saltmarsh Financial Advisors

Investment Update

Newsletter

November 2026

Dear Clients,

Staying connected helps us provide you with timely, attentive service and support throughout the year. To make sure you receive important updates and that we can reach you when needed, please save our team's emails and phone numbers in your contacts. This helps prevent our emails from being sent to your spam or junk folder and ensures our calls are not blocked or mistakenly identified as unwanted. Thank you for allowing us to support you. We are grateful for your continued partnership and look forward to serving you in the months ahead.

Best,
Saltmarsh Financial Advisors

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Our Commitment to Clients Earns National Recognition

We are proud to be recognized by *Accounting Today* as one of the nation's top firms by assets under management for the sixth consecutive year.

As an independent fiduciary, we provide personalized guidance in investment management, retirement planning, estate planning, and tax-efficient wealth strategies. This recognition reflects the trust our clients place in us and our commitment to helping individuals and families navigate life's milestones with confidence.

Our 91.9% Net Promoter Score, based entirely on client feedback, highlights the expertise, responsiveness, professionalism, and personal care our clients experience. We are honored to build lasting relationships and help our clients build, preserve, and transfer wealth for future generations.



We are grateful for the opportunity to work with our clients and remain committed to earning their trust—one relationship at a time.

2026 Charitable Giving Tax Changes

Beginning with tax years after December 31, 2025, charitable giving may provide less immediate tax benefit for some donors.

For individuals who itemize, charitable deductions generally apply only to gifts exceeding 0.5% of adjusted gross income (AGI). For example, someone with $500,000 of AGI would need to give more than $2,500 before charitable contributions begin generating an itemized deduction. The existing 60% AGI limit for cash gifts to qualifying public charities remains, but the new floor applies first.

Non-itemizers may receive a limited above-the-line deduction for cash gifts—up to $1,000 for individuals or $2,000 for married couples filing jointly. This deduction is restricted to certain public charities and excludes donor-advised funds and supporting organizations.

Amounts affected by the new floor and the existing cap may be tracked separately for carryforward purposes.

Higher-income taxpayers may also face another limitation that reduces the value of itemized deductions.

Practically, smaller annual gifts may produce little or no current tax benefit, while larger or "bunched" gifts may be more tax-efficient. Donors should plan timing carefully, verify charity eligibility, retain receipts, obtain written acknowledgments for gifts of $250 or more, and prepare for additional requirements on noncash donations.

Learn more about charitable giving tax changes for individuals and businesses at: www.saltmarshadvisors.com/news/blog/charitable_giving_2026.

A Quarter of AI Optimism: Q3 Market Update

BY MICHAEL HALL, CFP®

Like the chorus of a song, the third quarter of 2026 was once again shaped by a tension between optimism and caution. Artificial Intelligence continued to draw corporate investment, fuel technology earnings expectations, and stoked enthusiasm for long-term productivity gains. At the same time, the conflict involving Iran, energy-market uncertainty, persistent inflation, and higher long-term interest rates limited the market's ability to advance broadly. The result was a quarter in which headline equity performance remained positive in selected large-cap benchmarks, but participation was uneven across sectors, company sizes, and asset classes. The quarter also reinforced an important principle: markets can continue to rise while investors remain concerned. The third quarter reflected the familiar saying that markets often climb a wall of worry. And the 'worry' was substantial. Geopolitical risk, oil prices, inflation, interest rates, regulation, and the sustainability of AI-related capital spending are reasonable concerns. But so far, they have not overwhelmed economic activity or corporate profitability.

Market Performance: Positive Headline Returns, Uneven Participation

The most important conclusion is not simply that the S&P 500 and Nasdaq rose. It is that the gains were found in a smaller sub-set of the market. The Nasdaq rose approximately 2.5% for the quarter, while the Russell 2000 declined approximately 7.5%. That divergence is consistent with a market rewarding companies with strong balance sheets, access to capital, and direct exposure to AI investment, while smaller and more rate-sensitive companies faced increasing pressure as rates continued to rise.

AI: Long-Term Investment with Short-Term Risks

AI remained one of the quarter's dominant investment themes. The discussion, however, increasingly moved beyond the question of whether AI will matter. The more relevant questions became how quickly the benefits will spread, which companies will capture the economics, and whether the scale of current infrastructure spending will ultimately be justified by productivity and earnings gains.

