MWM MAGNUM WEALTH MANAGEMENT

HELPING YOU BUILD AND PRESERVE WEALTH

Rod's Notes

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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.

New Highs!

As I write the newsletter on May 6th, 2026, some of the market indexes are reaching new highs. This is a testament to our strong and resilient capital market system. Despite the constant bombardment of negative headline news, we are reaching new highs. What does this mean for the future? As always, volatility. The moment that risk, fluctuation and volatility go away is the exact moment that the opportunity goes away. The important thing is to make sure your investments are appropriate for you, for your risk tolerance, your goals and objectives and stage of life.

If we haven't talked to you recently, we will be reaching out to schedule reviews to make sure we are on track as well as discuss new offerings.

If you have had recent changes such a change of address, email, phone, job or other significant changes, please don't wait for us to call. Let us know right away so that we can make sure your accounts and plan are updated, and appropriate for you.

Upcoming Client Events

For 2026 we have some social and educational client events planned. A summer kickoff and more client workshops covering the artificial intelligence, state of the markets as well as small, focused events for a specific audience. Keep your eyes open for invitations.

Business Exit Planning

If someone you care about owns a business and is considering retiring or exiting, please pass along our contact information. This is usually the most important and consequential transaction they will ever make. We stand ready to help navigate this event, before, during and after.

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.

What Is Asset-Based LTCI?

When planning for the potential cost of long-term care, you've probably considered long-term care insurance (LTCI). But premiums can be expensive, and if you do buy the coverage, you probably hope you never have to use it. The prospect of paying costly premiums for long-term care insurance that you may never use might discourage you from buying coverage.

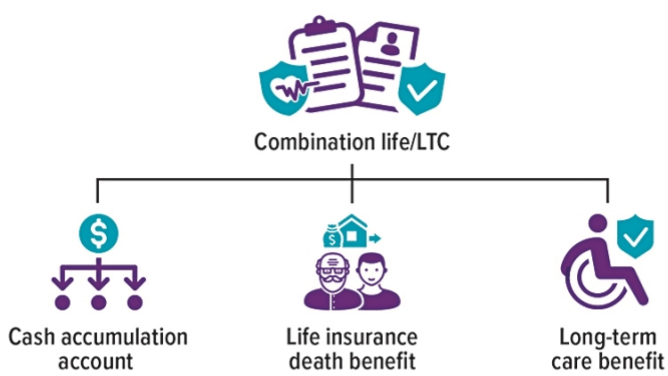
A possible solution is a type of insurance that blends several types of insurance coverage into a single policy. These hybrid LTC policies, also known as asset-based plans, combine the benefit of a life insurance policy or an annuity with the availability of long-term care benefits should you need them.

Life insurance asset-based plan

This type of plan combines permanent life insurance and long-term care coverage. Many such policies often require a substantial up-front premium, although some policies offer periodic premium payments (e.g., monthly, quarterly, annually). The amount of death benefit and long-term care allowance is based on your age, gender, and health at the time you buy the policy.

The appeal of this combination policy is that either you'll use the policy to pay for long-term care expenses, or your beneficiaries will receive the insurance proceeds at your death. In either case, someone will benefit from the premiums you pay. Benefits under an asset-based life insurance policy typically begin when the insured needs help with two or more activities of daily living such as eating, bathing, and dressing.

Example of combination permanent life/LTC policy features



Annuity asset-based plan

While policy provisions may differ from company to company, generally you put money into an annuity, usually in a lump sum or through a series of premium payments. You may also exchange another annuity or cash-value life insurance for a long-term care annuity via a Section 1035 exchange. The annuity typically pays a fixed rate of interest each year. In addition, the annuity provides a long-term care benefit amount, usually equal to two or three times your annuity cash value, subject to a maximum benefit period, which is the maximum length of time that you may receive long-term care benefit payments from the annuity.

Long-term care annuity benefits are often paid monthly. There is usually a charge for the long-term care component that is deducted from your annuity each year. With this type of plan, you can use the annuity proceeds for long-term care, and if you don't use the long-term care benefit, you still have the typical annuity options (tax-deferred savings, lifetime income payments, etc.).

