



Managing Your Money

STAN'S WORLD – CONTROL ISSUES

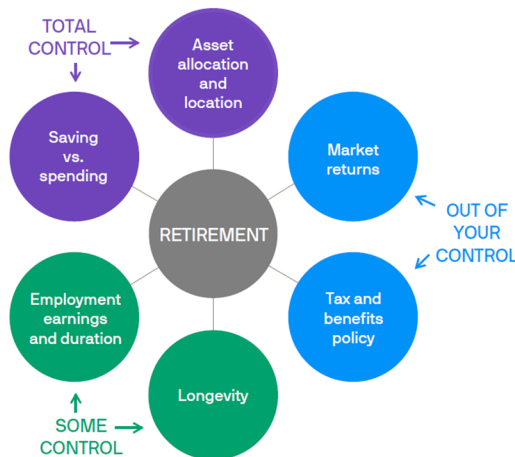
It would only be a slight exaggeration to say I prefer getting to airports long before my flight is scheduled to depart. I want to have an unhurried drive, a calm wait as I go through security, buy some snacks, sit down, and put my feet up. At least for this part of the journey, I want to be in control.

Ideally, I would prefer to even fly the plane, though that's unlikely to ever happen. First, I'm above the maximum age for commercial pilots, which is really just a minor point. Second, I'm not a licensed pilot. (I'll admit that's a more significant point.) Third, I don't like heights. Fourth, my control issues would dictate that I would shut the doors and push back from the gates whenever I was ready to go, neglecting such critical details as scheduled departure times and whether (or not) the passengers were even seated. Or the tanks were filled with gas.

My control issues, of which there are many, serve as the lead-in to a discussion about how much control you get in relation to your retirement. In this newsletter, we'll share some relevant charts from the recently released JP Morgan's 2026 Guide to Retirement, so let's start with a chart¹ that visually depicts the numerous variables that relate to our own retirements.

The retirement equation

GTR 3



A sound retirement plan

Make the most of the things that you can control but be sure to evaluate factors that are somewhat or completely out of your control within your comprehensive retirement plan.



STAN'S WORLD – CONTROL ISSUES (CONT'D)

Of the six essential components that comprise a sound retirement plan, we get to exert almost total control over two elements, have some control over two others, and have virtually no control over two other important components.

Out of your control:

Market returns: Let's dispense with the argument that you, or virtually any other investor, can limit losses and maximize gains due to your innate ability to time the markets. While you can't control how markets perform, you can control the percentage of your portfolio that gets invested in stocks and/or bonds, or in domestic equities vs foreign/emerging markets. But individual stock and bond market returns are what they are.

Tax and benefits policy: Unless you're a US senator chairing the Ways and Means Committee, you have no control or input over this category. You may have some control over state taxes (e.g., you can move to a state that doesn't tax retirement benefits), but we all have no control over Federal taxes.

Some control:

Employment earnings and duration: How long you work is dependent on a few factors, such as your health and the type of job you have. How much you earn while working is dependent on your skill set, education, and marketability. Given good health, you may have the ability to work a long time, though you may not always be employed in your career of choice. Get downsized while in your 50's, for example, and age discrimination may limit your options going forward.

Longevity: We all have some input into our longevity. Exercise, diet, good dental care, and health screenings are within our control, while our DNA is not.

Total control:

Savings vs spending: Admittedly, lower-income earners have little say in how much they can save vs how much they spend. The reason is obvious: the first dollars out of all our paychecks go to shelter and food. If there's nothing left after that, then there are no savings. If you move up the income scale, you get to make choices about lifestyle. Spend all of your discretionary income, and you've made the decision not to save. That would be your choice, not a decision dictated by others.



STAN'S WORLD – CONTROL ISSUES (CONT'D)

Asset allocation and location: These are bigger decisions than many people realize. While saving is important, the type of account in which funds are saved is also significant. If someone can effectively use ROTH IRAs, for example, they'll have more after-tax dollars as they age. That means they'll either have more to spend in retirement or have the luxury of not needing to save as much as once envisioned. After-tax dollars are generally the most desirable because no taxes are due when withdrawn from an account. Conversely, withdrawing funds from a roll-over IRA is likely to result in both Federal and State taxes, thus reducing the net dollars to you.

