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Client Newsletter

Cetera Wealth Partners is a distinct community within Cetera Wealth Services, LLC. Securities offered through Cetera Wealth Services, LLC, member FINRA/SIPC. Advisory Services offered through Cetera Investment Advisers LLC, a registered investment adviser.

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Happy New Year!

As we step into a new year, we want to begin by extending our sincere thanks for your continued trust and partnership.

Each January offers a fresh start—a moment to reflect on the progress we’ve made and the goals we’re striving toward. It’s a time of renewed focus, renewed energy, and renewed commitment to building a secure and meaningful financial future.

Our hope is that this year brings clarity to your plans, confidence in your decisions, and the reassurance that you have a steady guide walking alongside you. Our bi-monthly newsletter is designed to keep you informed, empowered, and confident as we navigate the year together.

The financial landscape continues to evolve, and with it comes new opportunities as well as new challenges. Whether it’s shifting market conditions, changes in tax policy, or updates to retirement planning strategies, staying educated is one of the most powerful tools you have.

In each newsletter, we’ll highlight timely insights, practical guidance, and strategies that can help you make informed decisions and stay aligned with your goals—no matter what the markets bring.

This year, our mission remains the same: to provide clarity, support, and a trusted perspective as you move toward your financial goals.

We look forward to working with you this year!

Here’s to a successful, meaningful, and financially strong year ahead.

John, Rich, and John

“Do not save what is left after spending; instead spend what is left after saving.”

Warren Buffett



If you enjoy our monthly newsletter and know someone who would benefit from receiving it, please contact us or email our Office Manager at Laura.Fleming@ceterawealth.com

## What does the Permanent Federal Estate Tax Estate Exemption Mean for You?

About six months before historically high gift, estate, and generation-skipping exemption levels were scheduled to expire, legislation changed course. The One Big Beautiful Bill Act (OBBBA), signed into law on July 4, 2025, made these exemption amounts permanent. Because they continue to be indexed annually for inflation, taxpayers can plan with clarity and adjust strategies to meet a wide range of legacy planning objectives.

Starting January 1, 2026, the federal estate tax exemption will rise to \$15 million per person, up from \$13.99 million in 2025. That doubles for married couples, meaning they can transfer up to \$30 million without incurring estate taxes.

The annual gift exclusion will stay the same next year: \$19,000 per recipient, or \$38,000 for couples who combine their exclusions. Taxpayers can give to as many people as they'd like each year within these limits—without filing a gift tax return (Form 709) or using any of their lifetime exemption.

Many strategies are available to taxpayers seeking to witness their legacies in action during their lifetime. For example, frontloading up to five years of cash gifts into a 529 plan is a popular strategy among parents and grandparents. When contributed to a 529 plan, these gifts have the potential to grow and be distributed free of federal, and in most cases, state income taxes, as long as they are used for qualified education expenses as defined by the Internal Revenue Service. While account owners generally retain control over 529 accounts, these assets (and all future earnings) are excluded from the donor's federal taxable estate.

For tax years 2025 and 2026, individuals can gift up to \$95,000 per beneficiary, and a married couple can gift up to \$190,000 per beneficiary. However, if you choose to accelerate five years of gifts to a 529 account in 2025, you will not be able to contribute additional money to that same account until 2030 (2031 for gifts made in 2026). December 31 is the deadline for funding a 529 plan for the current tax year.

Keep in mind, the federal exemption amounts discussed here do not affect state-level estate or inheritance taxes, which may have different thresholds. Consult with a professional tax or estate planning attorney for information about tax laws specific to your state of legal residence.

To learn more about this and other strategies to help shape your legacy during your lifetime, contact the office to schedule a time to talk.

John Lachapelle, Financial Advisor

1) Taylor, Kelley R., "What is the Gift Tax Exclusion for 2025 and 2026?" 20 OCT 2025

[Kiplinger.com: https://www.kiplinger.com/taxes/gift-tax-exclusion](https://www.kiplinger.com/taxes/gift-tax-exclusion)

2) Ibid.

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– REMEMBER –

WE WANT YOU TO CONTACT US WITH YOUR "HERE'S WHAT WE'RE THINKING ABOUT DOING" QUESTIONS, NOT YOUR "GUESS WHAT WE JUST DID!" COMMENTS!

