November Client Letter 2026

Fifty 200

Investment Management



Long-Term Care, Interest Rates, Market Comments

Many people spend decades building wealth yet overlook one of the largest potential expenses in retirement: long-term care.

A prolonged care need can quickly erode savings, potentially force portfolio withdrawals during unfavorable market conditions, and reduce the assets ultimately passed to heirs.

Not everyone will require extensive long-term care, but the possibility is large enough that it deserves consideration within a comprehensive retirement plan.

According to Fidelity, "Someone turning 65 today has almost a 70% chance of needing some type of long-term care in their remaining years to assist with performing everyday tasks like eating or bathing."

Nearly half will receive some type of paid care over their life per the U.S. Department of Health and Human Services.

What is long-term care?

The National Institute on Aging defines long-term care as care that "involves a variety of services designed to meet a person's health or personal care needs when they can no longer perform everyday activities on their own."

In many cases, long-term care is provided at home by informal caregivers, which might include family members, friends, and neighbors.

Most home-based care focuses on personal assistance with everyday tasks, commonly known as activities of daily living (ADLs).

These might include taking medication, dressing, bathing, and providing supervision to help ensure an individual's safety and well-being.

How much can long-term care cost?

According to Fidelity, the national median cost last year for in-home caregiving was $80,000. Adult day health care ran just under $35,000, while an assisted living facility cost about $75,000 per year.

If a nursing home is required, expect to pay roughly $115,000 to $130,000 a year, depending on whether it's a semi-private or private room.

For many, that's a hefty bill. Medicare helps pay for what's called skilled nursing facility care, up to 100 days for each benefit period if you meet their criteria.

What is a skilled nursing facility? Generally, it is a specialized healthcare center that provides 24-hour licensed medical care and short-term rehabilitation services for patients recovering from a hospital stay, surgery, serious illness, or injury.

Think of a skilled nursing facility as a bridge between the hospital and home, offering licensed medical care along with rehabilitation services to help patients regain strength and independence after a hospital stay, an illness, or an injury.

That's in contrast to long-term care, which involves assistance with daily living activities.

Medicare doesn't cover long-term care costs.

Paying for long-term care

One of the biggest financial challenges families may face is paying for long-term care. Below are several strategies you may want to consider. Before we jump in, we want to caution that this is intended as a high-level overview, not a one-size-fits-all solution.

Before making any decisions, have a conversation with your financial professional about your goals, current situation, and preferences. Together, you and your financial

professional can explore these options in greater detail and determine whether one approach, or a combination, may be the best fit for your needs.

1. Self-funding

Do you have a Health Savings Account (HSA)? These funds may be the best place to start because withdrawals are tax-free for qualified medical expenses, and long-term care typically qualifies.

A taxable brokerage account or IRA can also help cover long-term care expenses. In some cases, those costs may qualify for a medical expense deduction if you itemize and to the extent these expenses exceed 7.5% of your adjusted gross income for the year.

Just be aware that if medical care isn't the principal reason for being in the nursing home, the deduction is limited to the part of the cost that covers medical care.

Keep in mind that withdrawals from a traditional IRA are subject to ordinary income tax, while selling highly appreciated investments in a brokerage account may trigger long-term capital gains tax.

2. Home equity

Another option to consider is a home equity loan. Your house may be a substantial source of equity, but monthly loan payments are required. When the proceeds are used for elder care, interest is not tax deductible.

3. Medicaid

Medicare doesn’t cover long-term nursing homes, and therefore, Medicaid may be an option. Medicaid provides free or very low-cost medical coverage to those with limited financial resources. Because Medicaid is administered at the state level, eligibility requirements and covered services can vary significantly from one state to another.

In general, eligibility is based on income and assets, and thresholds and requirements differ by state. But be aware that most states have what’s called a look-back period of five years. It can be complex, but giving away assets during that period can trigger a penalty or denial of Medicaid coverage for long-term care.

4. Hybrid insurance

Hybrid insurance combines multiple types of coverage into a single policy, often pairing long-term care benefits with life insurance.

One common concern people have is, "What happens if I buy long-term care insurance and never use it?" With traditional long-term care coverage, the premiums paid may never result in a benefit.

But a hybrid policy can help address that specific concern by allowing a death benefit much like a traditional life insurance policy. If you do need long-term care, you can access the policy's benefits to help cover those expenses, though it would typically reduce the death benefit to your heirs.

5. A 1035 exchange

Not all insurance providers accept 1035 exchanges, and you may pay a surrender charge if your current policy is still in its surrender period, but a thumbnail sketch: a 1035 exchange allows you to transfer the value of an existing life insurance policy into a qualifying long-term care or hybrid policy without triggering a taxable event on gains.

While the concept sounds straightforward, there are a number of options to consider, and a 1035 exchange is complex and governed by strict IRS rules.

In Summary

Few people want to contemplate the potential of needing long-term care, but tackling possible issues in advance can make a significant difference for both you and your loved ones.

While there's no one-size-fits-all solution, understanding alternatives and creating a plan before care is needed can help protect your finances and provide greater confidence about the future.

Please reach out to your financial professional if you have additional questions or would like to discuss planning strategies.

The rate debate

In his opening remarks at the Federal Reserve Bank of Kansas City's Economic Symposium in August, Federal Reserve Chair Kevin Warsh began with a humorous anecdote:

"[Event] planners have some recreation options lined up for later today. And I'd advise you to be very careful with your choices. As I learned years ago, you can take two different kinds of **hikes** [emphasis added] on the trails around Jackson Hole [Wyoming]."