Whether an asset-based plan is right for you depends on a number of factors. But an asset-based plan may be a viable option available for long-term care planning that might merit a second look.

NOTE: *Permanent life insurance offers lifetime protection and a guaranteed death benefit as long as you keep the policy in force by paying the premiums. A portion of the permanent life insurance premium goes into a cash-value account, which accumulates on a tax-deferred basis throughout the life of the policy. Withdrawals of the accumulated cash value, up to the amount of the premiums paid, are not subject to income tax. Loans are also free of income tax as long as they are repaid. Loans and withdrawals from a permanent life insurance policy will reduce the policy's cash value and death benefit and could increase the chance that the policy will lapse, and might result in a tax liability if the policy terminates before the death of the insured.*

Generally, to be considered a tax-free exchange rather than a taxable surrender, you cannot receive the annuity proceeds directly; the proceeds from the annuity must be paid directly to the long-term care insurance company. Also, Section 1035 applies only if both the annuity contract and the long-term care insurance policy are owned by the same person or persons. A complete statement of coverage, including exclusions, exceptions, and limitations, is found only in the long-term care policy. It should be noted that carriers have the discretion to raise their rates and remove their products from the marketplace.

Generally, annuity contracts have fees and expenses, limitations, exclusions, holding periods, termination provisions, and terms for keeping the annuity in force. Most annuities have surrender charges that are assessed if the contract owner surrenders the annuity. Withdrawals of annuity earnings are taxed as ordinary income. Withdrawals prior to age 59½ may be subject to a 10% federal tax penalty. Any guarantees are contingent on the claims-paying ability and financial strength of the issuing insurance company.

The Race for AI Could Be Driving Up Your Power Bill

After nearly two decades of relatively stable prices, it's estimated that U.S. residential electricity rates increased 13% between 2022 and 2025, outpacing general inflation of 11% over the same period (as measured by the Consumer Price Index). In some regions where electricity was already more expensive, rates surged more than 20%. As a result, uncomfortably high electricity bills are impacting the finances of many Americans.[1]

Meanwhile, as of mid-2025, 522 power-hungry hyperscale data centers used by technology companies to run artificial intelligence (AI) programs have sprung up around the nation. Another 180 facilities are expected to be constructed by 2028.[2]

If you have been shocked by your power bills recently, you may wonder if the furious race to monetize AI is the reason. Depending on where you live, the answer could be a resounding "yes."

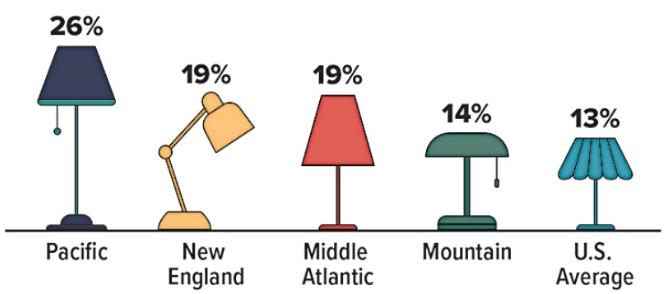
However, electricity prices vary by region and have many influences, from basic supply and demand forces to infrastructure costs and the price of fuels used to generate energy.

New demand from AI

In the United States, much of the electricity consumed by homes and businesses comes from a state or regional grid on which energy is traded. Customers' utility bills are based on the wholesale cost of electricity plus charges for operating, maintaining, and expanding the network. In some places, the supply of electricity (or capacity) has not kept up with demand from an influx of data centers, causing increases in wholesale prices that affect every customer getting their power from the same grid.