## Three Strategies to Help Cover the Tax Liability Your Heirs May Face

Thoughtful planning is one of the most meaningful ways to care for the people you love. As you consider how your assets will transition to the next generation, it's important to understand the potential tax implications your heirs may face. With the right strategies in place, you can help minimize these obligations and ensure your legacy passes as efficiently as possible. Below are three approaches commonly used to help families prepare.

### 1. Life Insurance for Tax-Free Liquidity (With or Without an ILIT)

Life insurance remains one of the most effective tools for creating immediate, tax-free liquidity for heirs. The death benefit can be used to address estate taxes, income taxes on inherited retirement accounts, or other expenses that may arise during settlement. For many families, owning the policy outright works perfectly well and provides the simplicity they prefer.

For those with larger or more complex estates, an Irrevocable Life Insurance Trust (ILIT) may add additional benefits. An ILIT can remove the death benefit from your taxable estate and offer greater structure and protection around how the funds are used. While an ILIT is not necessary in every situation, it can be a valuable planning tool when used thoughtfully. Ultimately, the goal is to make sure your heirs have access to the liquidity they need without creating additional tax pressure.

### 2. Strategic Lifetime Gifting

Gifting assets during your lifetime is another way to reduce future tax exposure for your heirs. By using the annual gift tax exclusion, leveraging the lifetime gift and estate tax exemption, or contributing to education-focused vehicles such as 529 plans, you can gradually shift assets out of your estate. This not only reduces your taxable estate but also moves future growth—and the taxes associated with it—into the hands of the next generation. The added benefit is being able to witness the positive impact your gifts can have during your lifetime.

### 3. Roth Conversions to Eliminate Heirs' Income Tax

Many families have accumulated significant assets in traditional IRAs and 401(k)s, which can create a tax burden for beneficiaries when inherited. Under current rules, most non-spouse heirs must withdraw these assets within 10 years, potentially increasing their tax liability. By converting some or all of these accounts to a Roth IRA during your lifetime, you take on the tax responsibility yourself and allow your heirs to receive a tax-free asset. This approach can be especially effective if you anticipate being in a lower tax bracket today than your beneficiaries may be in the future.

Planning ahead brings clarity and confidence—not just for you, but for the people you care about most. If you'd like to explore which strategies may support your goals, we'd be glad to walk through the options with you. Simply contact our office, and we'll set aside time to discuss what makes the most sense for your situation.

John Lachapelle, Financial Advisor

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## Using a Fixed Index Annuity to Add Stability to a Retirement Plan

A couple in their early 60s were preparing to retire within the next several years. They had accumulated most of their retirement savings through workplace plans and IRAs and had been disciplined about long-term investing. As retirement drew closer, their priorities began to change. Preserving assets and reducing exposure to market volatility became just as important as growth. Having experienced multiple market downturns, they were concerned about how continued volatility could affect their retirement timeline and confidence. They wanted a strategy that could help protect a portion of their savings while still allowing for measured upside potential.

After reviewing several approaches, they decided to reposition a portion of their retirement assets into a fixed index annuity (FIA). Their objective was not to abandon market-based investments, but to introduce greater balance and stability into their overall plan.

The fixed index annuity offered features that aligned with their goals, protection of principal from market losses, growth potential tied to a market index, subject to caps, spreads, or participation rates, and a rules-based approach to crediting interest that helped reduce emotional decision-making during market swings

When the linked index experienced positive performance, the annuity credited interest according to the contract's terms. During periods of market decline, the annuity's value did not decrease due to index losses. This structure helped limit downside risk while still providing an opportunity for growth over time.

Knowing that a portion of their assets were insulated from market downturns, they can feel more comfortable maintaining appropriate exposure to growth-oriented investments elsewhere in their portfolio. The fixed index annuity served as a stabilizing element rather than a replacement for other strategies.

Incorporating a fixed index annuity into their overall retirement plan helped them, reduce market risk on a portion of their assets, increase confidence during periods of market uncertainty, and create a more balanced approach as they move closer to retirement

Fixed index annuities are not intended to outperform the market and are not appropriate for every investor. However, when used thoughtfully and in coordination with other planning strategies, they can play a meaningful role in managing risk—particularly for those approaching or transitioning into retirement.

If you are nearing retirement and looking for ways to add stability to your financial plan while maintaining growth potential, a conversation about how different strategies—including fixed index annuities—might fit into your overall approach could be a helpful next step.