"I can sum up my **hikes** with former Vice Chairman Don Kohn in two words: I survived. These steely marathon death marches revealed a side of Don I wasn't ready for," he said.

"There's another kind of **hike**, one I associate with Chairman Ben Bernanke, my old colleague. With Ben, it's a much more leisurely pace, an easy stroll along the wandering trails at the Rockefeller Preserve."

While his clever references to various “hikes” drew laughter from the audience, analysts were quick to note the possible double meaning, as the repeated use of the word “hike” was difficult to ignore, particularly given its close association with interest rate hikes.

Well, in mid-September, the Fed delivered its first rate “hike” in more than three years, a quarter-percentage point increase in the fed funds rate to a target of 3.75% to 4.00%.

The Fed passed on a rate increase at its October meeting, though Fed officials appear to be aiming for another quarter-point increase at the December meeting. After that, the outlook gets a bit murkier.

Warsh is not known for offering interest rate forecasts, often referred to as forward guidance, and he tends to choose his words carefully. Perhaps that makes his opening remarks at Jackson Hole the clearest window into a forecast that investors are likely to receive.

With his comments in mind, should the Federal Reserve embark on a “steely marathon death march,” or is a “much more leisurely pace” the appropriate path?

Let’s look at some of the pros and cons.

Those who favor additional rate increases cite—

1. **Inflation is elevated** and has been over the Fed’s 2% annual target since early 2021. More recently, the rate of inflation has accelerated. The broad-based PCE Price Index (similar to the Consumer Price Index) has been over 3% for six straight months, according to data provided by the St. Louis Federal Reserve.

2. **Economic activity has strengthened**. If the economy overheats, strong demand for goods and services could put additional upward pressure on prices.

3. **The labor market is in reasonably good shape**. The unemployment rate is relatively low, and layoffs as measured by first-time claims for unemployment insurance are at readings last seen when Richard Nixon was serving his first term as president, according to St. Louis Federal Reserve data. In other words, it appears the labor market can withstand higher rates.

4. **Tariffs have contributed to higher prices**. Given the president’s proclivity to use tariffs to meet various policy objectives, we may continue to see new levies.

5. **High oil prices are exacerbating inflation**. While rate hikes won’t produce additional oil or gasoline, higher interest rates can help prevent higher energy prices from seeping into the broader economy—what are sometimes called second- and third-order effects.

Those who want to take a go-slow approach or oppose additional rate increases believe—

1. **Higher Treasury yields are tightening** financial conditions and effectively doing the Fed's work for it. Additional Fed rate increases, therefore, could damage the economy. Much higher interest rates could squash overall demand in the economy, quickly bringing down inflation. But the cost could be a recession and an unwanted spike in the jobless rate.

2. **More time is needed** to evaluate September's rate hike. Additional information is required to determine how the Fed should proceed. Patience is a virtue.

3. While the unemployment rate remains low, **job creation has been weak**. It's a "low-fire economy," but it's also a "low-hire economy." In various industries, a job search requires patience and persistence.

4. **Wage growth has slowed considerably** and is not contributing to inflation.

A rapid series of interest rate hikes could strain businesses and financial markets if they cannot adapt quickly to tighter monetary policy. This could expose existing vulnerabilities and lead to market disruptions beyond policymakers' intended effects.

Key Index Returns[1]		
	October 2026 %	YTD 2026 %[2]
Dow Jones Industrial Average	1.7	7.7
Nasdaq Composite	-5.3	9.4
S&P 500 Index	-0.9	10.7
Russell 2000 Index	0.5	13.3
MSCI World ex-USA[3]	-0.3	7.7
MSCI Emerging Markets[3]	-8.1	11.6
Bloomberg US Agg Total Return	2.4	-0.5

Sources: Wall Street Journal, MSCI.com, Bloomberg, MarketWatch
MTD returns: September 30, 2026—October 31, 2026
YTD returns: December 31, 2025–October 31, 2026
1 It is not possible to invest directly in an index.
2 Annualized
3 In US dollars

Fed policy has historically influenced market sentiment. Today appears to be no exception. But other factors often come into play. Geopolitical uncertainty, including war, typically influences sentiment among short-term traders as well as longer term investors.

Investors are carefully eyeing the AI buildout. Demand for AI is growing rapidly, and firms are struggling to keep up.

But others fret over the possibility that enormous capital outlays flowing into AI infrastructure might not generate returns high enough to justify the investment.

AI is clearly a transformative technology, much like the railroads in the 19th century and the Internet in the late 1990s.

Further, history suggests that revolutionary technologies can create enormous economic benefits. But fierce competition and excess investment can sometimes make it difficult for investors to earn the returns they initially expected.

If you have questions…

Hopefully, you've found this review to be educational and helpful. If you have any questions or concerns about anything discussed above, please contact your financial professional. Please remember, the information shared in this letter is general in nature. You are urged to consult legal and tax professionals for advice specific to your situation.

Researched and drafted by Charles Sherry, MSc, for Horsesmouth. Editing and additional research by Sigma Financial Corporation / Parkland Securities, LLC. Past market performance is no guarantee of future investment performance or success.

Securities offered through Parkland Securities, member FINRA/SIPC. Fee-based investment advisory services offered through Sigma Planning Corporation, a registered investment advisor. Fifty200 Investment Management is independent of Parkland Securities & SPC.