

# Hemingway Wealth Management

## Quarterly Thought Leadership Report

*Strategic Retirement Planning: Owning Fixed Income, Your 401(k) Plan Design Review,  
Maximizing Your HSA for the Long Term, and the importance of RMD Season*  
September 2026



HEMINGWAY  
WEALTH MANAGEMENT

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### Introduction

Each quarter we share insights with our clients about important financial planning topics affecting investors, families and business owners. While markets and economic conditions evolve over time, the core principles behind successful retirement planning remain remarkably consistent. We believe long-term financial success is driven by a combination of disciplined investing, thoughtful tax planning, and well-structured retirement savings plans. For many individuals, the most important retirement savings vehicle is their employer-sponsored retirement plan. For business owners, offering and managing a well-designed 401(k) plan can provide benefits not only for employees but also for the owners themselves. A thoughtfully structured plan can help maximize retirement savings, improve employee retention, and create tax-efficient opportunities for wealth accumulation.

In this report, we discuss several key ideas that influence long-term retirement success, including the role of fixed income and the importance of reviewing your 401(k) plan design to maximizing the long-term potential of your HSA and preparing for RMD season. I encourage you to contact us to discuss these important planning ideas. Thank you!



**Eric Hemingway, AIF,**  
*Managing Partner*

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# Common Ways to Own Fixed Income

Often investors focus on the more exciting part of their portfolio which is their stock investments. They follow the S&P 500 throughout the day, as well as other individual companies and index's. When it comes to the bond portion of their portfolio, their "fixed income", many investors don't have a ton of experience with how it works, even when it's 40% of their portfolio in a 60% stock and 40% bond strategy. The fixed income component is important because it provides some added stability over the volatility of stocks, especially during uncertain times. It's important to have the right blend so your volatility (up's and down's in your accounts) aren't too high. Here are a few high level ways to own fixed income and how they can benefit you. This option entails picking a bond offered by a company like General Mills, or Coca Cola. You would buy the bond and the company, government, or municipality offers to pay you an interest rate for the money your borrowing them. There is a fixed time period as part of the agreement and as long as the company or government doesn't default then you'd get your investment back (principle), plus the agreed upon interest.

Bond mutual funds and ETFs own many bonds in one portfolio. They provide diversification and professional management, but they usually do not have a set maturity date. Their value can rise or fall as interest rates and bond prices change. These are most common and may be a great option for many investors. The key trade off with this strategy is the fluctuation in price as interest rates rise and fall with the market. Money market funds are designed for short-term cash needs. They typically invest in very short-term, high-quality securities and seek to maintain a stable value. They are generally liquid (accessible), but they are not FDIC-insured and are not guaranteed. These are somewhat like a savings account, you can get a nice yield, but you don't generally need to worry about the price moving up and down like other types of bond funds.

**“Fixed income can provide the stability that keeps a portfolio on course.”**



**Derek Strong**  
CFP, CIMA,  
Financial Planner

## Comparing Common Fixed-Income Options

### Common Ways to Own Fixed Income

| Fixed Income Option     | Liquidity     | Principal Stability                                          | Income Predictability                   | Diversification |
|-------------------------|---------------|--------------------------------------------------------------|-----------------------------------------|-----------------|
| Individual Bonds        | Medium        | High if held to maturity and issuer does not default         | High                                    | Low to Medium   |
| Bond Funds / ETFs       | High          | Medium; value fluctuates with interest rates and bond prices | Medium                                  | High            |
| Money Market Funds      | Very High     | High, but not guaranteed and not FDIC-insured                | Low to Medium; yield can change quickly | High            |
| Certificates of Deposit | Low to Medium | High if FDIC-insured and held within coverage limits         | High                                    | Low to Medium   |

**Chart Takeaway:** *Fixed-income options offer different tradeoffs between liquidity, stability, income and diversification.*

Source: Fixed-income characteristics compiled for illustrative purposes based on general investment product features.

### Investment Implications

- Match fixed-income investments to liquidity and income needs.
- Diversifying across fixed-income options may help balance risk and stability.

# Your 401(k) Plan Design Review

For most qualified retirement plans, the deadline to adopt amendments reflecting SECURE 2.0 and certain related retirement legislation is December 31, 2026. Many SECURE 2.0 provisions have already been implemented operationally by retirement plan providers (Recordkeepers and Third Party Administrators). The upcoming amendment process largely formalizes those changes in the governing plan document. A few of those changes include:

Auto-Enrollment & Auto-Escalation, catch-up contributions, Roth catch-up contributions, long-term part-time employees, emergency & hardship distributions, and required minimum distributions. But there is an important question worth asking – when was the last time someone actually reviewed your 401(k) plan design? This is above and beyond just making sure your plan document reflects these legislative changes. A true plan design review goes a step further and looks at whether your plan is still structured to accomplish your goals as a business and provide meaningful value to your employees. We believe this is the ideal time to step back and ask: Is our plan design competitive for attracting and retaining employees?

