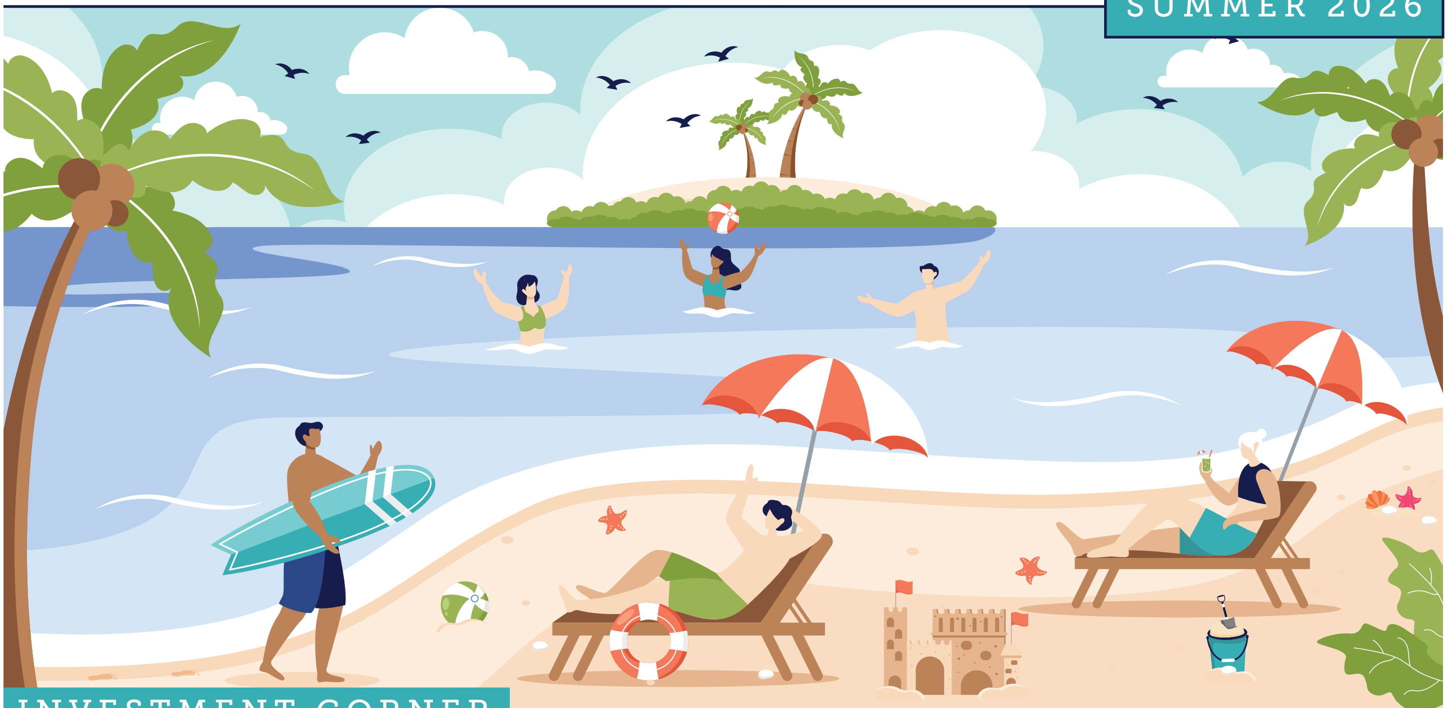
Financial WISDOM

JEMMA
FINANCIAL SERVICES

SUMMER 2026



INVESTMENT CORNER

STRONG FINISH TO THE FIRST HALF

The first half of 2026 was a reminder that markets can change direction quickly.

After strong gains early in the year, geopolitical tensions in the Middle East sent oil prices sharply higher during the first quarter, fueling concerns that inflation would remain elevated and interest rates would stay higher for longer. As a result, the initial strong gains turned into market losses. During the second quarter, progress toward a ceasefire reduced fears of a broader conflict. Oil prices fell, inflation concerns eased, and markets rebounded.

The S&P 500 Index recovered all of its first-quarter losses and finished the first half of the year at a new record high, returning approximately 10% year-to-date and 22% over the trailing year ended June 30, 2026.

Artificial intelligence (AI) remained one of the market's dominant themes, although performance varied widely within the Technology sector. Companies benefiting from AI infrastructure spending, including semiconductor and hardware manufacturers, continued to lead the market, which helped push Industrials and Information Technology to among the best-performing sectors in 2026. Energy also posted strong double-digit gains, buoyed by the earlier run-up in oil prices.