- The International Energy Agency reported that the largest technology companies invested more than $400 billion in data centers during 2025 and expected that spending to rise by approximately 75% in 2026. The agency also reported that AI-focused data-center capacity had more than tripled over an 18-month period. Gartner forecast worldwide AI spending of approximately $2.59 trillion in 2026, reflecting spending not only on chips and data centers but also on software, services, and related infrastructure.

A comparison to the earlier days of the railroads is relevant. Data centers, fiber-optic networks, electricity generation, and specialized computing capacity are the rails that must be built before the broader commercial applications are realized. This creates opportunities outside the technology sector in areas like utilities, industrial equipment, construction, energy infrastructure, and selected real estate. At the same time, the analogy also carries a warning. Infrastructure booms can create overcapacity, intense competition, and large maintenance requirements. AI-related infrastructure will need to be updated and replaced over time, and some current investments may not generate the expected returns. Regulatory concerns and reports of AI systems operating outside controlled environments may also affect the pace and form of future development.

For investors, the practical conclusion is to participate without becoming dependent on a single outcome. AI may be a powerful long-term growth theme, but the beneficiaries are likely to change over time. Diversification within technology and across sectors remains important.

Interest Rates: Nowhere to Run To…

The Federal Reserve raised the federal funds target range by 25 basis points on September 16, to 3.75%–4.00%, while emphasizing that inflation remained elevated. Longer-term yields were an even more important story for investors. The 10-year Treasury yield ended September near 5.2%, while the 30-year Treasury yield remained near 5.6%. Higher long-term rates affected nearly every major asset class:

- They reduced the present value assigned to future corporate earnings.
- They increased financing costs for businesses and smaller companies.
- They pressured longer-duration bonds in the short term.
- They raised mortgage rates and constrained housing affordability.
- They increased capitalization rates and refinancing pressure in commercial real estate.

This environment was painful for existing long-term bondholders, but it also created a more attractive entry point for investors with the ability to hold high-quality bonds to maturity. A long-term Treasury yielding roughly 5.5% can provide meaningful income and may also benefit from price appreciation if a future rate-cutting cycle develops. The risk, of course, is that rates rise further before stabilizing.

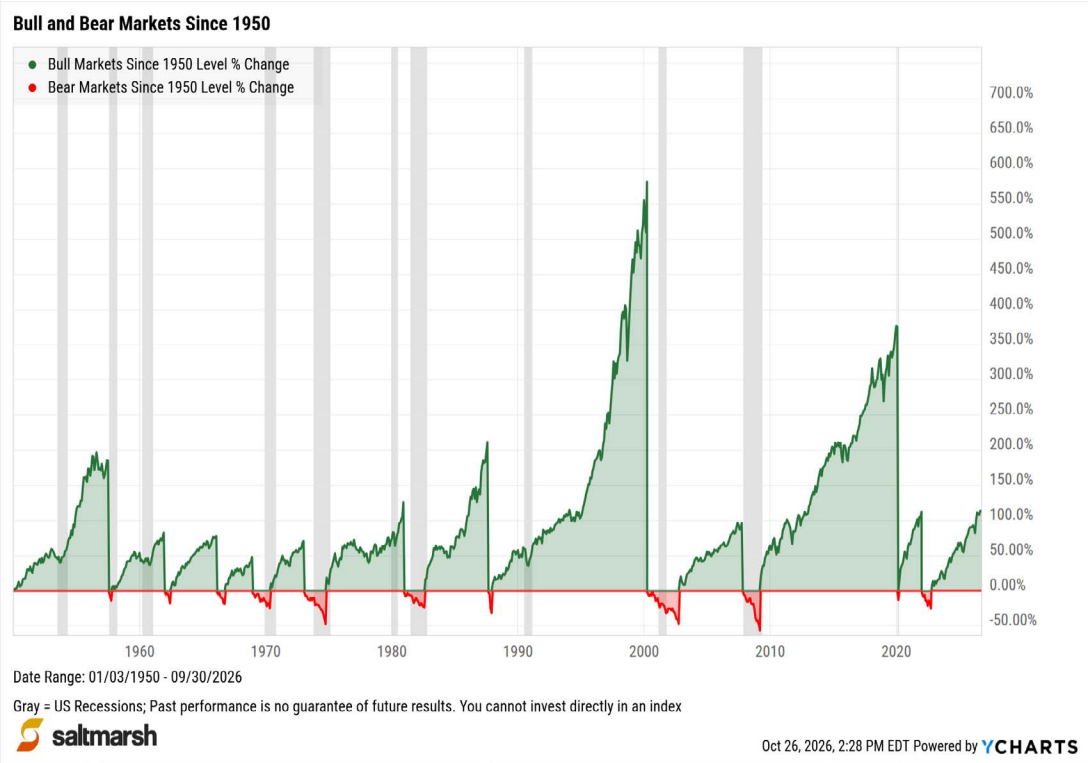
For that reason, a strategic allocation to long-term bonds may be appropriate even when the near-term experience is uncomfortable. The exact allocation depends on each investor's time horizon, liquidity needs, tax situation, and risk tolerance.