If you're a control freak like me, do the most with what you can effectively control. Save as much as you can, take care of your health, and try to add joy to your life. They may not allow us to fly the plane, but there's certainly a lot we can do.

FUN WITH CHARTS

Life expectancy probabilities

While the good news is we're all living longer, the bad news is we're all living longer. Yes, it's a bit of a dichotomy, but please read on to better understand how and why.

In the not-so-distant old days, retirees worked until age 62, got a handshake and the proverbial (or actual) gold watch, started collecting Social Security benefits, and didn't count on an extended retirement. In contrast, the chart below^{2,3} shows that extended retirements are what a lot of us are likely to achieve.

For example, if you're a 65-year-old non-smoking woman in excellent health, a surprising 11% of you will live to age 100. (100!) And if you're a non-smoking 65-year-old man in excellent health, 6% of you will also live to age 100. Taken as a couple, 16% of non-smoking couples (aged 65) will have at least one member live to age 100. (So much for planning for 20-year retirements.) From an investment perspective, investing for the long-term is both necessary and required, with emphasis on the phrase 'long-term.'

(see charts on next page)

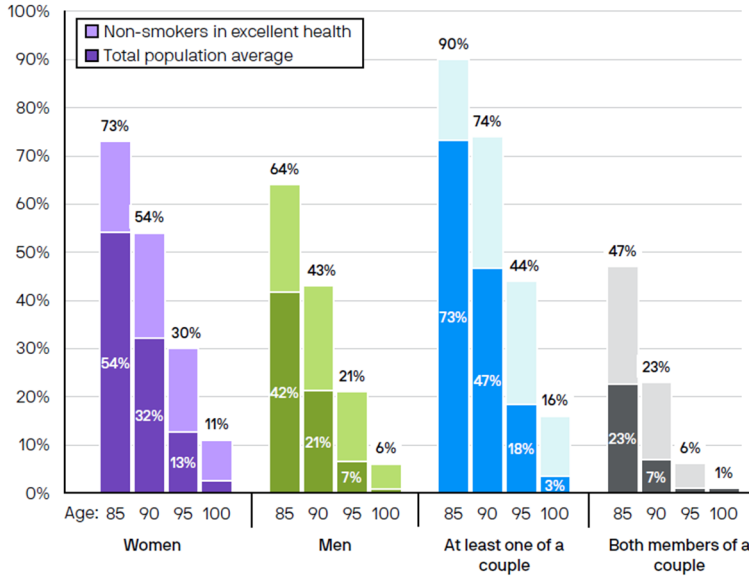


FUN WITH CHARTS (CONT'D)

Life expectancy probabilities

GTR | 4

If you're age 65 today, the probability of living to a specific age or beyond



Plan for longevity

Average life expectancy is a mid-point not an end-point. You may need to plan on the probability of living much longer – perhaps 35 years in retirement – particularly if you are a non-smoker in excellent health.

Investing a portion of your portfolio for growth is important to maintain your purchasing power over time.

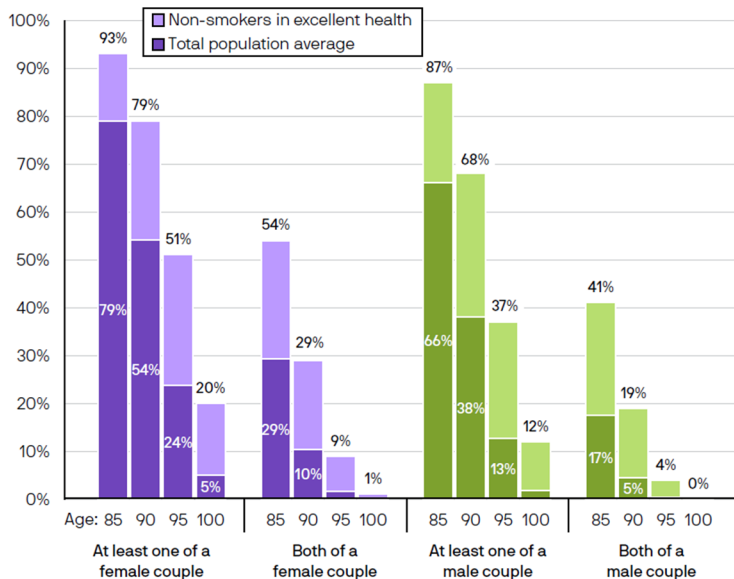
Source: Social Security Administration, Period Life Table, 2022 (published in the 2025 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, longevityillustrator.org (accessed January 2026); J.P. Morgan Asset Management.

