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MONTHLY NEWSLETTER

CORBETT ROAD
WEALTH MANAGEMENT

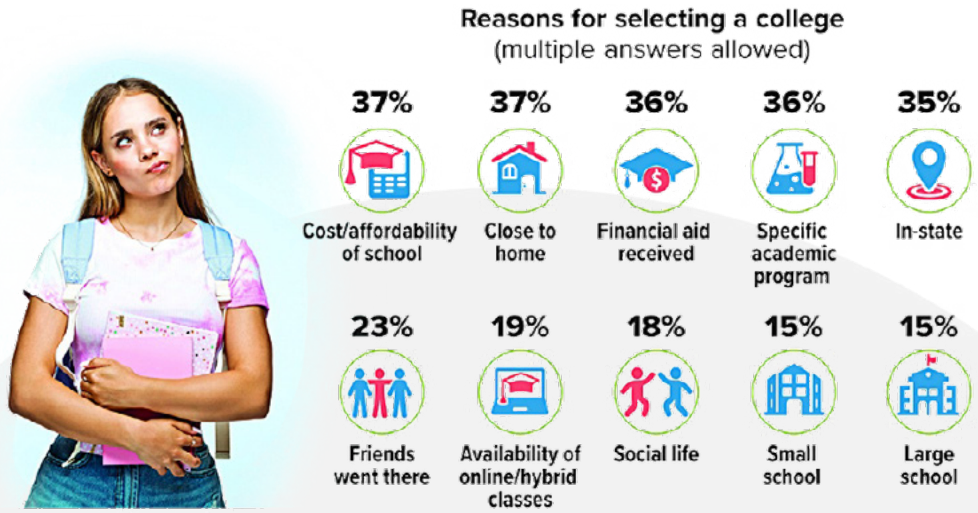
August 2025

WHAT'S INSIDE

COST IS A KEY FACTOR IN COLLEGE SELECTION

With college tuition rising every year, it's not surprising that cost is one of the most important factors for families when choosing a college. Cost, location, financial aid package, and the availability of a specific academic program topped the list when families were asked why students chose the college they did for the 2023–2024 year. Still, 86% of families believe a college degree will create opportunities that wouldn't be available otherwise, and 79% are willing to stretch themselves financially in order to obtain these opportunities.

Source: *How America Pays for College 2024, Sallie Mae*



HOME APPLIANCE ECONOMICS

The prices of major home appliances fell 19.5% over the three years between April 2022 and March 2025. They now cost less than they did ten years ago, despite having lots of convenient new features.[1] The flip side is that repair costs for today's complicated appliances have gone through the roof. Plus, many homeowners are convinced appliances are less reliable and don't last as long.[2]

Here are three things to consider when an appliance you rely on breaks down.

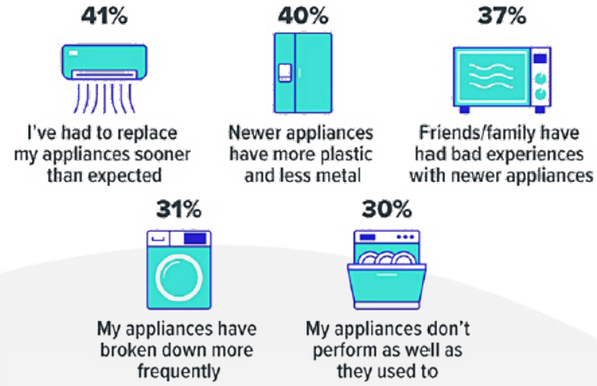
Should I repair or replace it? If your appliance malfunctions while it is still under the manufacturer's warranty, the repair may be covered, but you should use a factory-authorized repair shop if you don't want to risk voiding the warranty. Service calls can cost $100 or more just to bring a tech to the door. If a broken appliance is approaching seven years old, or the cost to repair it will be more than half the price of a new one, replacement is often recommended.[3]

If I buy a new one, should I pay to extend the warranty? Extended warranties (or service contracts) generally cover service and repairs after the manufacturer's warranty expires. Ask yourself whether you are more comfortable paying a fixed monthly cost than unexpectedly facing a high repair bill that eats into your emergency fund or ends up on your credit card. Each warranty is different, so read the contract carefully to find out what's covered and what's not.

Can I fix it myself? Before you give up on your old appliance, you might search for online repair guides provided by retailers that sell replacement parts and/or do some research on social media. An active community of DIYers may help you diagnose problems, and you will likely find plenty of free videos with step-by-step directions for common repairs.