A Bloomberg analysis found that wholesale electricity costs near data center hubs were 267% higher in 2025 than they were five years earlier — with the impact on utility bills traveling longer distances than you might think.[3]

Regions with above-average increases in retail residential electricity prices (from 2022 to 2025)



Source: U.S. Energy Information Administration, May 14, 2025

One prominent example is "Data Center Alley" in Northern Virginia, the world's largest concentration of data centers. These data centers and others joined a large grid spanning from Illinois to Virginia, maximizing that network's capacity and pushing up prices for residents of 13 states.[4]

Blame it on the weather

Put simply, the nation's power grid infrastructure is aging and was not designed to power today's high-tech society. In addition, the costs to rebuild infrastructure and restore power to communities after recent historic natural disasters are passed on to utility customers. Notable examples in just the past five years include catastrophic wildfires in California (2025), Hurricanes Ian (2022) and Helene (2024) in Florida, and a polar vortex (or deep freeze) that caused an electric grid in Texas to fail (2021). Other powerful storms have caused expensive wind and flood damage in communities throughout the nation.[5]

Expanding capacity, but not enough

Rapid growth explains why data centers — which consumed less than 2% of U.S. electricity before 2020 — could gobble up as much as 12% of the nation's electrical power by 2028, according to Department of Energy projections.[6]

Developers and utilities are ramping up new electricity generation by building or restarting power plants and extending high-power transmission lines, but these types of projects are expensive, can be controversial, and often take years to complete.

By 2027, it's expected that capacity will be added to the nation's grid at twice the rate seen in the past five years, but it might still take several years to ease the power shortage. Consequently, data centers may have to wait years to connect to a grid, unless they commit to curbing their energy use during peak times when supplies are tight. Some companies are planning to generate their own power on-site, either as a stopgap or to bypass the grid indefinitely.[7–8]

Projections are based on current conditions, subject to change, and may not come to pass.

1) U.S. Energy Information Administration, May 14, 2025

2, 6–7)*The Wall Street Journal,* October 15, 2025

3) Bloomberg, September 30, 2025

4) Politico, October 3, 2025

5, 8) *The New York Times,* November 4, 2025

Don't Overlook the Value of Social Security Survivor Benefits

Life insurance might play a central role in helping to protect your family's financial future. But did you know that another important source of income for your survivors could be Social Security? If you earned enough work credits by paying Social Security payroll taxes, certain family members may be eligible to receive Social Security survivor benefits based on your record. Family members who might qualify include:

- Your spouse or former spouse who is age 60 or older (50 or older if disabled)
- Your spouse or former spouse at any age, if caring for your child who is under age 16 or disabled
- Your unmarried children under age 18 (19 if attending K-12 school full time, or any age if disabled before age 22)
- Your dependent parents age 62 or older

The number of work credits you need depends on your age when you die. The younger you are, the fewer credits you'll need for survivor benefits, but no one needs more than 40 credits (10 years of work). Under a special rule, your children and your spouse caring for your children can get benefits if you have at least six credits (one-and-a-half years of work) in the three years before your death.

This is a general overview — the rules are more complex. For more information on eligibility requirements, contact the Social Security Administration at (800) 772-1213.

How much will your survivors receive?

An eligible family member will receive a monthly survivor benefit based on your average lifetime earnings. The higher your earnings, the higher the benefit. This benefit is equal to a percentage of your basic Social Security benefit and depends on your survivor's age and relationship to you.

For example, at full retirement age (FRA) or older, your spouse may receive a survivor benefit equal to 100% of your basic Social Security benefit. However, a spouse who has not yet reached FRA at the time of your death will receive a reduced benefit, generally 71.5% to 99% of your basic benefit (75% if your spouse of any age is caring for a child under age 16).

Your dependent child may also receive 75% of your basic benefit. However, the total amount of money that can be paid to your family each month is generally limited to about 150% to 180% of your basic benefit.

You can find out more about future Social Security benefits by signing up for a *my* Social Security account at the Social Security website, ssa.gov; this allows you to view your online Social Security Statement. Your statement contains a detailed record of your earnings, as well as estimates of retirement, survivor, and disability benefits.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased.

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* Participation in a 529 plan generally involves fees and expenses, and there is the risk that the investments may lose money or not perform well enough to cover college costs as anticipated. The tax implications of a 529 plan can vary significantly from state to state. Most states offering their own 529 plans may provide advantages and benefits exclusively for their residents and taxpayers, which may include financial aid, scholarship funds, and protection from creditors. Before investing in a 529 plan, consider the investment objectives, risks, charges, and expenses, which are available in the issuer’s official statement and should be read carefully. The official disclosure statements and applicable prospectuses contain this and other information about the investment options, underlying investments, and investment company and can be obtained from your financial professional

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