In contrast, Financials, Consumer Discretionary, and Communication Services were the weakest-performing sectors. Software companies were particularly challenged, with the S&P 500 Software & Services subsector falling nearly 16% year-to-date as investors questioned which companies will weather the challenge from AI substitution.

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IN THIS ISSUE

In our Summer 2026 Issue, you'll find helpful financial strategies on:

As always, Jemma Financial is here to help you meet your financial goals.

MARKET PERFORMANCE

% as of June 30, 2026

	1 YR	3 YR*	5 YR*
Dow Jones	20.65	17.10	10.78
S&P 500	22.32	20.61	13.41
Nasdaq	34.38	26.83	16.68

**Average annual total return. Past performance is no guarantee of future results. Source: Morningstar.*

The U.S. economy has remained resilient despite ongoing uncertainty. The unemployment rate has held near 4%, inflation has eased to approximately 2.4%, and the Federal Reserve, with Kevin Warsh as its new chair, has maintained a patient, data-dependent approach to interest rates.

While periods of market volatility are inevitable, history has consistently shown that maintaining a disciplined, long-term investment strategy and staying invested remain among the most effective ways to build long-term wealth. As always, your Jemma Financial Advisor is available to answer your questions and help keep you on track toward your financial goals.

THE FIRST 401(K)

SIX LESSONS FOR YOUNG WORKERS

When your child or grandchild lands their first real job, there's a lot to celebrate: a paycheck, independence, and the beginning of adulthood. There's one more thing that may quietly shape their financial future more than almost anything else they do in their 20s: Their 401(k) retirement account.

For many young workers, enrolling in an employer retirement plan is an afterthought. Retirement feels decades away, and there are many more immediate priorities competing for attention.

However, here are six important 401(k) lessons worth sharing with your child or grandchild.

1 **Start immediately.** One of the biggest mistakes some young workers make is waiting until they earn more money before contributing to their retirement plan. Yet, time is often more valuable than the amount invested. Even a small contribution made in their 20s has decades to grow through the power of compounding. Developing the habit of saving early can be far more important than trying to invest large amounts later in life.

2 **Get the company match.** If an employer offers a matching contribution, workers should contribute enough to receive the entire match. Think of it as free money. For example, if the company matches 4% of salary, contributing at least 4% immediately doubles that portion of the investment.

3 **Keep the investments simple.** For example, a target-date retirement fund or a broad market index fund provides diversification and professional management. The goal isn't to pick the next winning stock—it's to build wealth steadily over time.

4 **Ignore market volatility.** Market downturns are a part of investing. In fact, workers contributing through payroll deduction are often investing at lower prices during market declines.

5 **Increase contributions with raises.** As income grows, retirement contributions should grow as well. A simple strategy is to increase 401(k) contributions by 1% or 2% every time a raise is received. Because the increase comes from new income, most people barely notice the difference in their take-home pay. Over the next few decades, the goal should be to work toward maximizing contributions. For example, in 2026, employees can contribute up to $24,500 annually to a 401(k), creating a powerful opportunity for long-term wealth accumulation.

6 **Choose Roth contributions early.** Many young workers begin their careers in relatively low tax brackets. When available, Roth 401(k) contributions can be particularly attractive because taxes are paid today while withdrawals in retirement are tax-free. Paying taxes at a lower rate early in a career can create significant tax benefits decades down the road.

YOUNG WORKERS' ADVANTAGE: TIME

When it comes to retirement planning, young workers have something that older investors can never recover: time. Parents often help their children prepare for a first job interview, negotiate a salary, or choose employee benefits. Helping them understand the value of a 401(k) account may be just as important.

Consider sharing this article with your children, grandchildren, or any young adult beginning their career. The earlier they understand the value of a 401(k), the greater their opportunity to build long-term financial security.

2026 CONTRIBUTION LIMITS FOR 401(K) & 403(B) ACCOUNTS

$24,500	**$8,000** Catch-up for Age 50+	**$3,250** "Super" Catch-up for Ages 60-63

RETIREMENT-FRIENDLY STATES

WHERE INCOME GOES FURTHER

Preserving wealth is a top priority for many retirees and pre-retirees. State taxes can have a significant impact on retirement income, affecting Social Security benefits, pension payments, and IRA and 401(k) withdrawals. As living costs continue to rise, many older investors are taking a closer look at where they live and how state tax policies may influence their long-term financial security.

