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KŪPONO WEALTH PLANNING

The State of Kūpono — September 2026

Dear Friends and Clients,

Brandon has spent a good part of his life reading about economic and political history, especially the 19th and 20th centuries. September tends to bring that habit out in full. It's a month that asks you to sit with the past a little. Part of that is just the calendar. September closes out summer, Labor Day sends everyone back to routine, and this year it also kicks off the run-up to election season, a season that tends to generate a lot of noise before it generates any actual policy.

The Jewish high holidays fall in September this year and around this time every year. Both Rosh Hashanah and Yom Kippur offer a space for Jewish people to reflect on the past 12 months, what mistakes need to be atoned for? what choices are we proud of? how can we approach the new year from better perspective? These are helpful exercises, regardless of one's observance or religion. To our Jewish clients and friends, Chag Sameach and L'Shana Tova, May you be inscribed for a sweet and prosperous 5787.

September carries some real weight for a different reason too. It's historically one of the most volatile months for the stock market, and a look back tells you why the month earned that reputation. The market hit its pre-crash high in September 1929, right before the country tipped into the Great Depression. Lehman Brothers collapsed in September 2008, the moment that turned a bad year into the Global Financial Crisis. September 11, 2001, which will have its 25th anniversary, needs no further explanation. Germany invaded Poland in September of 1939. Japan formally surrendered in September of 1945, closing out the Second World War.

None of those events had much to do with each other. They didn't share a cause, a decade, or a set of circumstances. What they share is a month, and maybe a lesson: history doesn't move in a straight line, and neither do markets. The headlines get loud, the calendar turns, and things eventually settle into whatever comes next.

That's really the whole case for sticking with a long-term plan instead of reacting to whatever the news cycle serves up this week. September will likely bring some volatility, like it usually does. It will most likely pass, like it usually does. The plan you've built doesn't need to flinch every time a headline does.

Speaking of planning for what's actually ahead of you instead of what's in this week's news: this month's letter turns to something just as important as market timing, and arguably more overlooked, healthcare costs in retirement, Medicare, and how to plan for both.

With aloha and gratitude,

Brandon, Mariel, Mara & Tonya

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Planning for Healthcare in Retirement

What Medicare doesn't tell you

A healthy retirement takes more than a well-diversified portfolio. It also takes a plan for managing healthcare costs, navigating Medicare, and preparing for the possibility of long-term care. For many retirees, healthcare ends up being the single largest expense they face.

Medicare is a real safety net, but it doesn't cover everything, and the out-of-pocket costs can add up faster than people expect, enough to surprise even folks who thought they'd done their homework. A survey eHealth just released found that 88% of current Medicare beneficiaries wrongly believe there's an annual cap on out-of-pocket costs under Original Medicare Parts A and B. Another 63% don't realize they'll typically owe 20% of the cost for covered services if they're enrolled in Original Medicare alone.

How healthcare costs break down

*Fidelity puts it this way: 44% of retiree healthcare spending goes toward Medicare Part B and D premiums, 47% goes to medical costs like co-payments, deductibles, and hospital visits, and the rest goes to prescription drugs.

The hard part is that healthcare costs are unpredictable by nature. A serious illness, an injury, or an extended stay in a nursing facility can put real strain on a retirement plan that otherwise looks solid on paper. That's why healthcare planning deserves a seat at the table as part of your overall financial strategy, not a separate conversation you have once and forget.

The good news: there's plenty you can do to prepare. Understanding your Medicare options, building healthcare costs into your retirement projections, thinking through long-term care strategies, and making good use of tax-advantaged tools like Health Savings Accounts can all add up to more flexibility and more peace of mind.