1) U.S. Bureau of Labor Statistics, 2025;
2) The Wall Street Journal, February 20, 2024;
3) Realtor.com, 2024

In a 2024 poll, 3 out of 4 consumers said they believe the quality of household appliances has declined over time, and nearly 2 out of 3 said they have shorter lifespans. Here's why:



Source: USA Today, October 30, 2024

STAYCATIONS ARE ABOUT MORE THAN SAVING MONEY

In March 2025, 61% of respondents to a travel-related survey expressed concern that a recession might impact their vacation plans. The same percentage were planning a staycation instead.[1]

Common during the pandemic when air travel and large crowds were not viable options, staycations involve spending your vacation at or near home. While they may be a great way to save money, staycations can also help you reduce stress, one of the primary reasons many people take time off.

Address stress

From booking airfare and lodging to securing tickets to attractions, along with making restaurant reservations and renting cars, traditional vacations typically require a great deal of advance planning and coordination. Tack on the need to pack for uncertain weather and various activities, find someone to care for pets, and make it to the airport on time — only to discover your flight has been delayed, your luggage was lost, and your hotel bed is uncomfortable — and you have a recipe for vacation aggravation. On the other hand, a staycation requires little to no advance planning, may be flexible and spontaneous, and can include activities to suit your mood, budget, energy level, and even the weather.

Staycation options

Using your home as base camp for a staycation is a great way to help reduce spending and explore regional attractions and activities. You can hike in local state parks, attend a major or minor league sporting event, visit museums or amusement parks, dine at the trendiest restaurants, or try a new activity, such as kayaking or pickleball. Or you can simply read, play yard games, and barbecue in the backyard. If it's raining, head to the movies, check out an escape room or indoor sports complex, or try out a new recipe.

If staying home presents too strong a temptation to check email or log in to work for "just one quick virtual meeting," consider a getaway within driving distance. In this case, your staycation can take the form of a few nights at a nearby hotel and taking advantage of such amenities as room service, the fitness center, or pool. Many hotels offer packages that include tickets to a show or local attraction, spa treatments, or meals. For a change of scenery, you might consider renting a condo or house with a pool, near a beach, or on a farm. Camping is also a cost-effective, adventurous way to shed the day-to-day monotony and build great memories.

Regardless of how you spend your time, keep in mind that the two keys to a restorative break, according to a recent study in the Journal of Applied Psychology, are fully disengaging from work and participating in physical activity.[2]

1) Beach.com, March 2025
2) ScienceDaily, January 2025

NAVIGATING FINANCIAL CONVERSATIONS WITH AGING PARENTS

Having a conversation with your parents about their finances can seem like a daunting task. However, it is an essential step in helping to ensure their financial well-being as they get older. Here are some practical tips to help you navigate these discussions.

Start the conversation

Talking about money can be difficult. However, it's important to initiate a financial conversation with your parents before they become too ill or incapacitated. Your parents may be unwilling to talk to you at first because they are reluctant to give up control over their financial affairs, or they are embarrassed to admit that they need your help. It's important to approach the topic sensitively and make it clear that you fully respect their needs and concerns.

If they are still hesitant to talk to you and are capable of managing their affairs for now, you may want to revisit the discussion later. Or you could suggest that they talk to another family member, trusted friend, attorney, or financial professional.

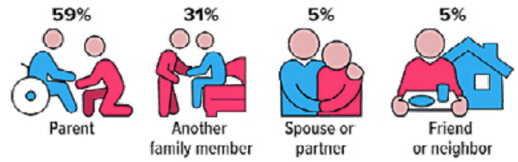
Organize financial and legal documents

Once the lines of communication are open, you can help your parents organize their financial and legal documents. Start by creating a personal data record that lists the following types of information:

Financial: Include all of your parents' bank/investment account information, including account/routing numbers and online usernames and passwords. You should also list any real estate holdings, along with any outstanding mortgages. Do your parents receive income from Social Security, a pension, and/or a retirement plan? You will want to include that information as well.

Legal: Find out if your parents have had any legal documents drawn up, such as wills, trusts, durable powers of attorney and/or health-care directives. Locate other important documents too, such as birth certificates, property deeds, and certificates of title.

Who Are Caregivers Caring For?



Source: *SeniorLiving.org, 2025*

Medical: Determine what type of health insurance your parents have — Medicare, private insurance, or both. You should also have the names and contact information for their health-care providers, their medical history, and any current medications.

Insurance: List what other types of insurance coverage your parents have — life, home/property, auto, or long-term care, for example — along with the names of their insurance companies and policy numbers.

Store the data record and any other pertinent documents either electronically or in a secure, fireproof box or file cabinet.