As shown below, several states offer favorable tax treatment for retirees, allowing residents to keep more of their hard-earned retirement income if they decide to relocate.

Taxes shouldn't be the only factor when considering relocation. Property taxes, insurance costs, health-care access, housing prices, and overall cost of living can significantly affect affordability in retirement. Florida, for example, has no income tax but many retirees face higher insurance costs.

Regardless, the tax implications of where you live can have a meaningful impact on your financial future. Jemma Financial can help you explore ways to maximize retirement income and align your plan with your long-term goals.

TAX-FRIENDLY STATES

ALASKA
No state income tax.
No inheritance or estate tax.

FLORIDA
No state income tax.
No inheritance or estate tax.

ILLINOIS
No tax on most retirement income, i.e., Social Security benefits, pensions, IRA, and 401(k) distributions.

IOWA
No tax on qualifying retirement income for taxpayers aged 55+, and includes pensions, annuities, IRA distributions, and employer retirement plans.

MISSISSIPPI
Social Security benefits, pensions, 401(k), and IRA distributions are exempt from state income tax.

NEVADA
No state income tax.
No inheritance or estate tax.

NEW HAMPSHIRE
No state income tax.
No inheritance or estate tax.

PENNSYLVANIA
Flat income tax rate is 3.07%. No tax on pensions, distributions from IRAs and 401(k)s, and Social Security.

SOUTH DAKOTA
No state income tax.
No inheritance or estate tax.

TENNESSEE
No state income tax.
No inheritance or estate tax.

TEXAS
No state income tax. No inheritance or estate tax.

WASHINGTON
No state income tax.

WYOMING
No state income tax. No inheritance or estate tax.

The IRS 2022-2023 data highlights a shift of taxpayers from high-tax states to lower-tax states.

TOP 5
Net Gain in Income Tax Filers

TEXAS	+56,473
FLORIDA	+55,349
NORTH CAROLINA	+39,118
SOUTH CAROLINA	+29,214
TENNESSEE	+24,104

BOTTOM 5
Net Loss in Income Tax Filers

CALIFORNIA	-100,397
NEW YORK	-71,987
ILLINOIS	-28,609
NEW JERSEY	-19,370
MASSACHUSETTS	-15,378

See page 4 for important disclosures.

TRUSTS & WILLS

GIVE THE GIFT OF PEACE OF MIND

If something unexpected happened tomorrow, would your loved ones know where to find your bank accounts, insurance policies, investment statements, and estate planning documents? For many families, the answer is "no." While most people recognize the importance of planning ahead, organizing financial information is often overlooked—leaving loved ones to piece together important details during an already stressful time.

HERE ARE A FEW TIPS TO CONSIDER:

Get organized. Set up a clear system so your family can locate bank and investment accounts, access retirement plans, file insurance claims, contact financial advisors or attorneys, and understand health-care or estate planning wishes. Keeping important information organized can save time, reduce stress, and prevent costly mistakes during an already difficult time.

Complete a Financial Inventory. Create a master list of your financial accounts, including bank accounts, investment accounts, retirement plans, insurance policies, mortgages, and other assets. Be sure to include key contact information and account details.

Keep Your Will Accessible. A current Will is one of the most important estate planning documents that you should have. It helps ensure your assets are distributed according to your wishes and can simplify the process for your family. Make sure your loved ones know where the original document is stored and how to access it when needed.

Create a Central Location. Choose a secure physical file, digital vault, or both, to hold estate planning documents, financial records, insurance policies, health-care directives, and key contacts. Importantly, make sure trusted individuals know how to access it.

At Jemma Financial, we understand the importance of planning ahead and having one's financial and personal records in order. By organizing your financial life and making important information accessible, you provide a lasting gift: confidence, clarity, and peace of mind when it matters most.

Scan the QR code to download your copy of our Comprehensive Checklist.

SCAN ME

Did You Know?

42% OF AMERICANS would not know how to handle a family death today due to a lack of an estate plan.[1]

1 2026 Estate Planning Report, trustandwill.com.

Sources for Infographic on page 3: AARP, 3/18/26. Tax laws and regulations subject to change. The information presented is believed to be accurate as of the publication date but should not be construed as tax, legal or financial advice. Readers should consult a qualified tax professional regarding their individual circumstances before making any decisions. Income Tax Filers data from Tax Foundation and based on IRS migration data for 2022-2023.