Source: Hartford funds and JP Morgan Asset Management

Are employees actually benefiting from the plan? Is our employer contribution structured effectively? A plan shouldn't only be reviewed when a law changes. Your 401(k) plan is one of the largest benefits many employees receive. It deserves periodic attention to make sure the design, investments, fees, admin and employee education continue to align with the goals of the organization. So the bigger question to ask is – when was the last time you had independent, fiduciary professional consulting on your 401(k) plan design? At Hemingway Wealth we can help review your current plan, identify potential opportunities, and determine whether your plan is still working the way you want it to, both for your business and your employees.

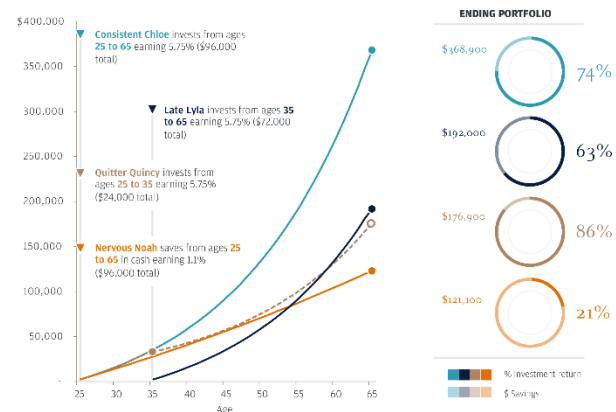
“A plan shouldn't only be reviewed when a law changes.”



**Betsy Kelly**  
QKA®, APMA®, CRPS®  
Director of  
Retirement Plans

## 401(k) Plan Design: Evolving to Meet Participant Needs

Account growth of \$200 invested/saved monthly



The above example is for illustrative purposes only and not indicative of any investment. Account value in this example assumes a 5.75% annual return and cash assumes a 1.1% annual return. Source: J.P. Morgan Asset Management, Long Term Capital Market Assumptions. Compounding is the increasing value of assets due to investment return earned on both principal and prior investment gains.

**SAVING FUNDAMENTALS**  
Saving early and often – and investing what you save – are some of the keys to a successful retirement due to the power of long-term compounding.

**Chart takeaway:** Plan sponsors are enhancing 401(k) plan design through features such as automatic enrollment, Roth options and stronger employer contributions.

Source: J.P. Morgan Asset Management. *Guide to the Markets, 2025 Defined Contribution Plan Sponsor Survey Findings.*

### Investment Implications

- Plan design can directly influence participant behavior, with features such as automatic enrollment.
- Regular investment and plan design reviews can help ensure the plan remains competitive, cost-effective, and aligned with employees.

# Maximizing Your HSA for the Long Term

For individuals covered by an HSA-eligible high-deductible health plan, a Health Savings Account can serve as more than a short-term health care spending tool; it can become one of the most tax-advantaged savings opportunities available. HSAs are often described as “triple tax advantaged”. Contributions may be tax-deductible or made pre-tax through payroll. The growth within the account can be tax-deferred. Finally, withdrawals from the account are tax-free when they are used for qualified medical expenses. The most common misconception about HSAs is that they can only be used for current medical expenses. That is generally true of FSAs, or flexible spending accounts, which typically do not carry forward year after year, but it is not true of HSAs. For this strategy to be effective, you ideally need to be in a position where you can first contribute to your 401(k), at least up to the amount needed to maximize any employer match. Then, contribute the maximum to your HSA each year. For 2026, the maximum HSA contribution for a plan with family

coverage is \$8,750 or \$4,400 if only the employee is covered. There is an additional catch-up contribution available for those age 55 and over. In 2026, the catch-up amount is \$1000. As mentioned you also need to be able to pay current health care costs out of pocket. Growth on invested HSA funds can be tax-free when ultimately used for qualified medical expenses. Healthcare costs are often among the largest expenses in retirement. An HSA can serve as a long-term healthcare reserve to fund these costs. In retirement, we see clients use HSA funds for a variety of qualified medical expenses. Some clients also use HSA funds to reimburse qualified medical expenses paid in prior years. When used strategically, an HSA can be much more than a short-term account for paying medical bills.

“

**An HSA can be much more than a short-term account for paying medical bills.”**



**Becca Joseph**  
CPA, PFS™  
CFO

## The Long-Term Value of an HSA

### The Power of an HSA Over Time

Consistent contributions and potential investment growth can help an HSA become a valuable source for future healthcare costs.

#### Illustrative Growth of an HSA

Annual contributions with potential investment growth (assuming a 6% average annual return)



#### The HSA Advantage



##### Tax-Advantaged Contributions

Contributions may be made pre-tax or tax-deductible.



