

Medicare Open Enrollment: A Time for Choices

Each year from October 15 to December 7, Medicare offers an Open Enrollment period during which beneficiaries can review coverage options — including Original Medicare, Medicare Advantage, and prescription drug plans — and make changes as appropriate (see chart). If you're satisfied with your current coverage, you don't need to take action; you will be renewed with the same coverage. But this is a good time to examine any changes in your plan for the coming year and explore your options.

Review your coverage

Before enrollment begins, you should receive two documents from your plan: (1) an Annual Notice of Change that lists changes to your plan's coverage, costs, or service area that will take effect in January; and (2) a comprehensive Evidence of Coverage document that includes detailed information on the plan's benefits, how the plan works, and your rights and responsibilities. Reviewing these documents should help you decide whether your current plan is appropriate and cost-effective for your needs.

If you're interested in a Medicare Advantage Plan or a Medicare prescription drug plan, you can use the plan finder at ***medicare.gov/plan-compare*** to see which plans are available in your area and check their quality ratings. For personalized information, you can log in or create an account (if you have a Medicare number) to compare your plan to others and see prescription drug costs.

Medicare Advantage Open Enrollment

If you enroll in a Medicare Advantage Plan and are unhappy with your choice, you have an opportunity to make one change from January 1 to March 31. During this time, you can switch to another Medicare Advantage Plan (with or without prescription drug coverage) or drop the Medicare Advantage Plan and return to Original Medicare, with the option to enroll in a Part D prescription drug plan.

Caution: Although you can change from a Medicare Advantage Plan to Original Medicare during an Open Enrollment period, you may not be able to obtain a supplemental Medigap plan without medical underwriting. Medigap plans are often paired with Original Medicare (which has no out-of-pocket maximum) to limit out-of-pocket expenses. You may have "guaranteed issue rights" to enroll in a Medigap plan without underwriting if you return to Original Medicare within 12 months of signing up for a Medicare Advantage Plan when you were first eligible for Medicare or if the Medicare Advantage Plan stops serving your area.

In addition to Open Enrollment periods, there are Special Enrollment periods for certain life events, such as moving to a new address or losing another form of coverage.

Shifting Coverage

Medicare beneficiaries can make the following changes during annual Open Enrollment, with changes effective January 1:

- Change from Original Medicare to a Medicare Advantage (MA) plan or from an MA plan to Original Medicare
- Switch from one MA plan to another MA plan
- Join a Medicare Part D prescription drug plan, switch from one Part D plan to another, or drop Medicare prescription drug coverage completely

Are you concerned about the potential effects of market volatility on your investments? Have your goals, timeline, or risk tolerance changed since your last portfolio review? Call us for an appointment today.

Best Regards,

George

George F. Cerwin, CFP®, CLU is President of GFC Financial Management and has over 45 years of experience working with retirees and those about to retire. George offers Securities and Investment Advisory Services through **Osaic Wealth, Inc.** member FINRA and SIPC. Insurance Services offered through GFC Financial Management, not affiliated with **Osaic Wealth.** Visit our website: www.gfcfinancial.com. Our office address is 2764 Sunset Point Road, #600, Clearwater, FL 33759, and phone number 727-724-9499.