MWM | MAGNUM WEALTH MANAGEMENT

HELPING YOU BUILD AND PRESERVE WEALTH

Magnum Wealth Management
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Mission Statement:

To have a positive impact on the lives of our clients and their families by applying conservative financial planning principals, personalized strategies and always exceptional service.

Rod's Notes

AI is here and it is about to get physical.
Most people look at artificial intelligence as a tool, and they use it like a Google search engine. This will change by the end of the year. Tesla and others are manufacturing humanoid robots that are fully networked and completely AI capable. The use and capability of AI for the average person will transition from just a computer or phone screen into our everyday lives. It is predicted that there will be more robots than people within the next 10 years, possibly within the next 5 years. Dexterity has always been a challenge with robots however great improvements have been made. Within the next few years, we will see standalone robots performing surgeries. Not human controlled but robots that are able to complete delicate surgical procedures by themselves, with human supervision.

This new reality will pose great challenges and great opportunities. There will be disruption, especially for jobs and companies scrambling to adapt.

I believe that it will be more important than ever to develop and maintain human connections and to hold on to the foundation of our principles, values and morals. While standing on that foundation, it will also be important to be adaptable because whether we like it or not, these changes are coming.

Tax changes
On the next page you will see some of the important numbers. Keep in mind that you can always download the 2025 and 202t "Key Numbers" .pdf on our website MagnumWealthManagement.com

Schedule tool
At the top right corner of our website, you will find our "Schedule a Meeting" button. This will bring you to our calendar. There, you will be able to schedule anything from a 15-minute phone call to a 1-hour face-to-face meeting or even a Zoom meeting. This saves a great deal of time playing phone tag or back and forth trying to nail down a time that works for everyone. Adding notes to the scheduled meeting helps us to be prepared with answers, instead of questions.

Key Retirement and Tax Numbers for 2026

Every year, the Internal Revenue Service announces cost-of-living adjustments that affect contribution limits for retirement plans and various tax deduction, exclusion, exemption, and threshold amounts. Here are some of the key adjustments for 2026.

Estate, gift, and generation-skipping transfer tax

- The annual gift tax exclusion (and annual generation-skipping transfer tax exclusion) for 2026 is $19,000, unchanged from 2025.
- The gift and estate tax basic exclusion amount (and generation-skipping transfer tax exemption) for 2026 is $15,000,000, up from $13,990,000 in 2025.

Standard deduction

A taxpayer can generally choose to itemize certain deductions or claim a standard deduction on the federal income tax return. In 2026, the standard deduction is:

- $16,100 (up from $15,750 in 2025) for single filers or married individuals filing separate returns
- $32,200 (up from $31,500 in 2025) for married joint filers
- $24,150 (up from $23,625 in 2025) for heads of households

The additional standard deduction amount for the blind and those age 65 or older in 2026 is:

- $2,050 (up from $2,000 in 2025) for single filers and heads of households
- $1,650 (up from $1,600 in 2025) for all other filing statuses

Special rules apply for an individual who can be claimed as a dependent by another taxpayer.

The One Big Beautiful Bill Act, signed into law in July 2025, introduced a new senior deduction of $6,000 for taxpayers filing individually who are age 65 or older for tax year 2026. A deduction of up to $12,000 may be claimed by married couples filing jointly if they are both age 65 or older. This deduction is stacked on top of the standard deduction and additional deduction for the blind and those age 65 or older or on top of itemized deductions.

IRAs

The combined annual limit on contributions to traditional and Roth IRAs is $7,500 in 2026 (up from $7,000 in 2025), with individuals age 50 or older able to contribute an additional $1,100 in 2026 (up from $1,000 in 2025). The limit on contributions to a Roth IRA phases out for certain modified adjusted gross income (MAGI) ranges *(see table).* For individuals who are active participants in an employer-sponsored retirement plan, the deduction for contributions to a traditional IRA also phases out for certain MAGI ranges *(see table).* The limit on nondeductible contributions to a traditional IRA is not subject to phaseout based on MAGI.

