



OCTOBER 2026

A DIFFERENT APPROACH TO TAX PLANNING

Every fall, the same ritual plays out: well-meaning taxpayers scramble to manage their tax bill for the year by completing Roth conversions, harvesting losses, maxing out deductible-retirement contributions, and bunching charitable donations, all before the calendar turns. Year-end tax planning is valuable, but treated in isolation, looking only at the current year, it can become a series of disconnected, reactive moves that solve this year's problem while quietly creating next year's. HCM believes the real payoff comes from pairing short-term year-end tactics with a long-term tax-planning strategy.

The Limits of a Year-End-Only Approach

Year-end tax moves are inherently backward-looking, not forward-planning focused as HCM prefers. By the last few months of the year, most income, gains, losses, and deductible expenses are already in the books. That leaves a limited set of tools: accelerating or deferring income, harvesting capital losses, timing charitable gifts, and topping off retirement or health savings accounts. These moves matter, but they're usually optimized for a single tax year's brackets and rules, not for where a person's income, the tax law, and life circumstances are taking them.

For example, taxpayers often convert traditional IRAs as a pure year-end tactic. The decision generally hinges on this year's marginal rate. But the real question is how this year's rate compares to expected future rates, and whether future required minimum distributions will push adjusted gross income higher, creating any number of unanticipated problems and lost opportunities. A decision that looks smart in isolation can be costly when viewed across a multi-year horizon.

Why Long-Term Context Changes the Calculus

A long-term tax plan gives year-end decisions a frame of reference. It considers how income is likely to trend and be taxed, expected changes in filing status, inheritance, gifting, business succession plans, and the multi-year impact of tax law changes. With that context, year-end tactics stop being isolated transactions and start functioning as installments in a larger strategy.

Bracket management works the same way. Multi-year income smoothing, deliberately recognizing income in lower-rate years and deferring it in higher-rate years, can only work when looking beyond the current year. A retiree deciding how much income to recognize from a traditional account this year should be weighing that decision against future RMDs, Social Security taxation thresholds, Medicare surcharges, progressive capital gain rates and potential estate-tax exposure, not just this year's bracket.

Building the Connection

Combining the two horizons doesn't mean abandoning year-end tactics; it means running them through a long-term lens before execution. A few practical tips:

- Revisit your multi-year income forecast each fall with your HCM Advisor, updating it for actual results, before making year-end moves.
- Evaluate year-end tactics such as Roth conversions, asset sales, income shifting, bunching strategies, and large deductions against a 3–5-year bracket forecast, not just the current year's numbers.
- Track carry-forward items such as capital losses, charitable deduction limits, and passive losses/credits, as strategic assets to deploy in future higher-income years, not just clean up this year.
- Coordinate with major life and business as milestones (retirement, death of a spouse, birth of a child, business sale, inheritance, gifts) so year-end decisions don't conflict with bigger plans already in motion.

The Bottom Line

Year-end tax planning answers the question, "What can I do before December 31?" Long-term tax planning answers a different, more important question: "What sequence of decisions minimizes my tax burden over time?" Neither works as well without the other.

What to do Next

It's tax-planning season! Contact your HCM Advisor today to review your 2026 tax planning update.

TAX EFFICIENT GIFTS TO THE NEXT GENERATION

If you would like to make a tax-advantaged gift to your child or grandchild you now have four good choices: 529 plans, Trump Accounts, IRAs, and long-term savings held in a UGTMA account or in trust.

529 plans remain the “gold standard” for education-specific saving. Contributions grow tax-deferred and withdrawals are tax-free when used for qualified education expenses. Many states also offer a state income tax deduction or credit for contributions, which neither Trump Accounts nor IRAs offer. Contribution limits are high, and you may retain control over the account even after the child becomes an adult.

The tradeoff is that money used for non-education purposes gets hit with ordinary income tax plus a 10% penalty on earnings, so it's a poor choice if you're not confident the child will pursue higher education, trade school, or other qualified paths. The good news is that if the beneficiary does not need the funds, they can generally be transferred to a wide range of qualified family members to preserve the tax advantages. Also, it is possible to roll a portion of the unused 529 funds into a Roth IRA without the penalties. Bottom line, if you are funding education as a primary goal, this is the way to go, but don't overdo it.



Trump Accounts can be opened by parents or guardians and funded with after-tax dollars. Children born between January 1, 2025, and December 31, 2028 are eligible to receive a one-time \$1,000 “seed” contribution from the government. This is essentially “free money.” Almost anyone, including the child, can add additional money to the account once it's established, with a combined annual family limit of \$5,000 per year. These

accounts follow traditional IRA tax rules once the child turns 18. Until then, funds must be invested in a limited menu of low-cost index funds. The obvious appeal is the \$1,000 “free” money and long tax-deferred growth from birth until retirement. Because these accounts are taxed as traditional IRAs, withdrawals will eventually be taxed at high ordinary income tax rates. As a result, there may be better places for additional gifts.