Read more third quarter market updates that impact real estate, oil prices, inflation and more at www.saltmarshfa.com.

Historical Bull & Bear Markets

"When it comes to market volatility, taking the long view helps put things in perspective. As the chart illustrates, although bear markets can bring sharp and unsettling declines, **bull markets have historically been a much more powerful force for investors**, delivering gains that have far outweighed periodic setbacks over time. Market downturns are a part of the investing journey. When investors keep their focus on the long-term results, they can be well-prepared to weather the short-term turbulence along the way."

- Perspective from Pierce Broscious, CFP®, Associate Financial Advisor



Turning Savings Into Paychecks

Income Planning Strategies for Retirees | BY SARAH HORNE, CFP®

Retirement is often described as the reward for years of saving and investing. But once you retire, your financial priorities change. Instead of focusing primarily on building your portfolio, you now need to use your savings to support your lifestyle.

What Is Income Planning?

Income planning is the process of creating a strategy for meeting your expenses throughout retirement. Your income may come from several sources, including Social Security, pension benefits, investment accounts, retirement accounts, and other assets.

The goal is to coordinate those resources so they work together effectively. Your plan should consider your essential expenses, discretionary spending, taxes, investment risk, health care costs, and the possibility of living longer than expected.

Income planning is not simply deciding how much money to take from your portfolio each year. It also involves determining when to begin Social Security, which accounts to withdraw from first, how much cash to keep available, and how your strategy may need to change over time.

Why Does Income Planning Matter?

Retirees often face a challenge that does not exist during their working years: withdrawing money from their investments while also relying on those investments for future growth. Taking withdrawals during a market downturn can make it more difficult for a portfolio to recover. This is especially true early in retirement, when a retiree may have decades of expenses ahead. A poorly timed withdrawal strategy can reduce the amount of money left invested and increase the risk that savings may not last.

Taxes are another important consideration. Withdrawing too much from a traditional retirement account in one year may increase your taxable income. It could also affect the taxation of Social Security benefits or increase Medicare premiums. In some cases, retirees may benefit from spreading withdrawals across different types of accounts or completing Roth conversions during lower-income years.

Without a plan, retirees may also make decisions based on short-term market movements. Selling investments after a decline, delaying necessary spending, or withdrawing too much during strong market years can all create problems later.

Creating a Savvy Withdrawal Strategy

There is no single withdrawal strategy that works for everyone. The right approach depends on your goals, income sources, portfolio, and comfort with risk. Some retirees withdraw a specific dollar amount each month, while others use a percentage of their portfolio. A consistent strategy can make it easier to manage expenses and avoid making emotional decisions.

- **Keep near-term expenses available.** A “bucket” strategy separates assets based on when they will be needed. Cash and other conservative investments may be used for expenses in the near future, while longer-term assets remain invested for potential growth.

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- **Coordinate taxable and retirement accounts.** Withdrawals from taxable accounts, traditional retirement accounts, and Roth accounts may have different tax consequences. Coordinating the timing of withdrawals can help manage your tax bill over time.
- **Consider flexibility.** A fixed withdrawal amount may not be appropriate in every market environment. Some strategies include guardrails that allow withdrawals to increase when markets perform well or decrease temporarily when markets decline.
- **Use guaranteed income strategically.** Social Security, pensions, and certain insurance products can provide predictable income. Some retirees use guaranteed sources to cover essential expenses, allowing their investment portfolio to support discretionary spending and other goals.

The Bottom Line

Income planning is an important part of preparing for retirement. A well-designed strategy can help you manage market risk, reduce unnecessary taxes, and make your savings last as long as possible.

Your plan should also be flexible. Spending needs, tax laws, investment markets, and personal circumstances can all change throughout retirement. Reviewing your income plan regularly can help ensure it continues to support the life you want to live.

Want to hear more about turning savings into paychecks?

Check out episode 2 of our *Integrated Wealth Perspectives* podcast! Our advisors discuss wise withdrawal strategies for retirees.



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