MAGI Ranges:
Contributions to a Roth IRA

	2025	2026
Single/Head of household	$150,000–$165,000	$153,000–$168,000
Married filing jointly	$236,000–$246,000	$242,000–$252,000
Married filing separately	$0–$10,000	$0–$10,000

MAGI Ranges:
Deductible Contributions to a Traditional IRA

	2025	2026
Single/Head of household	$79,000–$89,000	$81,000–$91,000
Married filing jointly	$126,000–$146,000	$129,000–$149,000

Note: The 2026 phaseout range is $242,000–$252,000 (up from $236,000–$246,000 in 2025) when the individual making the IRA contribution is not covered by a workplace retirement plan but is filing jointly with a spouse who is covered. The phaseout range is $0–$10,000 when the individual is married filing separately and either spouse is covered by a workplace plan.

Employer-sponsored retirement plans

- Employees who participate in 401(k), 403(b), and most 457 plans can defer up to $24,500 in compensation in 2026 (up from $23,500 in 2025); employees age 50 or older can defer up to an additional $8,000 in 2026 (up from $7,500 in 2025). For employees ages 60 to 63, the additional deferral limit is $11,250 for 2026 (unchanged from 2025).
- Employees participating in a SIMPLE retirement plan can defer up to $17,000 in 2026 (up from $16,500 in 2025), and employees age 50 or older can defer up to an additional $4,000 in 2026 (up from $3,500 in 2025), with an increase to $5,250 in 2026 (unchanged from 2025) for ages 60 to 63.

Kiddie tax: child's unearned income

Under the kiddie tax, a child's unearned income above $2,700 in 2026 (unchanged from 2025) is taxed using the parents' tax rates.

Keeping Cool in Volatile Markets

On April 2, 2025, President Trump announced sweeping tariffs that were larger and different in structure than expected. Over the next two days, the S&P 500 Index plunged by 10.5%. The Dow Jones Industrial Average lost 9.3%, and the tech-heavy NASDAQ Index dropped 11.4%.[1] The two-day rout erased $6.6 trillion in market value, the largest two-day loss of shareholder value in U.S. history.[2]

Faced with such a dramatic downturn, some investors might panic and sell their stocks. But if they did, they would have missed the equally dramatic bounceback the next week, after Trump announced a 90-day pause on most of the new tariffs. Stocks soared on April 9, with the S&P 500 gaining 9.5%, the largest one-day gain since 2008.[3] Although volatility continued, the index set a new record by the end of June and more records over the following months. The Dow and NASDAQ also bounced back to record highs.[4]

Tune out the noise

It's likely that the tariff program will continue to influence the stock market for some time, as will decisions around interest rates and other economic news. The media generates reports 24 hours a day, and you can check the market anywhere you carry a mobile device. This barrage of information might make you feel that you should buy or sell investments in response to the latest news or market movement. But as the events of April 2025 illustrate, it's generally not wise to react emotionally to market swings or to news that you think might affect the market.

Historically, some of the best days of stock market performance have followed some of the worst days. Pulling out of the market due to an emotional reaction can lead to missing gains on the way back up. On the other hand, buying heavily just because the market is rising could mean overcommitting at higher prices.

Stay the course

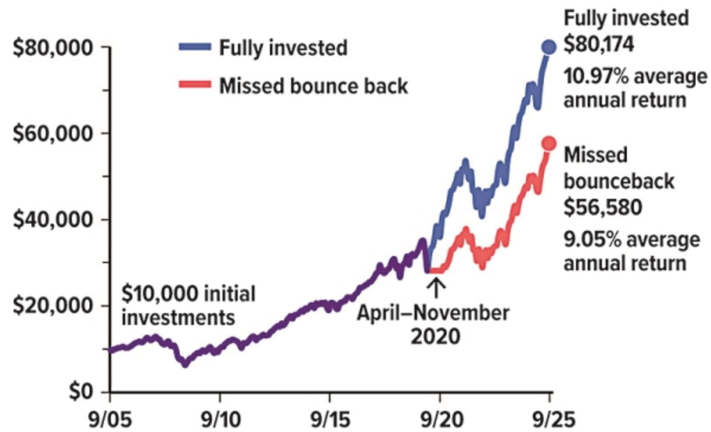
The market will always move up and down, but the long-term trend has been upward for almost a century, the period covered by modern analysis. Since 1928, the S&P 500 Index has returned an annual average of about 10%.[5] Annual returns have varied widely, but, on average, bull markets have lasted over three times longer than bear markets and gained over three times more than bear markets have lost.[6]