The good news is that if the beneficiary does not need the funds, they can generally be transferred to a wide range of qualified family members to preserve the tax advantages

Roth IRAs work only if the child has earned income (a part-time job, modeling, acting gigs, summer jobs, working in a parent's business, etc.), since IRA contributions are capped at the amount of income earned or the annual IRA limit, whichever is less. The big advantage is the potential for decades of tax-free compounding. A Roth IRA started at 16 has 50+ years to grow tax-free. Don't forget that once the child turns 18 (or the age of majority in your state), they gain full control of the account. If longer term control is a concern, consider the trust option.

UGTMA or Trust: depending on how long you want to maintain control of the gift, it can be very tax efficient to make a gift of low-yielding index funds and simply hold them. With no turnover and little yield there will be little to no tax burden until the investments are liquidated. When that happens, tax will be paid at favorable long-term capital gain rates. No ordinary income, no RMDs, and no ordinary income tax rates.

Many families will end up using a combination of these strategies to optimize their family planning rather than picking just one. Talk to your HCM Advisor to work through the options for your family's multigenerational tax advantaged gifting plan.

HAVE YOU HEARD?

HCM's podcast, HCM Market Brief, delivers clear, timely insights to help listeners understand today's markets and what affects them. Each episode breaks down current events such as market volatility, economic trends, and emerging topics like AI, and gives you guidance to make more confident financial decisions.

If you're looking for a practical perspective that connects the headlines to your financial plan, look for the HCM Market Brief in Apple, Spotify, or your preferred podcast app.

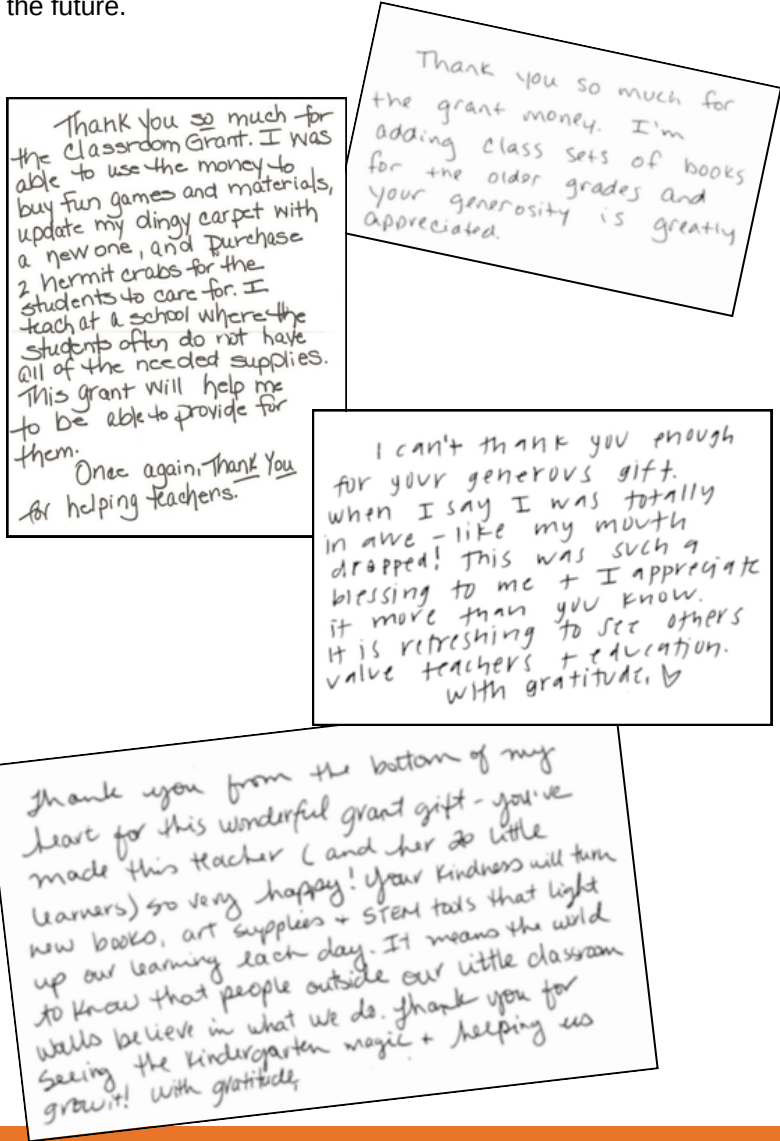


HCM ELEVATES LOCAL CLASSROOMS

We are so proud of the impact we had with our new charitable giving program, Tools for Teachers, introduced in July 2026. Current full-time K-12 educators who are clients or children of clients were able to receive a monetary gift to use in the way that matters most — whether that's upgrading their classroom, adding new learning tools, or engaging in experiences that spark inspiration.