Help with managing finances

You can help your parents manage their finances by examining their budget and finding out their monthly income and expenses. Track your parents' spending to make sure that they are living within their means. You should also discuss ways to address any outstanding debts they may have.

Find out how your parents pay their bills and expenses. If they still use traditional methods, encourage them to set up safer and more convenient ways to bank such as direct deposit and making payments online, instead of mailing paper checks. If your parents are uncomfortable with electronic payments, remind them to mail all bills inside the physical post office and not to use outdoor mailboxes, which may be targets for mail theft.

Do your parents need additional support in managing their finances? There are ways for you to obtain the necessary authorization to assist them. One way is to become a joint account holder on certain bank accounts. This can give you direct access to manage transactions, monitor account activity, and ensure bills are paid. However, being a joint account holder may have certain legal and tax ramifications. Another option is for them to obtain a durable power of attorney, which is a legal document that grants you authorization to make financial decisions on their behalf, even if they become incapacitated. It may also be helpful for them to add you or someone else as a trusted contact for their accounts.

Discuss estate planning issues

If they haven't already done so, make sure your parents have certain legal documents in place — such as wills and/or trusts — to ensure that their estate planning wishes are followed. In addition, they may need to have a durable power of attorney, health-care proxy, and living will in place so they have someone to manage their money and health-care issues if they become ill/impaired. Issues surrounding the care of an aging parent can be complex. Consider consulting a financial professional and/or elder law attorney who specializes in financial and legal issues that affect older adults.

CONSIDER MUNIS FOR TAX-FREE INCOME

In 2024, the municipal bond market saw record trading for the third consecutive year. New issues also set a record at $508 billion, the first time muni issues exceeded $500 billion. The trend continued through the first quarter of 2025, with trades and new issues both higher than the first quarter of 2024.[1]

This increased activity was primarily driven by individual investors attracted to higher yields that coincided with the Federal Reserve raising interest rates to combat inflation.[2] Although the Fed has begun to lower rates, they may remain relatively elevated for some time, which could continue to support solid bond yields. Moreover, bonds purchased in a higher rate environment will typically increase in value on the secondary market as interest rates decline. Like other bonds, munis can help steady a portfolio during times of stock market turbulence and provide income regardless of market trends.

The primary appeal of municipal bonds as opposed to Treasuries or corporate bonds is that the interest is generally exempt from federal income tax, as well as from state or local taxes if you live in the state where the bond was issued. (Treasuries are generally exempt from state taxes but not federal taxes.) The tax-free yield may be higher than the after-tax yield on taxable bonds, especially for investors in higher tax brackets (see chart).

Government borrowing

Munis are debt obligations issued by state and local government entities. They typically fall into one of two categories.

General obligation bonds are issued to raise capital immediately, usually to cover expenses or refinance public debt. They are commonly repaid through taxes levied by the issuing agency.

Revenue bonds are issued to fund specific revenue-generating projects, such as utilities, sports stadiums, redevelopment projects, and toll roads. These bonds are typically repaid from the revenues generated by the finished projects.

Risk, ratings, and funds

Like all bonds, munis are rated for credit risk. A range of AAA down to BBB (or Baa) is considered "investment grade," and lower-rated or "junk" bonds are considered to carry high risk. Some bonds may also be insured, with a separate credit rating for the insurer. However, bonds should not be purchased based solely on insurance. In general, munis carry more risk than Treasuries but less risk than corporate bonds.

Municipal bond funds spread risk across many individual bonds. Some muni funds focus on bonds from specific states and may also include bonds from U.S. territories that are not subject to state taxes, making the fund's interest income tax free for investors who live in the targeted state.

The return and principal value of bonds and bond fund shares fluctuate with changes in market conditions. When redeemed, they may be worth more or less than their original cost. Bond funds are subject to the same inflation, interest-rate, and credit risks associated with their underlying bonds. As interest rates rise, bond prices typically fall, which can adversely affect a bond fund's performance. Conversely, as interest rates fall, bond prices typically rise, which can boost a fund's performance. Investments offering the potential for higher rates of return involve a higher degree of risk.

