

Building Income, Protecting Wealth, and Shaping Your Legacy in a Changing Market

Welcome to the Spring 2026 edition of Financial Planner Strategies, a quarterly newsletter for investors and their families. This issue focuses on three areas that matter more as markets and the economy evolve: fixed income, risk management, and estate and legacy planning.

For more than a decade, many investors felt they had to rely on stocks and private investments for returns because bond yields were so low. That has changed. After a historic rate-hiking cycle and some easing in inflation, bonds and cash are again offering income levels investors have not seen in years. At the same time, geopolitical tension, policy uncertainty, and demographic shifts have renewed the focus on protecting wealth through insurance, disciplined risk management, and sound estate planning.

In this issue, we examine why fixed income matters again, how yields and duration work, and how bonds can serve as both a source of income and a stabilizer when growth slows. We also look at risk management in a broader way, including longevity risk, income stability, and the role of insurance when stress can hit more than one asset class at a time. Finally, we explain why now is a good time to review estate and legacy planning in light of ongoing tax and policy debates.

The goal is not to predict the future with certainty. It is to help you prepare for a range of outcomes with a plan that is consistent, flexible, and aligned with your values.

Fixed Income Is Back: Making Sense of Yields and Duration

For years, investors argued that bonds were no longer useful. Ultra-low interest rates made it hard to generate meaningful income without taking on more risk in equities, real estate, or private markets. The past few years have changed that. Short-term rates rose sharply to fight inflation, and although central banks have moved off peak levels and are gradually normalizing policy, yields across fixed income remain far more attractive than they were through much of the 2010s.

From a financial-planning perspective, this shift matters. It changes how investors weigh risk and return, how portfolios are built, and how retirement income is planned. To make the most of this environment, it helps to understand three ideas: yield, duration, and credit quality.

Understanding Yield: What Are You Earning?

Yield is the income a bond or bond fund generates, expressed as a percentage of the price paid. In simple terms, if you buy a bond that pays 4 percent a year and hold it to maturity, your annual income is roughly 4 percent of your investment. With bond funds, that number can change, but the principle is the same: yield is the compensation you receive for lending your money.

For investors who grew used to near-zero yields on savings and cash, today's income levels can look appealing. Short-term instruments may provide solid income with limited price movement. Intermediate-term bonds may offer somewhat higher yields, along with the possibility of price gains if rates fall.

Still, yield should never be viewed on its own. A bond yielding 7 percent may look better than one yielding 4 percent, but the higher yield often reflects higher risk. The borrower may have weaker credit, or the bond may be more sensitive to rate moves. The key is to make sure the income you pursue fits your risk tolerance, time horizon, and broader plan.

Duration: How Sensitive Is a Bond to Rate Changes?

If yield tells you what you may earn, duration tells you how sensitive a bond's price may be when rates move. A bond or bond fund with a duration of two years will usually move less than one with a duration of 10 years.

Short-duration bonds tend to be less sensitive to rate changes. They often offer lower yields, but they usually come with smaller price swings. Intermediate-duration bonds can provide a balance between income and rate sensitivity, which is why they often form the core of bond portfolios. Long-duration bonds tend to be more volatile because they react more sharply to changes in interest rates.

In today's environment, there is a real tradeoff. Staying very short may feel safer, but it can create reinvestment risk if yields fall quickly. Going very long may expose

investors to large price swings if inflation proves more persistent than expected.

For many investors, a balanced approach built around short- to intermediate-duration, high-quality bonds may offer attractive income while preserving flexibility.

Credit Quality: Who Are You Lending To?

The third factor is credit quality, or the borrower's financial strength. Government bonds, investment-grade corporate bonds, and many municipal bonds usually carry less default risk than high-yield or speculative-grade bonds. In return, lower-risk bonds typically offer lower yields.

In a slower-growth environment, reaching too far for yield can be costly. Defaults and downgrades often rise when the economy weakens. For investors who already have meaningful equity exposure, the extra yield from lower-quality bonds may not justify the added risk.

A practical framework is to use high-quality government and investment-grade bonds as the core defensive anchor in a portfolio. Selective credit exposure can still play a role, but it should be sized carefully and diversified well. Municipal bonds may also make sense for higher-income investors, especially in high-tax states, when the after-tax benefit is attractive.

Bonds as Income Source and Portfolio Stabilizer

Historically, high-quality bonds have played two main roles in diversified portfolios. They have generated income, and they have often helped cushion equity-market stress. The 2022–2023 period was unusual because stocks and bonds both struggled as inflation rose and rates moved sharply higher from very low levels. Now that yields have reset, the starting point is better.

If growth slows or inflation keeps easing, high-quality bonds may provide support in certain market environments, although this is not guaranteed when equities come under pressure. Even when prices fluctuate, a higher income stream can help cushion total return. For retirees and those nearing retirement, that matters because it can support more durable withdrawal strategies and reduce sequence-of-returns risk.