The 2025 Retiree Health Care Cost Estimate is based on a single person retiring in 2025, 65 years old, with life expectancies that align with Society of Actuaries' RP-2014 Healthy Annuitant rates projected with Mortality Improvements Scale MP-2020 as of 2022. Actual assets needed may be more or less depending on actual health status, area of residence, and longevity. Estimate is net of taxes. The Fidelity Retiree Health Care Cost Estimate assumes individuals do not have employer-provided retiree health care coverage, but do qualify for the federal government's insurance program, original Medicare. The calculation takes into account Medicare Part B base premiums and cost-sharing provisions (such as deductibles and coinsurance) associated with Medicare Part A and Part B (inpatient and outpatient medical insurance). It also considers Medicare Part D (prescription drug coverage) premiums and out-of-pocket costs, as well as certain services excluded by original Medicare. The estimate does not include other health-related expenses, such as over-the-counter medications, most dental services and long-term care.

Your options under Medicare

You become eligible for Medicare at 65. Enrollment happens within a seven-month window around your birthday. Miss it, and you may face a penalty when you do enroll, unless you already have coverage through a qualifying employer plan.

Here's the rundown on the ABCs, and D, of Medicare:

- Part A — Hospital insurance (free for most)
- Part B — Medical insurance
- Part D — Prescription drug coverage
- Medigap — supplemental insurance
- Part C — Medicare Advantage Plans

Medicare covers hospital stays generously, but you'll still owe something out of pocket. For a hospital inpatient stay in 2026, here's what you're on the hook for:

- \$1,736 deductible per benefit period
- \$0 for the first 60 days of each benefit period, after the deductible

- \$434 per day for days 61–90 of each benefit period
- \$868 per "lifetime reserve day" after day 90 of each benefit period (up to a maximum of 60 days over your lifetime)
- All costs for each day after day 150 of the benefit period

Nursing care support is more limited. Traditional Medicare only covers a skilled facility, medically necessary treatment, or rehabilitation delivered by licensed nurses or therapists, and you have to meet Medicare's rules to qualify, including a recent hospital stay of at least three consecutive days.

In 2026, skilled nursing costs look like this:

- \$0 for the first 20 days of each benefit period
- \$217 per day for days 21–100 of each benefit period
- All costs for each day after day 100 of the benefit period

Medicare doesn't cover custodial care: everyday help with bathing, dressing, using the bathroom, or eating in a nursing home.

Medical costs under Part B

The Part B annual deductible is \$283, reasonable for most people. But once you cross that threshold, Part B comes with a copay too: 20% of the cost for each Medicare-approved service or item.

Medigap fills the gap

Parts A and B handle your medical bills up to a point. When traditional coverage runs out, a Medigap policy bridges the difference.

Medigap plans are standardized in most states (Plans A, B, D, G, K, L, M, and N), so coverage looks the same no matter which company sells it. Price is where the real difference shows up. Once you buy a policy, you keep it as long as you pay the premium. Medigap policies renew automatically every year and can only be canceled if:

- You stop paying your premiums.
- You weren't truthful on the application.
- The insurance company goes bankrupt.

What's the upside of traditional Medicare?

- No worrying about networks, PPOs, or HMOs. You can see any specialist without a referral, any doctor, or go to any hospital in the country that accepts Medicare.
- You'll rarely need prior authorization if the procedure is medically necessary.
- Coverage travels with you anywhere in the country, useful if you split time between states.
- Medigap adds a real degree of certainty around premiums and medical costs.

The downsides are worth knowing too:

- There's no out-of-pocket limit on Part A and Part B, which is why a Medigap supplement matters — it limits otherwise unlimited financial exposure.
- You'll need to buy Part D separately for drug coverage.
- Dental, vision, and hearing aren't covered.

A private alternative: Part C

Medicare Part C, or Medicare Advantage, keeps gaining popularity. It bundles Parts A and B together. Private insurers offer these plans, though Medicare has to approve them first.

Part C often folds in Part D drug coverage, and usually adds routine dental care, eye exams, and glasses, though the specifics depend on your plan. You won't need a separate Medigap policy either.

