smartlife™
MONTHLY NEWSLETTER

CORBETT ROAD
WEALTH MANAGEMENT

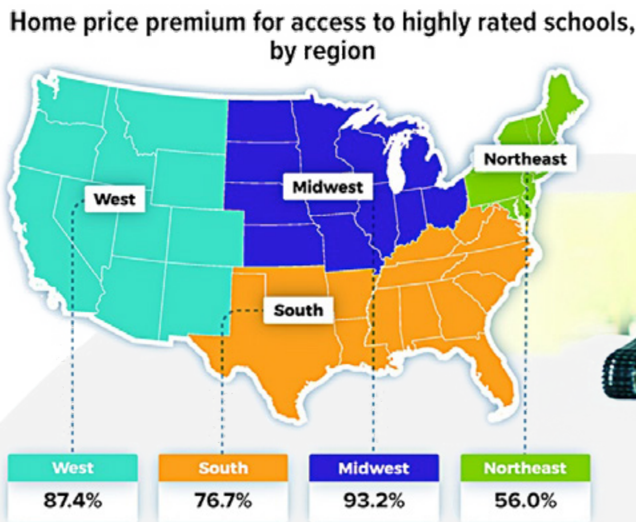
October 2025

WHAT'S INSIDE

LOCATION, LOCATION, LOCATION: THE PREMIUM PARENTS PAY FOR TOP SCHOOLS

In much of the United States, the public school that a child is allowed to attend is determined by the location of the family's residence. As a result, the inventory of homes for sale near the best schools is often limited and properties tend to sell at a premium.

According to research conducted in 2024 by Realtor.com, homes in neighborhoods with a highly regarded public elementary school — rated 9 or 10 on the review platform GreatSchools.org — cost an average of 78.6% more than a typical home in a surrounding county. However, this premium varies greatly from place to place.



Source: *Realtor.com, 2024*

NAVIGATING MEDICARE OPEN ENROLLMENT

If you have Medicare coverage, the Medicare Open Enrollment period is a good time to review your options, compare costs, and make sure that your current Medicare coverage meets your needs.

When is Medicare Open Enrollment?

Open Enrollment runs from October 15 through December 7 of each year. During this window, anyone with Medicare can make changes to their Medicare coverage that will be effective for the following calendar year.

What can you do during Open Enrollment?

During Open Enrollment, you can:

- Switch from Original Medicare (Parts A and B) to a Medicare Advantage Plan (Part C), or vice versa
- Change from one Medicare Advantage Plan to another Medicare Advantage Plan
- Enroll in, drop, or switch from one stand-alone Medicare prescription drug plan to another

If you're happy with Original Medicare or your current plan, should you still review your coverage?

Each year, Medicare plans make changes to their costs, coverage, and network of providers. Prescription drug coverage can also change. Even if you are satisfied with your current coverage, Open Enrollment is your chance to see if you can make changes that could help save you money or enhance your benefits.

You can review your plan's Annual Notice of Change that lists changes to your plan's coverage, costs, or service area to find out if your current doctors and prescriptions are still covered and affordable. Any changes to your plan will take effect on January 1, 2026.

Are there other times you can make changes?

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

There is also a Medicare Advantage Open Enrollment period which allows you to switch to another Medicare Advantage Plan (with or without drug coverage) or drop your Medicare Advantage Plan and go back to Original Medicare. If you're already enrolled in a Medicare Advantage Plan, this period runs from January 1 through March 31. If you are new to Medicare and enroll in a Medicare Advantage Plan, this period runs from the first month you're eligible for both Parts A and B, until the last day of the third month you're first eligible.

If you have questions about Medicare, call 1-800-MEDICARE or visit the Medicare website at medicare.gov. Your State Health Insurance Assistance Program can also help you sort through your options.

WHAT HAPPENS TO YOUR TIME HORIZON AT RETIREMENT?

In investing, "time horizon" refers to the amount of time you have to pursue a financial goal. Along with that goal and your tolerance for risk, your time horizon is one of three key factors that typically help determine the mix of investments in your portfolio.

In your early retirement saving years, your time horizon could be a strong advantage. The younger you are, the more time you may have to withstand market volatility and pursue an aggressive growth investment strategy.

As you enter retirement, however, your time horizon begins to take on new meaning. Your investment strategy is no longer crafted to pursue a specific savings goal, but to balance different objectives. Understanding these objectives can help you shift your perspective from a single, goal-based, fixed time horizon to a multilayered, interrelated series of time periods.

