NOVA WEALTH PARTNERS

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THE NOVA COMPASS

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COVER STORY

THE FED RAISED RATES. WHAT IT MEANS FOR YOUR MONEY.

For the first time since 2023, the Federal Reserve is tightening again. Savers are being paid more, borrowers are paying more, and year-end planning just got more important.

INSIDE THIS ISSUE

2 **Rates Turn Higher**

3 **Q3 Markets Recap**

3 **Your Year-End Checklist**

4 **Social Security Watch**

5 **The Handshake Deal**



Thu Tracy Nguyen · Founder, CEO

FROM THE FOUNDER

October is when the year's financial picture comes into focus. The Federal Reserve raised rates in September, Social Security will announce next year's cost-of-living adjustment on October 14, and there are only three months left to use this year's retirement and tax opportunities.

In this issue we bring those threads together, and we close with a story every business owner should read. As always, my team and I are here to help you apply it to your own plan.

Thu Tracy Nguyen, Founder, CEO

+0.25 pt	7,651.54	~3.5%	$24,500
Fed rate hike, Sept. 16	S&P 500, Q3 close	Estimated 2027 COLA	2026 401(k) limit

RATES

RATES TURN HIGHER

Savers win, borrowers pay. On Sept. 16 the Fed raised rates for the first time since July 2023, and most officials expect one more increase this year.

3.75-4.00%
Federal funds target range after the Sept. 16 hike

4.50%
Top high-yield savings APY, Sept. 30; some longer CDs pay over 5%

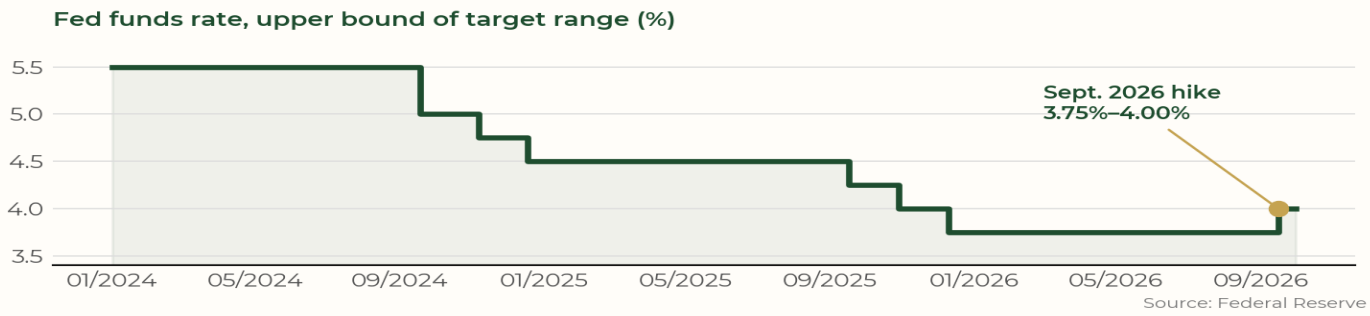
7.34%
Average 30-year fixed mortgage rate, Bankrate, Sept. 30

RATE	LATEST	NOTE
Fed's year-end 2026 median projection	**4.1%**	Up from 3.8% in June, which implies one more hike this year (Fed projections via TD Economics)
10-year Treasury yield	**5.21%**	Sept. 30 close; up about 0.46 point in September and near its highest level since 2007 (Investing.com; Trading Economics)
Top CD (any term)	**Up to 5.10% APY**	4- and 5-year CDs, Sept. 30 (Fortune); top 6- to 12-month CDs pay about 4%-4.5% (Yahoo Finance)

The Fed said it acted to keep inflation in check after a hotter-than-expected August inflation report and a jump in oil prices. Its new projections show most officials expect the benchmark rate to end the year near 4.1%, which points to another quarter-point increase. On September 30, the Fed's preferred inflation gauge showed prices up 3.4% from a year earlier in August, below the 3.7% economists expected, which eased bets on a hike at the October 28 meeting.

For savers, this is the strongest environment in years. Banks began raising CD rates in May, and the top yields have climbed from about 4% into the mid-4% range, with a few longer-term CDs now paying more than 5%. For borrowers, the picture is the opposite: mortgage rates follow the 10-year Treasury yield more than the Fed, and that yield has pushed above 5%.

> *If cash is sitting in a checking account earning little or nothing, higher yields are available today. Locking in a CD term now can protect part of your savings if rates fall again later.*



MARKETS

Q3 MARKETS RECAP

After its strongest quarter since 2020, the S&P 500 traded in a tight range, caught between strong earnings and rising yields.

7,651.54
S&P 500 Q3 close, Sept. 30

+15.2%
S&P 500 gain in Q2 2026, its strongest quarter since 2020

29.1%
Expected year-over-year Q3 earnings growth (FactSet)

The S&P 500 closed the third quarter at 7,651.54 on September 30, slipping 0.25% on the final day even after a softer inflation report. That left the index up roughly 2% for the quarter (calculated from CNBC's quarter-to-date tally) and slightly lower for September. It finished the week of September 25 within 1% of its record high.

Analysts at FactSet expect third-quarter profits to grow about 29% from a year ago, led by energy companies. The headwind is valuation: the index trades at about 25.5 times trailing earnings, above its five-year average of 24.4. With the 10-year Treasury above 5%, bonds again offer a real alternative to stocks.

> *A market near record highs with rising yields is a good moment to rebalance, not to chase. Check that your mix of stocks, bonds and cash still matches your goals.*

PLANNING

YOUR YEAR-END CHECKLIST

Three months remain to use this year's limits, and one rule is new for 2026.