Putting This Into Action

From a planning standpoint, it may be worth revisiting the balance between fixed income and equities in light of today's higher yields and your current goals. It also makes sense to check whether bond exposure is diversified across duration, sector, and credit quality rather than concentrated in one fund or one type of bond. Fixed income holdings should match time horizon as well. Near-term cash needs usually belong in conservative vehicles, intermediate goals often fit core bonds, and long-term growth still calls for a measured balance with equities. Tax location matters too, because bond income may be more efficient in certain account types.

Fixed income may not be exciting, but it can be a useful tool for generating income; depending on market conditions and individual circumstances, and adding resilience to a broader financial plan.

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Risk Management: Insurance, Longevity, and Income Stability

Risk management is not the most exciting part of financial planning, but it is often what determines whether a plan can hold up under stress. In an environment shaped by recession risk, geopolitical tension, and pressure that can

affect stocks, bonds, and real estate at the same time, investors need to think about risk more broadly than simple market volatility.

Good risk management covers three core areas: protecting earning power, planning for a long life, and building income and liquidity that can hold up during disruption.

Protecting Earning Power: Life, Disability, and Career Risk

For many people, especially high earners who are still building wealth, the largest asset is not the portfolio. It is future earning power. If that income disappears because of death or disability, markets cannot solve the problem.

Life insurance remains an important tool for protecting dependents and preserving long-term goals such as mortgage repayment, college funding, and retirement security for a surviving spouse. The right amount and type of coverage depend on the household, but the core questions stay the same: who depends on that income, what obligations would remain, and how long would support be needed?

Disability insurance is often overlooked, even though a long-term disability can be more financially disruptive than death. Expenses continue, and they may even rise, while income stops. Reviewing employer coverage, evaluating individual policies, and stress-testing a plan for income loss are all sensible steps.

Career risk matters too. In cyclical industries, recessions can mean layoffs, lower bonuses, or slower business activity. Building flexibility through savings, professional relationships, and portable skills can be just as important as portfolio design.

Longevity Risk: Planning for a Longer Life

People are living longer. That is good news, but it introduces its own risks. A longer life can mean a greater chance of outliving assets, higher cumulative healthcare and long-term care costs, and more exposure to multiple market cycles.

Addressing longevity risk starts with realistic assumptions. Rather than planning only to average life expectancy, many advisors model to age 90, 95, or even 100, especially for healthy couples. Withdrawal strategies may need to be more conservative, with guardrails that allow spending to adjust when markets change.

Long-term care planning is another key piece. Traditional long-term care insurance, hybrid policies, or dedicated savings can all play a role. What matters most is deciding in advance who might provide care, where it would happen, and how it would be paid for.

Income Stability: Building a Durable Foundation

When several asset classes come under pressure at once, relying only on portfolio withdrawals can feel fragile. A stronger approach is to build several layers of income and liquidity.

Emergency reserves can help cover essential expenses without forcing investment sales at the wrong time. For wealthier clients, a separate pool of “opportunity cash” may provide flexibility to invest during dislocations. For retirees, more predictable income sources such as Social Security, pensions, annuities, or other contractual streams can reduce pressure on the portfolio and make periods of volatility easier to manage. Debt matters too. In a higher-rate environment, it is worth reviewing mortgages, credit lines, and other liabilities to make sure leverage remains manageable.

Integrating Insurance With Investments

Insurance should not be considered in isolation. The right level and type of coverage depend on assets, liabilities, income, dependents, and long-term goals.

A young family with limited savings may focus on term life and disability coverage. A high-net-worth couple with complex estate issues may look more closely at permanent insurance as part of trust and estate planning. A business owner may need key-person coverage or buy-sell funding coordinated with succession plans.

Regular reviews matter. A risk profile can shift quickly as careers change, families grow, and markets move. Coverage that made sense five years ago may no longer fit today.

Viewing 2026 Through a Risk-Management Lens

Risk management is not about pessimism. It is about preparation. You do not need to know which shock will come next. You only need to recognize that over a multi-decade horizon, some combination of market stress, health issues, income disruption, or policy change is likely.

That may mean accepting slightly lower expected returns in exchange for more stability. It may mean paying insurance premiums to protect against catastrophic loss. It may mean holding more cash than a spreadsheet suggests is “optimal.” The benefit is greater flexibility, fewer forced decisions, and a better chance of staying on track when conditions get harder.

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Estate and Legacy Planning in an Uncertain Policy Environment

Estate and legacy planning has always been about more than taxes. At its core, it is about making sure your wealth supports the people, priorities, and purposes that matter to you. But tax and policy uncertainty can make the conversation more urgent.

Governments continue to face pressure from debt, aging populations, healthcare costs, and spending demands. As a result, tax policy remains a live issue. For affluent families and successful professionals, that naturally raises questions about estate taxes, gift strategies, capital gains, and the long-term transfer of wealth.