The benefits:

- One insurance company managing your in-network coverage
- A cap on annual out-of-pocket costs
- No need for Medigap
- Extras like dental, vision, hearing, and sometimes fitness memberships, depending on the plan
- Usually lower monthly premiums

The drawbacks:

- Network restrictions
- Pre-approval requirements for some procedures
- Possible referral requirements for specialists
- Potential co-pays
- Plans can change year to year

Open enrollment

Open enrollment runs every year from October 15 through December 7. During that window, you can:

- Join, drop, or switch to a different Medicare Advantage Plan, with or without drug coverage.
- Move from Original Medicare to Medicare Advantage, or the other way around.
- Join, drop, or switch a Medicare drug plan (Part D) if you're on Original Medicare.

Can you just stick with your current plan and skip all this? Usually, yes. But it's worth reading the materials your plan sends, things like the "Evidence of Coverage" and "Annual Notice of Change," before assuming nothing's changed. If your plan is shifting for 2027, make sure it still fits. If you're happy with what you have and it's still being offered, renewal is typically automatic, and the same goes if you're on Original Medicare A and B, or a Medigap policy.

If you have questions during open enrollment, check in with us. We're not insurance brokers, but we can help you think through the financial side of your choices, weigh alternatives, and point you toward the right resources if you need them.

Thinking through long-term care

Long-term care is one of the more overlooked retirement expenses. Unlike traditional medical care, it covers help with daily activities: bathing, dressing, eating, managing medications.

Planning ahead protects both your finances and your independence. Start by understanding what Medicare actually covers, and where the gaps are. Then think through how you'd fund extended care, through savings, long-term care insurance, hybrid policies that build in long-term care benefits, or some mix of all three.

It's worth talking through your wishes with the people close to you and making sure the right legal documents are in place. Preparing before a health event happens is what keeps a hard moment from turning into a financial one too.

If long-term care planning is a piece you haven't gotten to yet, now's a good time to start that conversation. Reach out, and we can talk through your options and build a plan around your goals and your preferences.

HSAs: a dual-purpose tool

If you have a Health Savings Account, paired with a qualifying high-deductible health plan, you can use those funds for a wide range of qualified healthcare costs, including Medicare Part B, C, and D premiums. Medigap premiums are the one thing HSA funds can't touch.

After 65, you can withdraw from an HSA for any non-medical expense without a penalty, though like a traditional IRA, that withdrawal is taxed as ordinary income. That dual nature is what makes an HSA useful twice over: it can work like a retirement account while still offering tax-free withdrawals for qualified medical costs.

Folding an HSA into your retirement strategy can help preserve your other assets and give you more room to maneuver when healthcare costs show up.

Bottom line

Nobody can predict exactly what their healthcare needs will look like down the road. But planning ahead of time cuts down on surprises and frees you up to focus on what actually matters: enjoying retirement and the life you've built.

We're here to help you sort through your options, make sense of the moving pieces, and build a strategy that fits your goals.

Tremors in Treasuries

A quiet corner of the bond market that's starting to matter

This month we're looking at a corner of the Treasury market that individual investors don't usually pay much attention to, though it may be creating some headwinds worth understanding: the 30-year Treasury bond.

Institutions like pension funds, insurers, and endowments are the typical owners of 30-year Treasuries. They carry liabilities stretching decades into the future, so they buy a maturity that matches, locking in guaranteed income against a guaranteed obligation.

If individual investors mostly steer clear of this corner of the market, why does it matter to you? Because investors constantly compare what stocks are paying against what they can earn, risk-free, in Treasury yields. With no default risk in the picture, a higher yield can pull money out of stocks and into bonds simply because the math starts to look more attractive.

Last month, the 30-year Treasury hit its highest yield since 2007, climbing to around 5%, according to data from the St. Louis Federal Reserve. Bloomberg News reported that its gauge of global government bonds reached its highest level since 2008.