Short-term objective: liquidity

The first objective is generally the need for liquidity; that is, how much cash you may need to keep in easily accessible, lower-risk vehicles.

You can start this assessment by determining the amount of income you'll need to meet life's basic necessities on a monthly or annual basis. After accounting for Social Security, Medicare and other health insurance, any pension income or work-related earnings, and possible income from real estate and other sources, is there a gap? If so, how much and how often will you need to withdraw from your retirement savings to cover that gap?

Next, consider the bigger picture: What are your plans over the next one to three years? Will you have any large expenses, such as buying a new car, repairing a roof, or undergoing a major health procedure? Will you take any vacations or attend big events such as a wedding? Finally, how much do you want to set aside for unexpected emergencies? General guidance suggests having at least three to six months of expenses in an easy-to-access savings vehicle, but the appropriate amount will depend on your unique situation. Considering all of these factors can help you determine how much to invest in short-term, lower-risk vehicles and set up a cash-flow schedule designed to meet your shorter-term needs.

Ongoing objective: managing market risk

The second objective is typically managing the risk associated with ongoing market volatility. Pre-retirees and retirees, in particular, face what's known as "sequence of returns" risk. This refers to the risk that the financial markets could experience a large loss just before or in the early years of retirement, leaving you with a diminished nest egg to support your income needs. Moreover, throughout your retirement, your portfolio will likely continue to experience ups and downs. The objective is to manage investments in a way that strives to provide income while helping to smooth out any bumps over time.

Long-term objective: sustainability

While market risk is one concern, longevity risk, or the chance that your savings won't last as long as you do, is yet another. The need to build a portfolio with lasting potential — at a minimum, to sustain your lifelong income needs, but also to leave a legacy if that is your goal — is perhaps the most important objective in a retirement portfolio. Consider designing an investment mix to pursue enough growth to help keep it sustainable as long as needed.

A layered approach

One way to think about your retirement portfolio is as a series of layers that could work together to pursue all three objectives. The bottom layer would be comprised of short-term, liquid vehicles designed to provide the cash flow needed for, say, one to three years. The middle layer would contain additional amounts needed within a decade or so and be made up of moderate-risk vehicles that aim to provide a stream of income and help balance inevitable volatility. The top layer, which would include the balance of your portfolio, would be designed to outpace inflation and pursue longer-term growth, striving for that necessary sustainability. Over time, as one layer is depleted, it can be replenished by the next layer up.

Retirement Portfolio: A Multilayered Approach

As each layer is depleted, it may be replenished by the next layer up.

All investing involves risk, including the possible loss of principal, and there is no guarantee that any investment strategy will be successful. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss. Rates of return will vary over time, particularly for longterm investments. Investments offering the potential for higher rates of return involve higher risk.

ARE YOU PREPARED FOR THE HIGH COST OF DYING?

End-of-life care and the death of a loved one not only carry an emotional price tag but they might impose a substantial financial strain on families, compounding the emotional challenges that come with losing a loved one. Considering the true costs and unexpected fees can help illustrate why it is important to plan ahead for yourself and your loved ones.

Cost of end-of-life care

In the United States, the cost of inpatient hospital care during the last month of life can vary widely. In 2021, Americans spent about $430 billion on end-of-life and hospice care.[1] The average hospital cost in the final month of life often exceeds $32,000, while the cost for hospice care is often more than $17,000 per month.[2] These costs can spike if aggressive treatments, ventilators, or repeated interventions are involved.

Families often face costs that aren't covered by Medicare, Medicaid, or private insurance, such as:

- Transportation to and from medical appointments
- Out-of-pocket prescription copays
- Medical equipment (special beds, oxygen)
- Home modifications for accessibility
- Unreimbursed caregiving labor by family members

Funeral and burial (or cremation) costs

In addition to costs associated with end-of-life care, expenses associated with traditional funerals and cremations may often exceed expectations.