J.P.Morgan
ASSET MANAGEMENT

Life expectancy probabilities for same-sex couples

GTR | 5

If you're age 65 today, the probability of living to a specific age or beyond



Plan for longevity

Average life expectancy is a mid-point not an end-point. You may need to plan on the probability of living much longer – perhaps 35 years in retirement – particularly if you are a non-smoker in excellent health.

Investing a portion of your portfolio for growth is important to maintain your purchasing power over time.

Sex assigned at birth; categories available in standard Social Security life expectancy tables. Source: Social Security Administration, Period Life Table, 2022 (published in the 2025 OASDI Trustees Report); American Academy of Actuaries and Society of Actuaries, Actuaries Longevity Illustrator, longevityillustrator.org (accessed January 2026); J.P. Morgan Asset Management.

J.P.Morgan
ASSET MANAGEMENT



FUN WITH CHARTS (CONT'D)

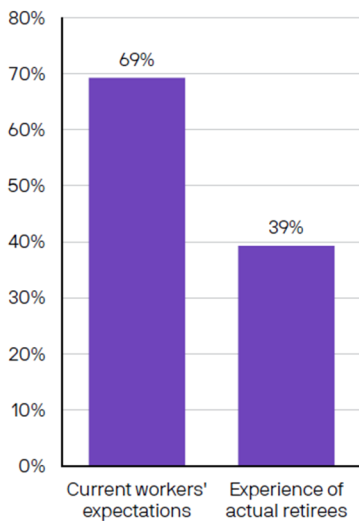
I'll work at my job until they carry me out

Statistically speaking, that's unlikely to happen. (They might carry you, but it would be part of a reorganization. And you'll be alive, though probably a bit cranky.) 69% of workers expect to work until age 65, though only 39% do. And the chart⁴ below explains why it's likely you'll retire earlier than planned.

Managing expectations of ability to work

GTR 6

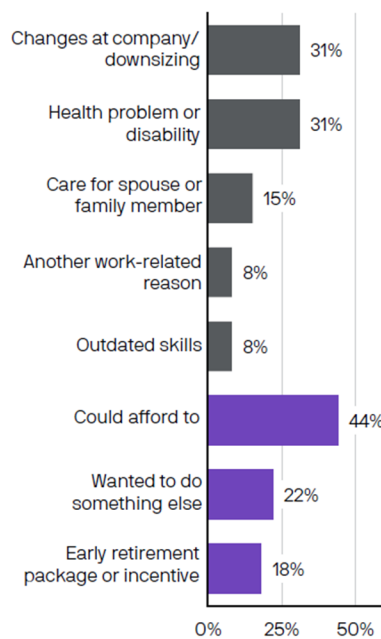
Expectations of workers vs. retirees
Retirement at age 65 or older



Median retirement age:

Expected:	65
Actual:	62

Reasons for retiring earlier than planned



Preparing for unexpected retirement

You may not have complete control over when you retire, so you should consider having a back-up plan including:

- Disability insurance
- Saving for financial freedom and the ability to weather changing circumstances

Source: Employee Benefit Research Institute Retirement Confidence Survey, 2025. Individuals may have given more than one answer.

Work duration is a significant issue. If you plan on working for an additional X number of years and plan on saving Y amount of dollars each of those years, working less than X means it's likely you'll save less than Y. From a planning perspective, this is where contingencies enter the picture. You may, for example, have to work at a second (or third, or fourth) career. You may even have to work part-time instead of full-time.