Start With the Basics: Documents and Decision-Makers

No matter what happens with tax law, some estate-planning basics are essential. A current will should explain how assets are to be distributed and who will serve as executor. Powers of attorney for financial and healthcare matters should identify trusted decision-makers in case of incapacity. Healthcare directives should clearly state treatment preferences.

Many affluent investors either do not have these documents or have not updated them in years. Marriage, divorce, births, deaths, relocations, and changes in wealth can all make an older plan ineffective. A sensible first step is to confirm that the basic documents are in place and still reflect current wishes.

Lifetime Gifting: Planning Opportunity Still Requires Care

Large lifetime gifts can still be an effective planning tool, but they should be evaluated carefully based on current law, liquidity needs, family circumstances, and overall objectives. Strategic gifts can move future appreciation out of an estate, support children or grandchildren at meaningful moments, and allow donors to see the effect of their generosity during life.

That said, gifting decisions are highly personal. They require a clear view of your own future spending needs, your comfort with loss of control, and your confidence that recipients are ready to handle the assets well. Techniques such as spousal lifetime access trusts, grantor retained annuity trusts, and other trust structures may help address these concerns, but they are complex and require coordination among legal, tax, and financial professionals. Current exemption levels and transfer-tax rules should be confirmed before action is taken, since those rules are governed by current law rather than assumption.

Trusts as Tools for Control, Protection, and Privacy

Trusts are not only for ultra-wealthy families. They can help control how and when beneficiaries receive assets, protect

inheritances from creditors or divorce, and provide continuity if the grantor becomes incapacitated.

They may be used to stagger distributions over time, provide for a surviving spouse while preserving assets for children from a prior marriage, support a beneficiary with special needs, or keep family matters more private than a public probate process would.

In a changing policy environment, trusts may also provide flexibility. With careful drafting, trustees can be given room to respond to future tax or family circumstances. The key is to be clear about the outcome you want and to work with professionals who can turn that intent into a legally sound structure.

Aligning Legacy With Values: Charitable Planning

Legacy planning is not only about heirs. It is also about the mark you leave on your community and the causes you care about. Charitable planning can be part of that strategy.

Donor-advised funds can help in high-income years. Charitable remainder or lead trusts can combine income planning with future charitable gifts. Direct gifts of appreciated securities may also improve tax efficiency in the right setting. Even when tax law changes at the margins, planning that aligns wealth with personal values often remains meaningful.

Stress-Testing the Plan

Estate and legacy planning should be reviewed regularly, not treated as a one-time exercise. Just as financial plans are tested against different market outcomes, estate plans should be tested against different policy and family scenarios.

What happens if tax law changes materially? What if inflation erodes purchasing power? What if family needs shift? Stress-testing those possibilities can reveal where a plan is fragile and where updates may be needed. The purpose is not to react to every headline. It is to make sure the plan remains workable under different conditions.

Integrating Strategy for 2Q 2026

A common theme runs through all three topics in this issue: strong financial planning is built to adapt. It should not depend on a single forecast about markets, the economy, or tax law.

Fixed income once again offers meaningful tools for income and risk management. Broader risk planning can help protect a household against shocks that go beyond the markets. And a well-designed estate and legacy plan can help ensure that wealth is used in line with your wishes, even when the policy backdrop changes.

Interest rates, tax rules, and market cycles will continue to change. What does not change is the value of clear goals, a disciplined process, and ongoing review. If any of the ideas in this issue raise questions, the next step is to discuss them in the context of your own circumstances, because effective planning is always personal.

To help shape future editions, would you prefer the next issue to focus more deeply on retirement income strategies or advanced tax planning?

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THE VALUE OF FINANCIAL ADVICE

Late-cycle markets, persistent inflation, and elevated interest rates have reshaped the investment landscape, making financial decisions more interconnected—and more consequential—than in years past. Portfolios now require careful balance between growth and defense, income and flexibility, opportunity and resilience. Navigating these trade-offs successfully is less about reacting to headlines and more about applying judgment within a well-structured plan.

Quality portfolio construction, inflation-aware investing, and disciplined liquidity management are not isolated tactics; they work best when coordinated across a client's full financial picture. Advisors help investors translate economic uncertainty into actionable strategy—aligning asset allocation with real-world cash flow needs, stress-testing plans against multiple outcomes, and ensuring that short-term volatility does not derail long-term objectives.

In an environment where markets can shift quickly and policy paths remain uncertain, the value of advice lies in perspective as much as precision. Thoughtful financial guidance brings clarity to complex choices, reinforces discipline during periods of stress, and helps investors stay focused on what matters most: sustaining purchasing power, preserving optionality, and progressing steadily toward long-term goals with confidence.

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FPS-SPRING-2026