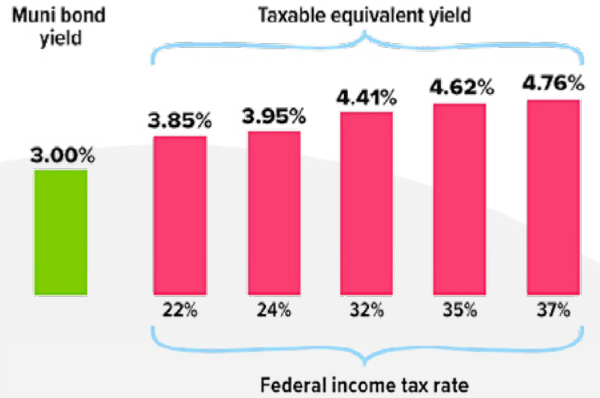
U.S. Treasury securities are guaranteed by the federal government as to the timely payment of principal and interest. The principal value of Treasury securities fluctuates with market conditions. If not held to maturity, they could be worth more or less than the original amount paid.

Funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

1–2) Municipal Securities Rulemaking Board, January 2025 and April 2025

Tax-Free Advantage

A municipal bond with a 3% tax-exempt yield would be equivalent to these taxable bond yields, based on federal income tax rates. Exemption from state income taxes would increase the equivalent yield.



This hypothetical example is used for general illustrative purposes only and does not reflect the performance of any specific investments.

AVOIDING PROBATE WITH A TOD DEED AND TOD ACCOUNT

If you want to leave your home to your children or other heirs and keep the property out of the costly and time-consuming probate process, you could place your home in a living trust. Trusts offer numerous advantages, but they incur up-front costs, often have ongoing administrative fees, and involve a complex web of tax rules and regulations.

More than half of U.S. states offer a simpler and less expensive way to avoid probate through a transfer-on-death (TOD) deed (also called a beneficiary deed). As the name suggests, this is a legal document that directly transfers ownership of the property from you to your designated beneficiary or beneficiaries upon your death. You retain full ownership and control while you are alive, and your beneficiary has no rights to the property until after your death. (Beneficiaries also inherit any associated financial obligations, such as a mortgage or lien.)

The TOD deed must be filed with the appropriate land records office. The deed supersedes your will, so be sure the provisions of your will match the deed. If you change your mind, the deed can be revoked and/or replaced through a new filing. As with all beneficiary documents, it would be wise to designate contingent beneficiaries in the event that a designated beneficiary predeceases you.

In some states, a married couple who own a house together through joint tenancy or as community property with right of survivorship would each have to complete a TOD deed. The deed for the first spouse who dies would be void, and the deed for the second spouse would transfer ownership to the designated beneficiary(ies).

TOD accounts

In most states, you can apply a transfer-on-death provision to individual non-retirement brokerage accounts. This typically involves filing a form with the financial institution to designate a beneficiary or beneficiaries (including contingent beneficiaries) and register the account as TOD. Ownership of the TOD account would transfer directly to the designated beneficiary(ies) upon your death without going through probate. Like TOD deeds, a TOD account designation supersedes your will.

For a joint account, the effect of a TOD designation would depend on the type of account.* Retirement accounts generally go directly to the beneficiary(ies) without probate and do not require being retitled as TOD.

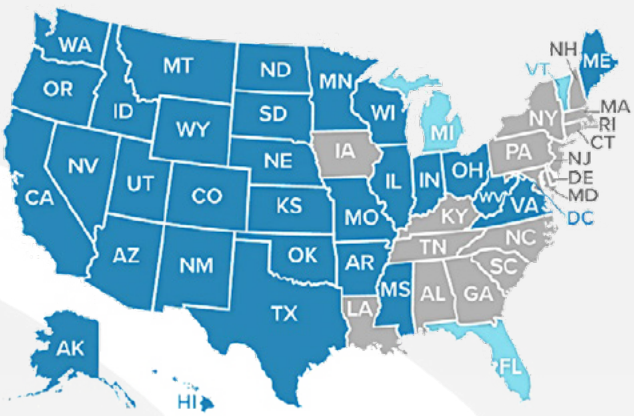
Bank accounts offer a similar designation called Payable on Death (POD). One key difference is that POD accounts typically do not allow contingent beneficiaries.

Estate and capital gains taxes

A TOD deed or account designation does not remove the property or account assets from your taxable estate. However, with high federal estate tax exclusion amounts, few estates would likely be subject to federal estate taxes.**

If your heirs sell your home or account assets, they could be subject to capital gains taxes regardless of whether they receive the property/account through a living trust or a TOD deed. However, the step-up in basis provision of U.S. tax law automatically sets the basis as the fair market value of the home or account at the time of your death, effectively eliminating all capital gains up to that time. Your heirs could shelter $250,000 of gains ($500,000 for a married couple) if they live in the home for two out of five years before selling. (There is no shelter provision for financial accounts.)