Unfortunately, you may not know any of these things until you're at, or near, the end of your career. And that helps to explain why financial planning is so fluid in nature; we don't always know how the future will unfold until it unfolds. Retirement planning is all about contingency planning.



FUN WITH CHARTS (CONT'D)

When it comes to saving, start early, and don't stop

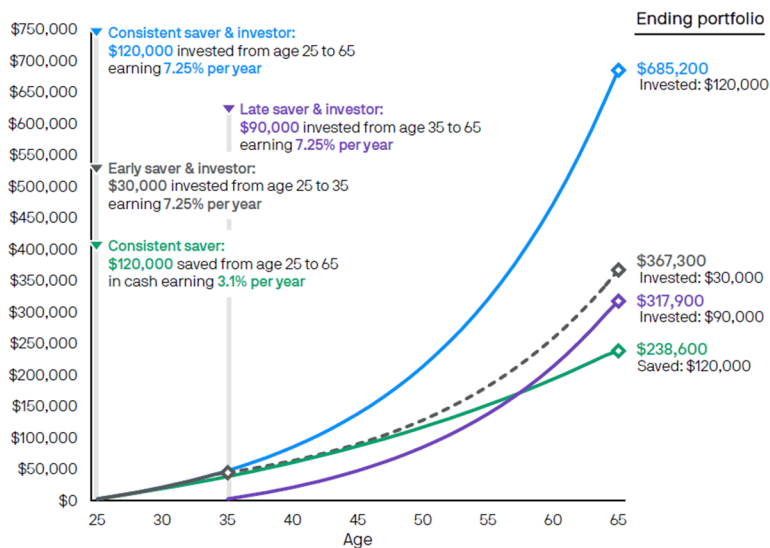
If you're young and you've read this far, we tip our hats to you. It would be understandable if a twenty-something, or thirty-something (but not a forty-something!) read the words 'retirement' and 'longevity' and said: "Get me out of here."

But if you stuck around, you're probably one of those people who is a 'consistent saver & investor,' a person who understands the long-term benefits of investing early, and consistently.

Benefit of saving and investing early

GTR 15

Account growth of \$250 invested/saved monthly



Starting early and investing are the keys to compound returns

The early and consistent investor has the best results.

The early investor who stops after 10 years does slightly better than the late investor who invests significantly more over a longer time.

And the consistent saver who does not invest loses out on higher returns.

Compounding is the increasing value of assets due to returns on both principal and prior earnings. The above example is for illustrative purposes only and not indicative of any investment.
Source: J.P. Morgan Asset Management, Long-Term Capital Market Assumptions.

J.P.Morgan
ASSET MANAGEMENT

As can be seen above⁵, 'Consistent savers & investors' who start saving (and investing) at age 25 and continue through age 65, have more assets than their counterparts who: (a) start saving later; (b) start saving early and then stop; (c) start saving early and consistently, but don't invest their savings for the long haul. (An example of conservative saving vs investing is buying a CD vs investing in the stock market.)



FUN WITH CHARTS (CONT'D)