We distributed 36 grants to our teachers, some of whom reported being able to buy books, games, and other educational materials their students would have otherwise gone without.

At HCM we are grateful for dedicated professionals who are teaching the next generation. By offering these grants, we hope to help these teachers continue making a difference. Our desire is to impact even more teachers and students in the future.



FALL TRADITIONS OUR EMPLOYEES LOVE

There's a definite change in the air as we welcome the arrival of fall. Cooler mornings, crisp afternoons, colorful leaves, and earlier sunsets remind us that the seasons are shifting. It's a refreshing time of year that invites us to slow down, enjoy the outdoors, and appreciate the little changes happening all around us.

As the seasons change, our employees have their own favorite ways to embrace fall. Here are a few:



John Peter, Trader

"Every fall my wife and I make sure that we get to an Ohio State Football game. It is also a must that we go to a pumpkin patch, preferably one with an apple orchard included."



Amy Roell, Tax Department Administrator

"My dad and I host a Fall gathering for all our family and friends. My brothers and I help the kids carve pumpkins – they have a lot of fun, and they're getting pretty good at it!

For my immediate family, we just make it a point to visit one pumpkin patch every fall."



Nathan Barbian, Client Services Representative

"Fall is my fiancée Autumn's and my favorite season.

Our yearly rituals always include going to local haunted houses, like nearby favorite Dent Schoolhouse, and visiting our favorite pumpkin patch to gather ingredients for homemade desserts. Every year I like to make an assortment of different treats for our annual Halloween Party. Last year I made a Pumpkin Tres Leche cake that was a big hit!

But this year our celebrations look a little different as we are skipping our annual Halloween Party and instead, we are getting married on Halloween!"



A CHILD'S HOPE INT'L
A BRIDGE OF HOPE FOR CHILDREN OF THE WORLD

JOIN HCM FOR A MORNING OF SERVICE

HANDS AGAINST HUNGER FOOD PACKING EVENT

Volunteers will assemble, seal, and box high protein food to be shipped around the world.

Your two hours of volunteering will feed
1 hungry child for an entire year.

While participants will stand throughout the shift, most roles
do not involve heavy lifting and are non-strenuous.

SATURDAY, NOVEMBER 21
9:30 - 11:30 AM

2430 E. Kemper Road
Cincinnati, OH 45241



You and your guests ages 6+ are welcome to volunteer.
Space is limited. Please register by November 18, 2026.
Register at <http://hcmwealthadvisors.com/hahvolunteer>



6116 Harrison Ave
Cincinnati, OH 45247

OCTOBER 2026 Newsletter

www.hcmwealthadvisors.com

(513) 598-5120

Cincinnati, Ohio

PICKLEBALL RECAP

In September, HCM team members and friends celebrated the arrival of fall with an evening of pickleball at The Pickle Lodge in West Chester. We were thrilled to welcome several new players alongside our 'regulars'. We hope you'll join us in early 2027 for our fifth pickleball event.



MISS THE EVENT BUT STILL WANT TO PLAY PICKLEBALL?

HCM clients are able to play at the North Shore Pickle Lodge location (7373 Kingsgate Way, West Chester, OH 45069) at no cost. Court time will be booked in ½ hour increments between 7am and 10pm Sunday through Thursday and until 11pm on Friday & Saturday. Requested court day and time will be on a first come, first served basis. Please reach out to Jackie at jackie@hcmwealthadvisors.com to schedule your time. The Pickle Lodge does not accept walk-ins for HCM free court time, though there are low-cost opportunities for public open play.

Past performance does not assure future results. HCM Wealth Advisors is an investment adviser representative based in the State of Ohio. This communication is limited to the dissemination of general information pertaining to its investment advisory/management services. Any subsequent, direct communication by HCM Wealth Advisors with a prospective client shall be conducted by a registered representative or one who qualifies for an exemption from registration in the state where the prospect resides. Opinions expressed are those of HCM Wealth Advisors and are subject to change, not guaranteed, and should not be considered recommendations to buy or sell any security. Data was obtained from third parties deemed by the adviser to be reliable, but the adviser has not verified the results and cannot be assured of their accuracy. It is your responsibility to contact your Financial Advisor if there are any changes in your financial situation, risk tolerance, or you wish to add or modify any reasonable restrictions to the management of your account.