States in dark blue allow a TOD deed



Florida, Michigan, and Vermont (light blue) allow a similar document called an enhanced life estate deed or Lady Bird deed. Texas and West Virginia allow TOD and Lady Bird deeds.
Source: Nolo, October 8, 2024

Although you do not need an attorney to execute a TOD deed in most states, you may want to consult an attorney familiar with the laws of your state. You should consider the counsel of experienced estate planning, legal, and tax professionals before implementing trust strategies.

A TOD designation on a joint ownership/tenancy or tenants by/in the entirety account would only become effective if both owners die simultaneously. A TOD on a tenants in common account would be similar to an individual account. For estates of those who die in 2025, the exclusion is $13.99 million, with a combined $27.98 million exclusion for a married couple.*

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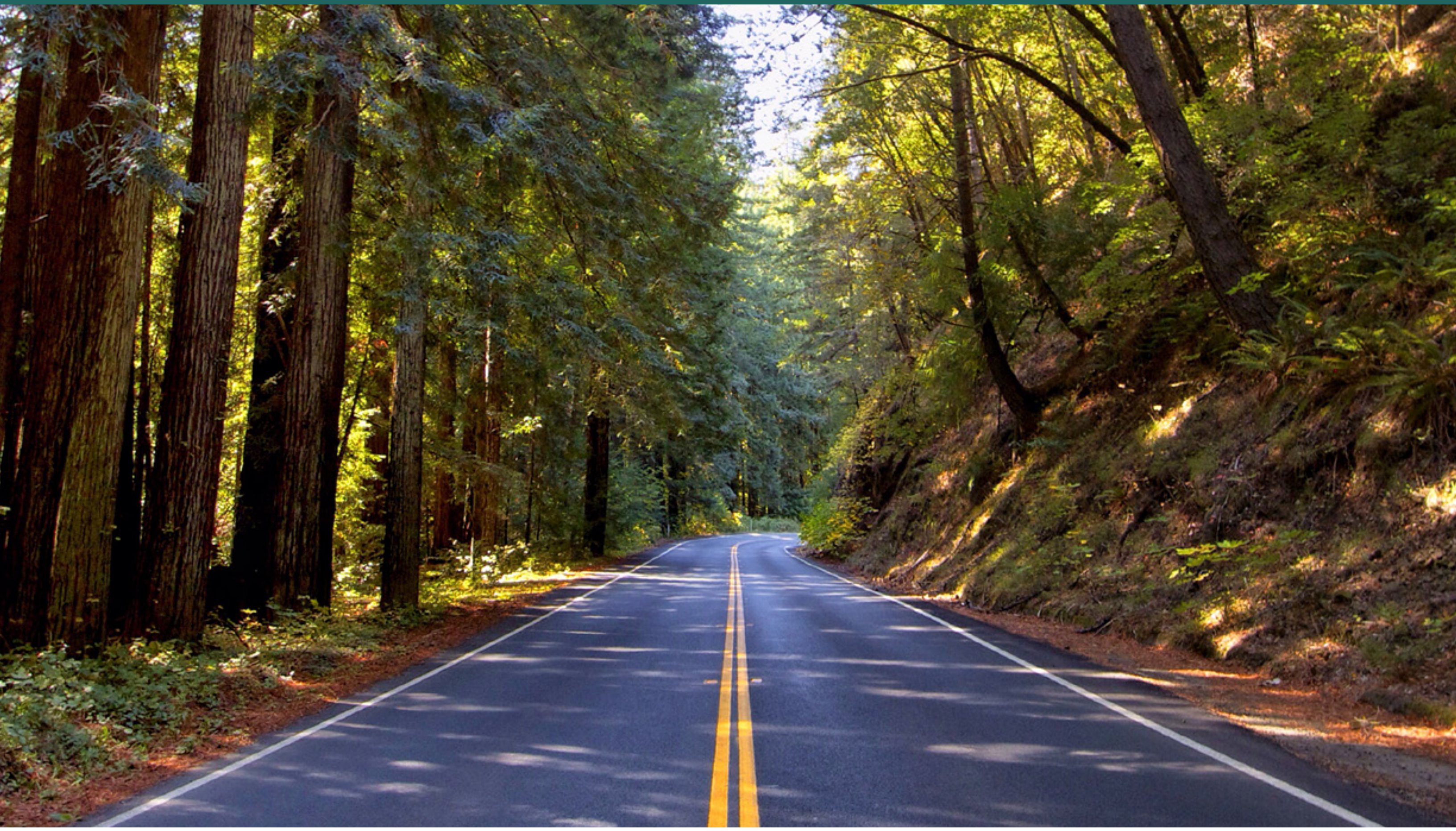

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