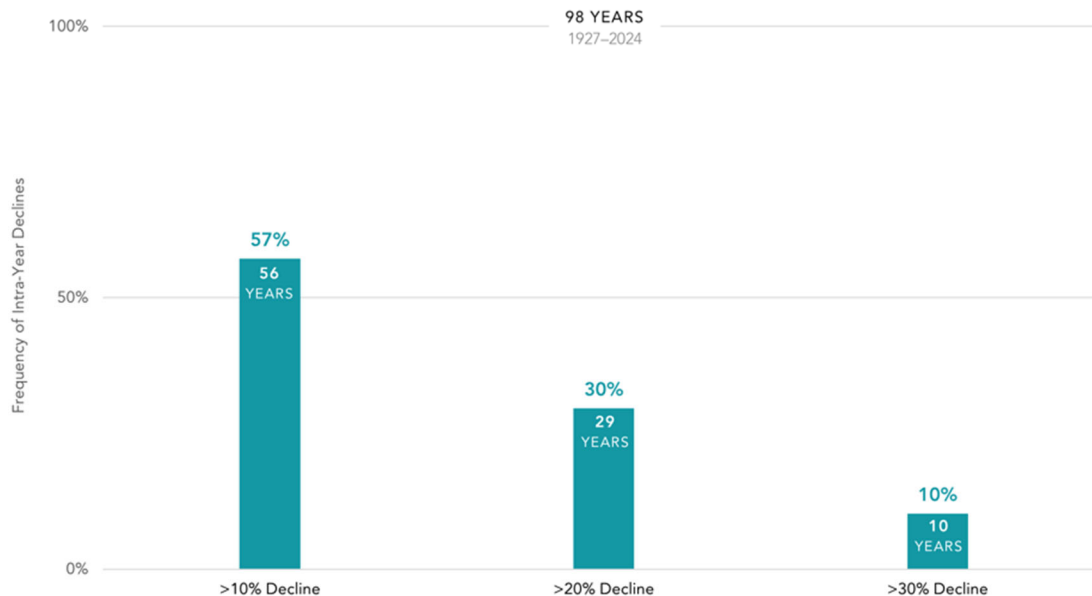
Playing it safe may be a strategy, but it's generally not the winning strategy for growing a pot of money that will last through retirement. Younger investors, especially, have the time to withstand the multiple ups and downs that come with investing. Much like the expression Ron Popeil used when selling Ronco Showtime Rotisseries on late-night TV in the 90s and early 2000s, "set it and forget it" is a good strategy for younger investors when it comes to retirement. (Just to clarify: instead of buying rotisseries, buy mutual funds and exchange-traded funds.)

A WORD ON THE CURRENT STOCK MARKET

As the chart⁶ below shows, it's not uncommon for the stock market to fall more than 10 or even 20% in many years. Markets react to world events ongoing every day, and they rise and fall accordingly. Don't be deterred or disillusioned by a fluctuating or falling stock market.

An Intra-Year Decline of 10% is not Uncommon

Frequency of intra-year declines greater than 10%, 20% or 30%, US equities



In USD. Past performance is no guarantee of future results. Indices are not available for direct investment; therefore, their performance does not reflect the expenses associated with the management of an actual portfolio. Actual returns may be lower. There are total of 98 years in sample. Returns data based on daily Fama/French Total US Market Research Index returns from January 1, 1927 to December 31, 2024. Decline measured as the maximum intra year peak-to-trough decline using daily returns. Within each calendar year, peaks are defined as the highest index level prior to a given day and troughs are defined as the lowest index level from the prior peak. The Fama/French Indices represent academic concepts that may be used in portfolio construction and are not available for direct investment or for use as a benchmark. Index returns are not representative of actual portfolios and do not reflect costs and fees associated with an actual investment. See "Index Descriptions" in the appendix for descriptions of the Fama/French index data.



S.F. EHRLICH
ASSOCIATES, INC.

S.F. Ehrlich Associates, Inc. has been providing financial advice on a fee-only, independent basis for over 25 years.

Managing Your Money is compiled entirely by Stanley F. Ehrlich and John Zeltmann.

Questions or comments are always welcome (and encouraged!).

Did we mention? If you have a friend or family member who you think might benefit from a discussion with us about financial planning and asset management, please pass along our phone number and email address. Long-term growth is not only crucial to portfolios, it's also critical to a business.

If you have a friend, co-worker, or relative who's in need of financial advice due to a pending or actual job loss, please give them our contact information. We're always glad to speak **pro bono** with people who need a hand.

CLIENTS: Please remember to contact S.F. Ehrlich if: a) there are any changes in your financial situation or investment objectives, b) you wish to impose, add or modify any reasonable restrictions to our investment management services, or c) you've changed your permanent residence.

S.F. Ehrlich Associates, Inc.