KEY INDEX RETURNS

Index	August %	YTD %
Dow Jones Industrial Average	1.3	10.7
Nasdaq Composite	3.9	13.5
S&P 500 Index	2.6	12.3
Russell 2000 Index	0.9	19.1
MSCI World ex-USA †	2.0	12.0

Index	August %	YTD %
MSCI Emerging Markets †	3.2	22.4
Bloomberg US Agg Total Return	0.4	-0.3

† In U.S. dollars. Source: Wall Street Journal, MSCI.com, Bloomberg, MarketWatch. MTD: July 31 – August 31, 2026. YTD: December 31, 2025 – August 31, 2026.

The Dow Jones Industrial Average is comprised of 30 stocks that are major factors in their industries and widely held by individuals and institutional investors. The S&P 500 is a stock market index tracking the stock performance of 500 of the largest companies listed on stock exchanges in the United States. The NASDAQ Composite Index measures all NASDAQ domestic and non-U.S. based common stocks listed on The NASDAQ Stock Market. The market value, the last sale price multiplied by total shares outstanding, is calculated throughout the trading day, and is related to the total value of the Index. International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. These risks are often heightened for investments in emerging markets. The Russell 2000 Index is generally representative of the 2,000 smallest companies by market capitalization in the Russell 3000 index, which represents approximately 10% of the total market capitalization of the Russell 3000 Index. The MSCI EM (Emerging Markets) Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of the emerging market countries of the Americas, Europe, the Middle East, Africa and Asia. Indexes are unmanaged and cannot be invested in directly.

Government bonds and Treasury bills are guaranteed by the US government as to the timely payment of principal and interest and, if held to maturity, offer a fixed rate of return and fixed principal value.

During a period of modest GDP growth and a soft labor market, bond yields might be expected to ease.

They haven't.

So, what's going on? Bondholders are weighing a handful of factors:

1. The large federal deficit, and the steady stream of new bonds needed to finance it
2. Concerns about inflation staying stubbornly elevated
3. A bigger premium demanded for locking money up over longer periods
4. Fresh questions about the Fed's credibility
5. Rising corporate debt issued to fund the AI buildout, viewed by some as a secondary factor

Let's dig into that fourth point.

At the July Federal Reserve meeting, recently installed Fed Chair Kevin Warsh kept repeating that inflation remains too high and that restoring price stability is the top priority. Despite the tough talk, the Fed left rates unchanged, and Warsh offered little clarity on how policymakers actually plan to get inflation back to the Fed's 2% target.

If inflation really is the primary threat, and higher rates are the Fed's sharpest tool, investors expected either action or at least a clear path forward. They got neither, and that gap raised questions about the Fed's resolve. Long-term Treasury yields responded accordingly, testing Warsh's credibility in real time.

For a lot of investors, the issue wasn't whether Warsh sounded hawkish or dovish. It was the gap between the forceful language on inflation and the absence of any policy that matched it. The market's read: defeating inflation takes more than tough talk. By stressing the problem while staying vague on when or how the Fed might act, Warsh left investors unconvinced, and the bond market delivered its verdict through higher long-term yields.

At a late-August speech, Warsh addressed some of that, explicitly warning that the Fed may need to tighten policy further if inflation doesn't show "sufficient and clear" progress toward the 2% target.

Given the rise in yields, **US Treasury Secretary Bessent announced new plans** to repurchase additional outstanding 10- to 30-year securities, a move that, in theory, raises demand for those bonds and puts downward pressure on yields, since yields and prices move in opposite directions. Bloomberg News reported near the end

of August that "key market metrics and positioning show that it's having an impact," though longer-term questions remain.

Despite the recent climb, a 5% yield isn't especially unusual by historical standards. It's actually closer to the long-run average than the unusually low yields investors got used to after the 2008 financial crisis.

As we head into September, historically a weak month for stocks, investors have largely shrugged off higher yields so far, with strong corporate profits providing a powerful tailwind for equities. Put another way, higher yields may not have derailed the market's advance so much as slowed its pace a little.

We hope this rundown is useful. If you have questions about your portfolio, Medicare, or anything else, don't hesitate to reach out to any of us.

Thank you for choosing us as your trusted financial planning team. We don't take that confidence lightly.

With aloha,

Brandon, Mariel, Mara & Tonya

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