John Lachapelle, Financial Advisor

Annuity products provide guarantees regarding interest rates and principal protection, which are subject to the claims-paying ability of the issuing insurance company. Your principal is guaranteed not to be reduced by market fluctuations. However, these guarantees do not apply in the event of the issuer's insolvency. The interest rate for the annuity is fixed for the selected term. The rate is guaranteed for the entire contract term. After the contract term expires, the interest rate will be subject to change based on prevailing market conditions and the insurer's discretion. Early withdrawals from the annuity may be subject to penalties or surrender charges. In addition, withdrawing funds before the contract's maturity may result in a reduction of the contract's value. Please refer to your contract for specific details regarding early withdrawal penalties. The interest earned on the annuity is tax-deferred until it is withdrawn. Withdrawals prior to the age of 59½ may be subject to a 10% early withdrawal penalty imposed by the IRS in addition to ordinary income taxes. Certain fees may be associated with annuity contracts, including administrative fees or penalties for early withdrawal. However, fixed annuities typically do not have annual management fees or expenses like mutual funds. Please refer to the contract for a detailed list of fees. You may choose to receive your payouts in a lump sum or periodic payments (e.g., monthly, quarterly, or annually) depending on the terms of your contract. The frequency and type of payout will affect the total benefit over time. The interest rate offered on the annuity is fixed for the term of the contract and does not adjust for inflation. If inflation protection is important, please consider discussing additional options with your financial advisor. At the end of the annuity term, you may choose to renew the contract, move your funds into a different financial product, or withdraw the value of your contract. If you choose to renew, the new term may offer a different interest rate, which will be subject to market conditions. Annuity products may not be available in all states, or they may be subject to additional regulations or restrictions depending on the state of issuance. Annuities are subject to the terms, conditions, and provisions outlined in the contract. Please review your annuity contract carefully for full details on benefits, guarantees, and limitations. If you have any questions, we recommend speaking with a financial advisor to ensure the annuity is appropriate for your financial goals and retirement strategy.

## Income Tax Basis

Basis is a value used to determine the amount of gain or loss on the sale of an asset and will vary, depending upon how it was acquired:

Cost Basis	=	The amount paid for an asset
Adjusted Basis	=	Cost basis plus improvements less depreciation
Capital Gain	=	Sales price is higher than adjusted basis
Capital Loss	=	Sales price is less than adjusted basis
FMV	=	Fair market value

### Basic Rules as They Apply to Various Transfers

Assume owner paid \$5,000 for a parcel of land (his cost basis).

Method of Transfer	Basis in Hands of New Owner	Assume at Time of Transfer Land Had		
		Declined in Value to \$3,000	Retained Same Value of \$5,000	Increased in Value to \$8,000
<b>Sale</b>	Purchaser receives a new basis (the amount he pays for the asset).	\$3,000	\$5,000	\$8,000
<b>Lifetime gift</b>	<b>For computing gain:</b> Donee takes donor's basis.	-	\$5,000	\$5,000 <sup>1</sup>
	<b>For computing loss:</b> Donee's basis is FMV at time of gift, or the donor's basis, whichever is lower.	\$3,000	-	-
<b>Transfer at death</b>	Beneficiary's basis is equal to value at decedent's death or six months thereafter. <sup>2</sup>	\$3,000	\$5,000	\$8,000
<b>Like kind exchange IRC Sec. 1031</b>	Basis in newly acquired property will be the same as basis in the transferred property, plus any recognized gain and less any cash received.	\$5,000	\$5,000	\$5,000

**Note:** Transfers of appreciated property to a spouse or former spouse who is a non-resident alien will trigger tax on the gain. See IRC Sec. 1041(d).

<sup>1</sup> This amount plus gift tax paid, if any, at time of gift attributable to the appreciation.

<sup>2</sup> IRC 1014(b), unless the beneficiary or his or her spouse had transferred the specific piece of property to the decedent within one year prior to his demise, in which case the beneficiary must carry over the decedent's basis. See IRC Sec. 1014(e).

## Moving?

Moving can be time consuming and stressful. We make it easy to keep your investments, retirement and insurance accounts up to date.

Just email us at [Laura.Fleming@ceterawealth.com](mailto:Laura.Fleming@ceterawealth.com) with the subject line:

**Change of Address** and include your name, your old address and your new address and updated phone numbers.

Or call the office at 603-332-6518



## Technology Tips

### Social Media Best Practices

While social media is a great way to connect with family and friends, use on these platforms can also make it easier for scammers to gain access to your personal information.