Expenses typically include:

- Basic service fees
- Embalming and body preparation (and/or cremation)
- Viewing and ceremony
- Transport and hearse
- Flowers, obituary announcements, and catering for a post-funeral gathering
- Cemetery plot, vault, and headstone (which can cost several thousand dollars)

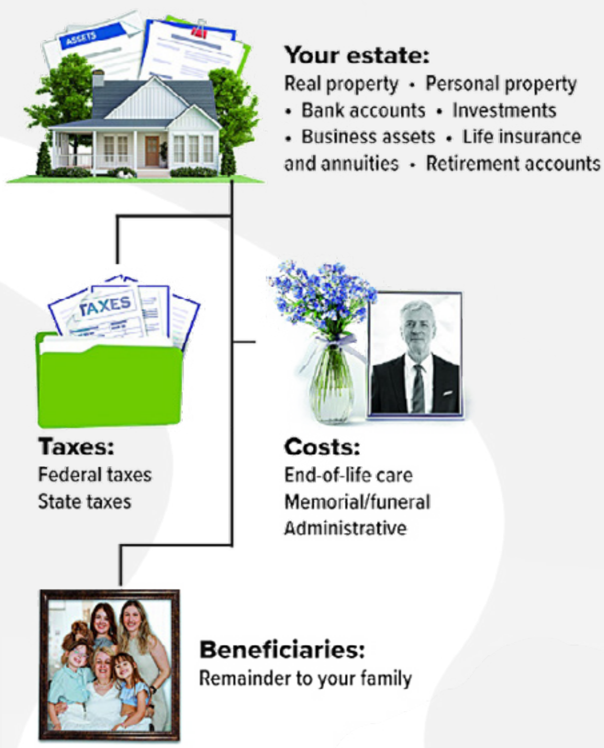
Legal and administrative costs

Expenses related to the administration of the estate can create further financial pressures. These include probate fees, which are court and attorney fees for settling an estate, often calculated based on a percentage of the estate's total value. The exact cost depends on the size of the estate, its complexity, the jurisdiction, etc. Death certificates can also increase expenses as families often require multiple copies, typically for an extra fee per copy. The jurisdiction and any additional processing or delivery fees ultimately determine the total cost of death certificates. Other legal fees might include drafting or revising wills and trusts, which are essential for estate planning and can incur costs before and after a loved one passes.

Estate taxes

A portion of your estate may be decreased by the imposition of federal and/or state estate or death taxes. Any U.S. citizen who leaves an estate (plus adjusted taxable gifts) in excess of the estate and gift tax basic exclusion amount ($13,990,000 in 2025) may be subject to estate tax. The highest federal estate tax rate is 40%. In addition to federal estate tax, several states also impose their own "death taxes" in the form of an estate tax or an inheritance tax, or both. There are 12 states and the District of Columbia that levy estate taxes, while six states have inheritance taxes. Maryland is the only state that imposes both an estate tax and an inheritance tax.

After-Death Expenses



The importance of planning

Costs associated with end-of-life care, funeral arrangements, and administrative details represent major, and often overlooked, expenses. By seeking greater transparency and accessibility with regard to both medical and memorial arrangements, you can help ensure that financial hardship does not compound the pain of saying goodbye.

1) Debt.org, 2022 (most recent data available)
2) American Bar Association, 2024

COULD EMPLOYEE OWNERSHIP BE PART OF YOUR SUCCESSION PLAN?

An employee stock ownership plan (ESOP) is a type of qualified retirement plan that enables a business owner to gradually transfer ownership shares to employees. Moreover, establishing an ESOP sets up opportunities for the owner of a closely held business to cash out (in whole or in part) in the future, while keeping the company going for employees and the community.

An ESOP may be a good option for small-business owners who don't plan to pass the reins to family members when they retire, but instead have loyal and capable managers who would be interested in taking over the company. In the meantime, an ownership mentality may enhance efficiency and productivity, because employees have a stake in the company's long-term success.

How ESOPs work

ESOPs are designed to invest their assets primarily in company stock rather than investing in the public markets. Annual cash contributions are made to the ESOP and used to purchase stock from the company, or the company may contribute the stock directly. In either case, the company can take a tax deduction for the value of each year's contribution, while the cash stays with the company.

Unlike other retirement plans, ESOPs are permitted to borrow money to purchase company stock. The company then makes annual contributions to the ESOP in the amount equal to the ESOP's principal and interest payments on the loan and uses the contributions to pay back that debt. The company's contribution as a whole is deductible, so the interest and the principal on the loan are deductible as well.

With an ESOP, an employee never buys or holds the stock directly while still employed with the company. If an employee is terminated, retires, becomes disabled, or dies, the plan will distribute the vested shares of stock in the employee's account.

ESOP participants are investing heavily in a single stock, and their investment is tied to the financial health of the business. If the company declines in value, the ESOP may also. Thus, an ESOP should generally be offered alongside a standard retirement plan [such as a (401k)] with more diversified investment options.