Consider this advice from famed investor and mutual fund industry pioneer John Bogle: "Stay the course. Regardless of what happens in the markets, stick to your investment program. Changing your strategy at the wrong time can be the single most devastating mistake you can make as an investor."[7]

This doesn't mean you should never buy or sell investments. However, the investments you buy and sell should be based on a sound strategy appropriate for your risk tolerance, financial goals, and timeframe. And a sound investment strategy could help carry you through market ups and downs.

Missing the Bounceback

The best two months of stock market performance during the last 20 years came in April and November 2020, immediately after the pandemic bear market plunge. An investor who sold in March 2020 and missed the period from April to November would have received only about 70% of the 20-year return of an investor who stayed fully invested.



Source: London Stock Exchange Group, 2025, S&P 500 Composite Total Return Index for the period 9/30/2005 to 9/30/2025. This hypothetical example is used for illustrative purposes only and does not consider the impact of taxes, investment fees, or expenses. Rates of return will vary over time, particularly for long-term investments. Past performance does not guarantee future results.

Be calm

It can be tough to remain calm when you see the market dropping or to control your exuberance when you see it shooting upward. But overreacting to market movements or trying to "time the market" by guessing its future direction can create additional risk that could negatively affect your long-term portfolio performance.

All investments are subject to market fluctuation, risk, and loss of principal. When sold, investments may be worth more or less than their original cost. The S&P 500 Index is an unmanaged group of securities considered 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. Actual results will vary.

1, 4) Yahoo Finance, April 7, 2025, and September 4, 2025

2) Morningstar, April 4, 2025

3) CBS News, April 10, 2025

5) Investopedia, May 16, 2025

6) Yardeni Research, January 21, 2024

7) MarketWatch, June 6, 2017

A Roadmap for Your Family

A will is an essential legal document that describes how your estate should be distributed upon your death. It is the basis for the probate process and can serve as a guide for your heirs.

A letter of instruction has no formal legal status, but it could be just as important as a will in helping your loved ones settle your estate and move forward with their lives. Think of it as a roadmap for your family, providing information about the steps they should take during a difficult time.

Unlike a will, which must follow legal guidelines and may require an attorney, a letter of instruction can be written by you in any way you choose. Here are some topics you may want to address.

Financial accounts and account numbers, including online usernames and passwords. If you prefer not to write down login credentials, the executor of your estate should be able to access accounts using the account numbers and your Social Security number.

List of documents and their locations, including (but not limited to) your will, insurance policies, tax returns, bank and investment account documents, real estate deeds and mortgage documents, vehicle titles, Social Security and Medicare cards, marriage and/or divorce papers, and birth certificate.

Contact information for professionals who handle your financial and legal affairs, such as your attorney, financial professional, insurance agent, and accountant. Also include others who may be helpful, such as a business partner or trusted friend.

Bills and creditors, including when payments are due and other pertinent information, such as loan terms and balances as of the date of the letter.

Your final wishes for burial or cremation, a funeral or memorial service, organ donation, and charitable contributions in your memory.

You might also include more personal thoughts or life lessons that you want to pass on, or you could write a separate letter.

Keep your letter of instruction in a safe, yet accessible place and tell your loved ones where it can be found. Be sure the executor of your estate is aware of the letter; it might also be wise to give the executor a copy for safekeeping.

It's important to review your letter of instruction regularly and update it as appropriate. Your heirs will thank you for taking the time to prepare.