

Quarterly Participant Bulletin – February 2026

Market Update

We're happy to report that the market experienced a strong quarter, with stocks reaching record highs, buoyed by an interest rate cut and robust corporate earnings. Technology, financial, and healthcare sectors led the way, while consumer discretionary brought up the rear. We're also pleased to see the market rally broaden to include health care and small caps, a trend we've participated in through our position in the T. Rowe Price Health Sciences & Brandes Small-Cap Value funds. While there has been a rotation from AI-related stocks we are keeping a close eye on changing market trends and have constructed an all-weather portfolio to help you sleep well at night. On the fixed-income side, prices have moved slightly higher and yields lower, as 10-year Treasury yield ended 2025 at 4.15%. We're closely monitoring the federal deficit, which could impact long-term interest rates, and are carefully managing bond maturities.

We continue to prioritize a balanced and risk-conscious approach to your investments. Our goal is to diversify your equity exposure across multiple sectors and give you our best ideas in the model portfolios.

2026 Tax Updates

- **457 Deferred Compensation Contributions:** The maximum annual contribution to these plans has increased to \$24,500. Catch-up contributions for those age 50+ are \$8,000, and for ages 60-63, it's \$11,250.
- **FICA Wages (High Earners):** For high earners (over \$150,000 in 2025 FICA wages), please note that 2026 catch-up contributions for employer plans must now be made to Roth accounts(post-tax). If this applies to you, we will be coordinating with you and payroll to establish and fund these accounts.
- **529 Plans:** 529 plans remain a top-tier way to save for education. The annual tax-free withdrawal limit for K-12 expenses has doubled to \$20,000, and there are unlimited tax-free payouts for college costs.
- **Charitable Contributions:** For non-itemizers, cash gifts up to \$1,000 can be deducted. For joint filers, this doubles to \$2,000. Itemizers can deduct donations only if they exceed 0.5% of adjusted gross income.
- **Gift Tax:** The annual gift tax exclusion remains generous at \$19,000 per person, allowing you to gift this amount without tax implications. The lifetime gift/estate tax exclusion has increased to \$15 million per person.

Trump Accounts

If you have a child under 18, you may be eligible for a new tax-advantaged savings option: Trump Accounts, which launch this year. These accounts can be set up for children under 18 with a Social Security number. Up to \$5,000 can be contributed annually (starting July 5, 2026), and the government will make a one-time contribution of \$1,000 for children born between 2025-2028. Personal contributions are non-deductible, but employer

contributions (up to \$2,500/year) are pre-tax and tax-free to the employee. Funds are automatically invested in American companies, with earnings growing tax-deferred. The account transfers to the child at age 18 and falls under IRA rules. More information here: <https://trumpaccounts.gov/>

This account and a 529 Plan are great tools to help save and invest for your children’s future. Our firm assists in setting up 529 Plans on a flat-fee basis. Please call or email Nick Walker if you’re interested in exploring this option.

Protect Yourself Against Fraud

Your security is our top priority. With fraudulent activity on the rise, we want to remind you of simple steps to keep your information safe:

- Always verify unexpected requests, especially for personal information. If you’re unsure it’s best practice to hang-up and contact your financial institution directly to confirm.
- Ensure your passwords are unique from one another and utilize 2-factor-authentication whenever available. Legitimate representatives from your account custodian or financial institution will never ask for your password, so make it a rule never to share your password with anyone when asked.
- Be cautious with suspicious links and attachments, as scammers often impersonate financial institutions, government agencies, or even family members. When in doubt contact your financial professional or institution directly using an official phone number rather than responding to the original message.
- Regularly monitor your credit and banking alerts and report any suspicious activity.

If you have questions or you’d like to review your portfolio and retirement goals, please feel free to [Schedule an Appointment Here](#) or contact Nick at nick@walkerfinancial.com or 800-770-0457.

PERFORMANCE REPORT

California 457 Plan	4th Quarter <u>Total Return</u>	Year-To-Date as of 1/31/26 <u>Total Return</u>	One Year <u>Average Annual Rate of Return Thru</u> 1/31/2026	Three Year	Five Year
<u>Lifestyle Model Portfolios</u>					
Conservative Allocation (20/80)	1.96%	0.70%	8.77%	7.37%	4.86%
Moderate Conservative Allocation (40/60)	2.15%	1.14%	10.06%	8.78%	6.32%
Balanced Allocation (50/50)	2.16%	1.49%	10.03%	9.23%	6.26%
Moderate Growth Allocation (60/40)	2.60%	1.69%	12.60%	10.61%	6.67%
Growth Allocation (80/20)	2.64%	2.12%	11.62%	11.35%	7.84%
Maximum Growth Allocation (100/0)	3.06%	2.55%	13.68%	13.38%	11.29%

Performance is based on reinvested income and capital gain distributions plus or minus any change in principal value for the respective periods ended January 31, 2026. Individual results may vary depending on timing of deposits. Results shown are not a guarantee of future performance, and account values at the time of redemption may be worth more or less than cash invested. Returns do not reflect the deduction of a net annual asset management fee equivalent to 0.34% nor the 0.026% independent 3rd party consultant the Deferred Compensation Committee utilizes.