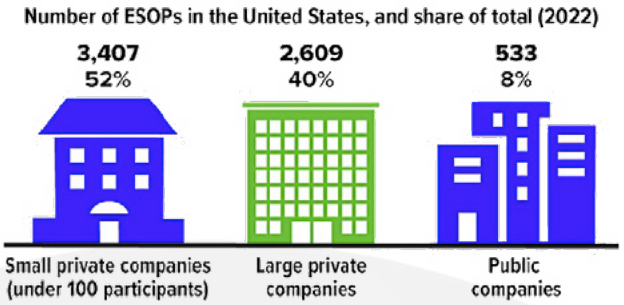
A tax-deferred exit

There may also be tax benefits for a retiring owner who sells a business to an ESOP. If the ESOP owns at least 30% of the company after the sale, the capital gains tax on the sale may be deferred by reinvesting the proceeds in domestic U.S. securities ("qualified replacement property"). No tax would be due until the replacement securities are sold. If they are held until death, a stepped-up basis may apply, and the original gain may never be taxed.

Business owners can defer taxes on the sale of business interests to an ESOP only if the shares were held for at least three years, and if the ESOP was established by a C corp (not an S corp). Among other conditions, stock bought by the ESOP may not be allocated to the seller or certain members of the seller's family, or to any shareholder of the company establishing the ESOP who owns more than 25% of any class of company stock. If this rule is violated, the company would be subject to a 50% excise tax, and the person receiving the allocation would also be subject to tax consequences.

In It Together

At last count, 6,548 businesses had ESOPs holding more than $1.8 trillion in assets, covering more than 14.9 million employees.



Source: *National Center for Employee Ownership, 2025 (percentages rounded to the nearest whole number)*

ESOPs can be complicated and costly to establish and maintain, but they offer significant tax advantages that make them worthwhile in certain situations. It would be wise to consult an attorney with experience in the formation and maintenance of qualified retirement plans to help evaluate whether an ESOP could be appropriate for your business.

All investing involves risk, including the possible loss of principal. There is no guarantee that any investing strategy will be successful. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

LIFE INSURANCE MIGHT HELP DURING TURBULENT ECONOMIC TIMES

During times of economic uncertainty and when the stock market is volatile, life insurance may be a useful tool to consider.

Income protection

Finances that were intended to provide support for you and your family could take a hit due to stock market volatility. In addition, rising costs of goods and services might eat into more of your income and savings. If you die, life insurance can be used to help replace some of the savings you may have lost during turbulent economic times. The tax-free death benefit may be used to help provide income to your spouse and family, pay off mortgages and loans, meet tax liabilities, or pay for college expenses.

Portfolio diversification

Certain types of permanent life insurance have a cash value option that can be beneficial during times of economic uncertainty. Some policies offer minimum interest rate guarantees (subject to the financial strength and claims-paying ability of the issuer) that may provide an alternative to the unpredictability of the stock market.

Wealth accumulation

Cash value life insurance may allow all interest and earnings on the policy's accumulations to grow tax deferred. You might even be able to take withdrawals from the cash accumulation of the life insurance policy. Any withdrawal you make will typically be tax-free up to your basis (i.e., premiums paid) in the policy. Because any earnings grow tax deferred while inside the policy, they will be subject to income tax when you withdraw them. Withdrawals coming out of your policy are generally treated as basis first. Be aware that surrender charges may also apply when you withdraw from your policy, even if you withdraw only up to your basis. One way to help circumvent this and still access your policy's accumulations is to take out a policy loan from the insurance company, using the cash value in the policy as collateral. The amount you borrow is generally not treated as taxable income as long as you repay the loan, and there are no surrender charges because you're not actually withdrawing your money. But you'll have to pay interest on the loan, which is not tax deductible.

Living benefits

Life insurance could help replace lost funds should you become disabled, need long-term care, or face a terminal illness. For example, if you are terminally ill, you might be able to receive a portion of the death proceeds from your life insurance before you die in order to pay necessary expenses. Some life insurance policies include a special rider that allows you to accelerate your life insurance death benefit if you need long-term care. Other riders may be added to a life insurance policy that could help in the event you become disabled and are unable to work.