2026 LIMIT	AMOUNT	NOTE
401(k), 403(b), 457(b) employee deferral	**$24,500**	Workplace contributions must be made through payroll by Dec. 31
Catch-up, age 50 and older	**$8,000**	Up $500 from 2025
"Super" catch-up, ages 60-63	**$11,250**	Replaces the standard catch-up, for a maximum of $35,750 if your plan allows it
IRA contribution / age 50+ catch-up	**$7,500 / $1,100**	2026 IRA contributions can be made until the April 2027 filing deadline
SEP IRA (business owners)	**$72,000**	Annual additions limit for 2026

- **New Roth catch-up rule.** Age 50+ with 2025 FICA wages over $150,000? Your 2026 catch-up contributions must go to a Roth account.
- **Check your paycheck math.** Spread the rest across your remaining pay periods.
- **Review gains and losses.** Ask your tax professional about offsetting gains with losses.
- **Use open enrollment.** Medicare runs Oct. 15-Dec. 7, and many employers open benefits this fall.

SOCIAL SECURITY

SOCIAL SECURITY WATCH

The 2027 raise is announced Oct. 14. Early estimates point to the largest increase in three years, but the disability gap remains.

3.4-3.6%
Estimated 2027 COLA (AARP, The Senior Citizens League, Mary Johnson)

~$75
Monthly raise for the average retired worker at a 3.6% COLA (AARP)

~30%
Share of SSDI disability claimants approved, 2014-2023 (CDIA, SSA data)

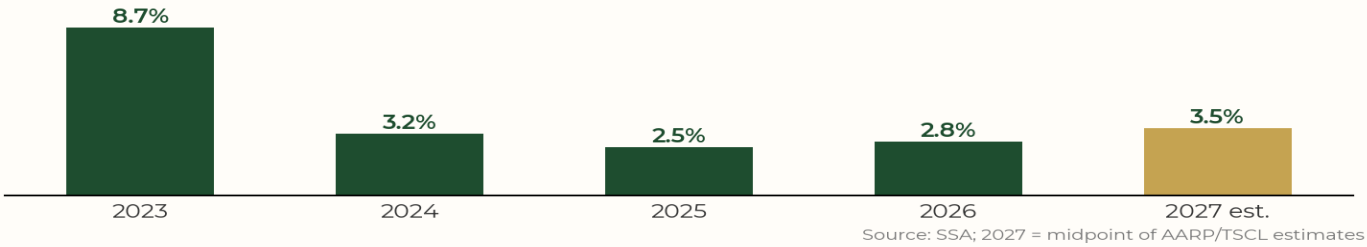
MEASURE	FIGURE	NOTE
2026 COLA (in effect now)	**2.8%**	Social Security Administration
Average retired-worker benefit	**$2,084 / month**	The Senior Citizens League, from SSA monthly data
Estimated 2027 Medicare Part B premium	**$209.50 / month**	2026 Medicare Trustees Report estimate; this can absorb part of the COLA
Average SSDI benefit	**~$1,630 / month**	About $19,560 a year (CDIA, Feb. 2026)
Workers with no disability coverage beyond Social Security	**51 million**	CDIA

The COLA is set from third-quarter inflation, so September's price data, released October 14, will decide the final number. A raise near 3.5% would be the biggest since 2023, yet The Senior Citizens League estimates benefits lost about 13.7% of their buying power from 2016 to 2026, and rising Medicare premiums will take part of the increase.

Disability is the other side of Social Security that working families often overlook. Only about one in five applicants is approved at the first stage, and the average benefit is modest. Private disability income insurance typically costs about 1% to 3% of salary (Life Happens).

> *Your paycheck is likely your largest asset. Ask whether your income is protected if an illness or injury keeps you from working for months, not just days.*

Social Security cost-of-living adjustment (%)



Source: SSA; 2027 = midpoint of AARP/TSCL estimates

STORYTELLING

THE HANDSHAKE DEAL

Two partners, one thriving business, and the conversation they kept putting off.

An illustrative story. Names, people and details are fictional and do not describe any actual client.

LINH AND MARCUS STARTED their commercial landscaping company with two trucks and a handshake. Fifteen years later they had 40 employees and a business worth several million dollars. They kept putting off "making it official."

Then Marcus had a heart attack on a job site. He survived, but recovery took most of a year, and Linh ran the company alone.

Had Marcus not survived, his share could have passed to heirs with no role in the business. Linh might have needed cash she did not have to buy them out, and his family might have waited years to be paid.

When Marcus returned, they signed a buy-sell agreement and funded it with life insurance and disability buyout coverage on each other. They added key person coverage and business overhead expense coverage to keep payroll and rent covered during a long recovery.

"We planned for every storm but one."

Questions every business owner should answer:

- If you or a partner died tomorrow, who would own your share, and at what price?
- Is there cash available to complete a buyout without draining the business?
- Could the company cover payroll and rent if a key person were out for six months?

LET'S REVIEW YOUR PLAN

Before year-end, we can turn this issue into a clear plan for your family and your business. Schedule a conversation.

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SOURCES

Data as of the Sept. 30, 2026 close unless noted. Federal Reserve; Bankrate; CNBC; TheStreet; Fortune; The Motley Fool; Yahoo Finance; Investing.com; Trading Economics; TD Economics; FactSet; Hightower; IRS via Fidelity, Charles Schwab and Mercer Advisors; SSA; AARP; The Senior Citizens League; Council for Disability Income Awareness; Life Happens.

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