15 Alden Street, Suite 12
Cranford, NJ 07016
Fax: (908) 789-1115

John Zeltmann, CFP[®], CFA
Phone: (908) 789-1944
jzeltmann@sfehrlich.com

Stanley F. Ehrlich
Phone: (908) 789-1100
stan@sfehrlich.com



- 1 "The retirement equation," Slide 3, Guide to Retirement, J.P. Morgan. 2026.
- 2 "Life expectancy probabilities," Slide 4, Guide to Retirement, J.P. Morgan. 2026.
- 3 "Life expectancy probabilities, same sex couples," Slide 5, Guide to Retirement, J.P. Morgan. 2026.
- 4 "Managing expectations of ability to work," Slide 6, Guide to Retirement, J.P. Morgan. 2026.
- 5 "Benefit of saving and investing early," Slide 15, Guide to Retirement, J.P. Morgan. 2026.
- 6 "An Intra-Year Decline of 10% is not Uncommon", Investment Principles for Navigating Volatility, Dimensional, December 31, 2024.



IMPORTANT DISCLOSURES

S.F. Ehrlich Associates, Inc. (“SFE”) is a registered investment advisory firm in New Jersey that offers investment advisory, financial planning, and consulting services to its clients, who generally include individuals, high net worth individuals, and their affiliated trusts and estates. Additional disclosures, including a description of our services, fees, and other helpful information, can be found in our Form ADV Part 2, which is available upon request or on the SEC’s website at www.adviserinfo.sec.gov/firm/summary/121356.

If you are an existing client of SFE, it is your responsibility to immediately notify us if there is a change in your financial situation or investment objectives for the purpose of reviewing, evaluating or revising any of our previous recommendations and/or services.

This newsletter is for informational purposes only and is not intended to be and does not constitute specific financial, investment, tax, or legal advice. It does not consider the particular financial circumstances of any specific investor and should not be construed as a solicitation or offer to buy or sell any investment or related financial products. We urge you to consult with a qualified advisor before making financial, investment, tax, or legal decisions.

Information contained herein has been obtained from sources believed to be reliable. While we have no reason to doubt its accuracy, we make no representations or guarantees as to its accuracy. The opinions and analyses expressed herein constitute judgments as of the date of this newsletter and are subject to change at any time without notice. Any decisions you make based upon any information contained in this newsletter or otherwise are your sole responsibility.

No graph, chart, formula, or other device can, in and of itself, be used to determine which securities to buy or sell, or when to buy or sell such securities, or can assist persons in making those decisions.

Any securities mentioned in this newsletter are for illustrative purposes only and should not be construed as investment advice or a recommendation to buy or sell. There is no guarantee that a particular client’s account will hold any or all of the securities mentioned in this newsletter. Additionally, from time to time, SFE’s officers, directors, employees, agents, affiliates, or client accounts may hold positions or other interests in the securities mentioned in this newsletter.

Any historical index performance provided herein is for illustrative purposes and includes the reinvestment of dividends and income, but does not reflect advisory fees, brokerage commissions, and other expenses associated with managing an actual client account. An index is an unmanaged group of stocks considered to be representative of different segments of the stock market in general. Index performance does not represent actual account performance. One cannot invest directly in an index. A description of each index mentioned in this newsletter is available upon request.

Any hypothetical performance shown or discussed herein is for illustrative purposes only. Hypothetical performance results have inherent limitations, including: they are generally prepared with the benefit of hindsight; do not involve financial risk or reflect actual trading; and do not reflect the economic and market factors, such as concentration, lack of liquidity or market disruptions, trading costs, and other conditions, that might have impacted our decision-making when managing actual client accounts. Since trades have not actually been executed, hypothetical performance results may have under- or overcompensated for the impact, if any, of certain market factors.

It should not be assumed that future performance of any specific investment, investment strategy, or index (including any discussed in this presentation) will be successful or profitable or protect against loss.

Any forward-looking statements or projections herein are based on assumptions. By their nature, forward-looking statements involve a number of risks, uncertainties, and assumptions that could cause actual results or events to differ materially from those expressed or implied by the forward-looking statements. You should not place undue reliance on forward-looking statements, which reflect our judgment only as of the date this newsletter was published.