Comparison of Whole Life and Term Life Insurance

	Whole Life	Term Life
Earnings grow tax deferred	Yes	No
Cash value may be withdrawn tax-free	Within limits	No
Policy loans allowed	Yes	No
Policy loan proceeds received tax-free (Note: Special tax rules apply if policy is later cancelled)	Yes	No
Cash value growth guaranteed by insurance company	Yes	No

Optional benefit riders are available for an additional fee and are subject to contractual terms, conditions and limitations as outlined in the policy and may not benefit all investors. Any payments used for covered long-term care expenses would reduce (and are limited to) the death benefit or annuity value and can be much less than those of a typical long-term care policy. As with most financial decisions, there are expenses associated with the purchase of life insurance. Policies commonly have mortality and expense charges. The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased. Any guarantees are subject to the financial strength and claims-paying ability of the insurance issuer. Loans and withdrawals from a permanent life insurance policy will reduce the policy's cash value and death benefit, 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. Additional out-of-pocket payments may be needed if actual dividends or investment returns decrease, if you withdraw policy cash values, or if current charges increase.

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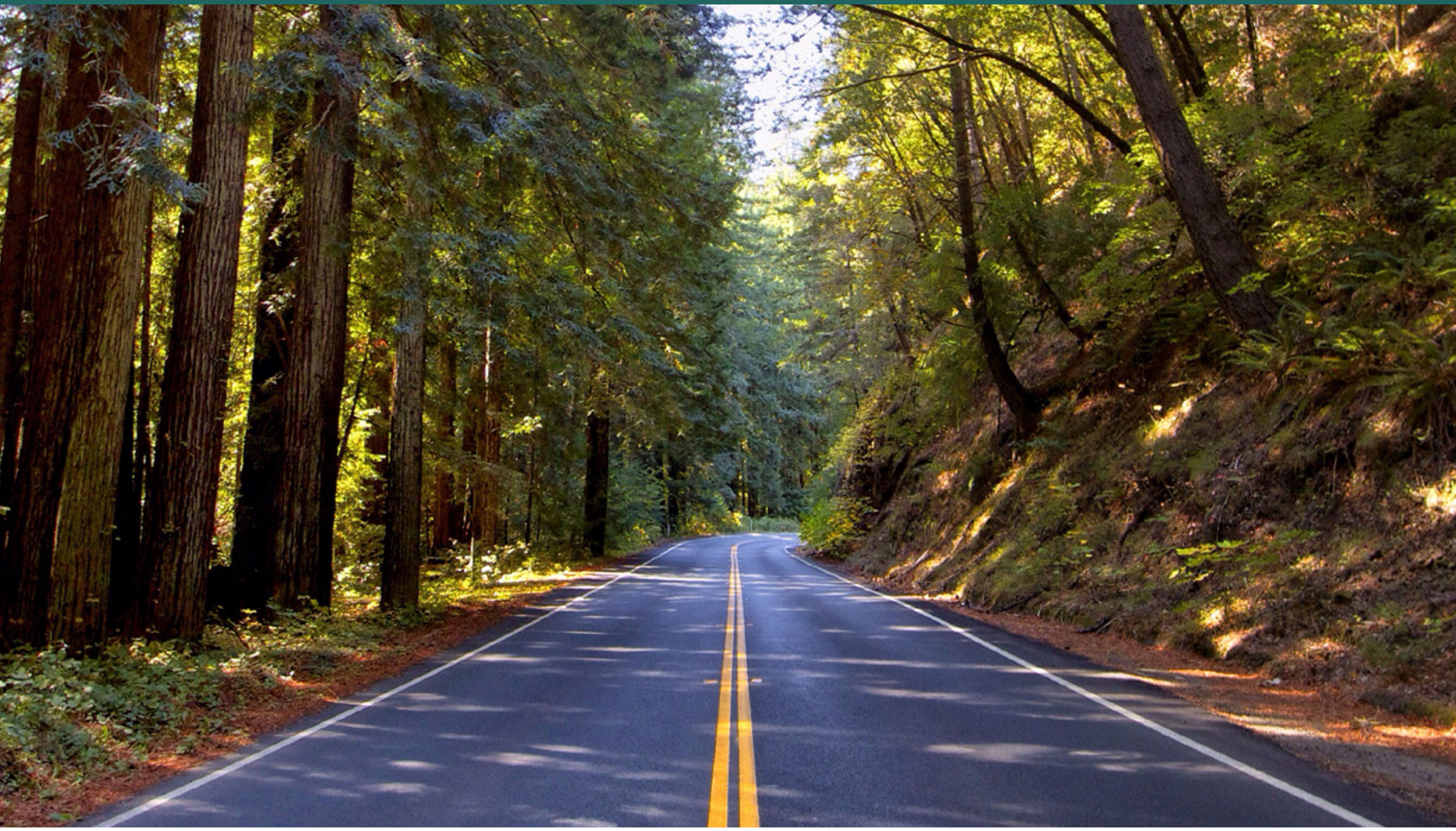

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