##### Tax-Deferred Growth

Funds can be invested (with providers) and have the potential to grow tax-deferred.



##### Tax-Free Withdrawal

Distributions for qualified medical expenses can be tax-free.

**Chart Takeaway:** Consistent contributions and long-term investment growth can significantly increase the value of an HSA over time.

Source: Investopedia. How Much Do People Rely on 401(k)s in Retirement? (Based on Congressional Research Service analysis of 2019 data). May 7, 2026

#### Investment implications

- Invest HSA funds for long-term, tax-advantaged growth.
- Preserve HSA assets for future healthcare costs.

# RMD Season: Key Considerations for Retirement

As we head into the unofficial RMD season, we thought it would be beneficial for clients to know a little more about Required Minimum Distributions. Distributions are calculated by dividing the 12/31 prior year-end account balance by the IRS life expectancy factor. For example, a client who is 75 years old has a life expectancy factor of 24.6. If the account balance on 12/31/2025 was \$10,000, you would divide \$10,000 by 24.6 to get a 2026 RMD amount of \$406.51. This is the gross amount (prior to taxes being withheld) that the client must take. Please note that this is simply the minimum amount required to be withdrawn. Clients can take their RMD at any time throughout the year, but distributions must be processed by December 31<sup>st</sup>. The IRS imposes tax penalties on any missed distributions, so it's extremely important that clients work with their advisors ahead of time to ensure their RMDs are completed by the deadline. For clients with multiple IRA accounts, the RMDs may be calculated separately and then aggregated, with the total

taken from one of the accounts. This can be a convenient option for some clients, but should be considered on a case by case basis. Clients also have the option to request a Qualified Charitable Distribution (QCD). This is a tax-efficient way to donate to a preferred charity. RMD funds are sent directly from the client's IRA account to a charity of their choosing. The QCD counts towards the client's RMD for that year and is not included in the clients taxable income. As always, clients should consult with their tax advisor to determine the best course of action for their RMD payments. Timing, tax withholding, and which accounts to withdraw from are all considerations that should be discussed. Happy RMD season!

**“Planning ahead can help ensure RMDs are completed on time.”**



**Christine Heine**

*Executive Client  
Account Manager*

## How RMD's Change Over Time

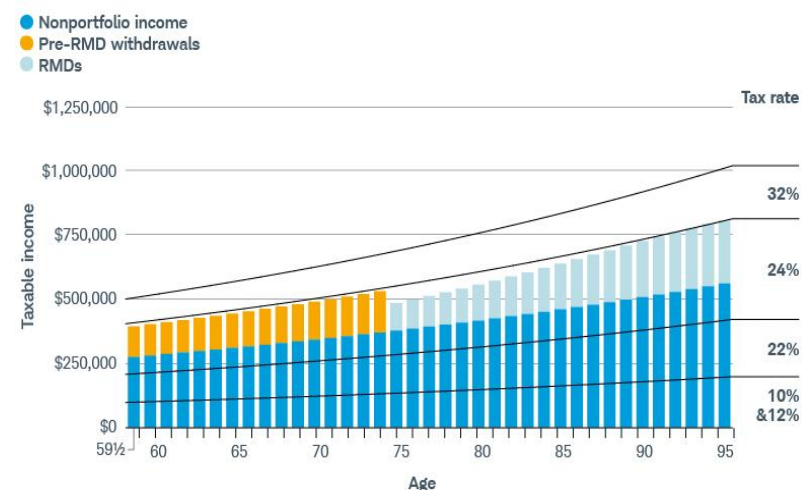


**Chart takeaway:** *Strategic withdrawals before RMD age may help reduce future taxable income and manage tax brackets.*

Source: Author Analysis; Schwab Center for Financial Research, "Required Minimum Distributions: What's New in 2026," Charles Schwab, December 2025. Hypothetical example based on 2025 federal tax rates.

## Investment implications

- Consider tax-deferred withdrawals before RMDs begin.
- Coordinate withdrawals with long-term tax planning.

## Conclusion

Successful retirement planning requires more than simply selecting investments. It involves integrating investment discipline, tax-efficient strategies, and well-structured retirement savings plans into a comprehensive financial strategy.

For business owners in particular, employer-sponsored retirement plans represent a unique opportunity to build long-term wealth while supporting employees' financial futures. When thoughtfully designed and professionally managed, 401(k) plans can provide benefits that extend far beyond basic retirement savings.

Our goal with this quarterly report is to provide insights that help our clients make better long-term financial decisions. If you are a business owner who would like to evaluate your current retirement plan or explore opportunities to improve plan design and retirement outcomes, our team would welcome the opportunity to start that conversation.

## Additional Information

*For more information about the topics discussed in this paper or to learn how they may apply to your financial plan, please contact Hemingway Wealth Management.*

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