The following are best practice topics **to avoid** sharing on social media accounts:

- ◆ Personal Identifying Information
  - ⇒ *Social Security Number*
  - ⇒ *Drivers License*
  - ⇒ *Passport*
- ◆ Address Location, including:
  - ⇒ *Property / House Number Photos*
  - ⇒ *Photos of Mail or Letters with Addresses: Ex. Offer, acceptance or accommodation letters, etc.*
  - ⇒ *Digital Location Data*
  - ⇒ *Workplace Location*
- ◆ Sensitive Private Conversations
- ◆ Financial Information / New Purchases
  - ⇒ *Income or Investment Information*
  - ⇒ *Purchase of a New Home*
  - ⇒ *Purchase of a New Vehicle including Photo of License Plate*
- ◆ Photos of Children, including:
  - ⇒ *Any Photo Without Parental Consent*
  - ⇒ *Brith Announcements and School Photos Showcasing School Location*
  - ⇒ *School Acceptance or Scholarship Letters with Addresses*



Remember to evaluate privacy settings within each platform settings or with each post to limit who sees your posts and messages. It is often best to choose a direct messaging option.

Exercise extremely caution when clicking on links and offers within the Platforms, especially if you are not familiar with the brand or service.

And finally, it is best to use discretion when responding to messages from unknown people on social platforms, even if they claim it's an emergency. While it may feel like there is a sense of urgency, remain calm, and remember, real emergencies **will never** be addressed or brought to you via social media.

By taking the time to follow some of these practices, you may help to protect yourself and your family and be on your way to maintaining a safer online presence.

## Client Quiz!

### This Month's Quiz

Many studies show that US marriage rates are on the decline. Heritage Foundation & the US Census Bureau just recently reported that in the year 1950, 78% of couples became married. Today how much has that percentage declined?

- A. Down 32% since 1950 avg. of 78%.
- B. Down 41% since 1950 avg. of 78%.
- C. Down 47% since 1950 avg. of 78%.
- D. Down 54% since 1950 avg. of 78%.

Source: John Creteau

### Answer to Last Month's Quiz

Which of the following does not have the benefit of pass-through Taxation?

- A. Family Limited Partnership
- B. LLC
- C. **C Corporation CORRECT**
- D. D. Corporation

Source: John Creteau

# 2026

### Office Hours & Holiday Schedule

<b>Monday</b>	<b>8:30AM</b>	<b>to</b>	<b>4:00 PM</b>
<b>Tuesday</b>	<b>8:30AM</b>	<b>to</b>	<b>4:00 PM</b>
<b>Wednesday</b>	<b>8:30AM</b>	<b>to</b>	<b>4:00 PM</b>
<b>Thursday</b>	<b>8:30AM</b>	<b>to</b>	<b>4:00 PM</b>
<b>Friday</b>	<b>8:30AM</b>	<b>to</b>	<b>1:30 PM</b>

Date	Holiday	Day of the Week	
January 01, 2026	New Years Day	Thursday	Federal Holiday
January 19, 2026	Martin Luther King	Monday	Federal Holiday
February 16, 2026	Presidents' Day	Monday	Federal Holiday
May 25, 2026	Memorial Day	Monday	Federal Holiday
July 04, 2026 (Closed Friday, 07/03)	Independence Day	Saturday	Federal Holiday
September 07, 2026	Labor Day	Monday	Federal Holiday
October 12, 2026	Columbus Day	Monday	Federal Holiday
November 11, 2026	Veterans Day	Wednesday	Federal Holiday
November 26, 2026	Thanksgiving Day	Thursday	Federal Holiday
November 27, 2026	Day after Thanksgiving	Friday	
December 25, 2026	Christmas Day	Friday	Federal Holiday



## When Will I Receive My 1099's?

This time of year, we receive many calls from clients regarding when they will receive their 1099 tax forms. Most companies will begin sending them the first week of February, which means you should start receiving 1099 statements second week of February.

Qualified accounts like IRA's are usually completed by January 31st.

Non-Qualified brokerage accounts can be delayed to the end of February due to the underlying investment companies. Additionally, 1099 statements for brokerage accounts must receive all dividend, interest, and capital gain information from the investment companies which comprise the portfolio.

Form 1099 is one of several IRS tax forms used to report; dividends and other corporate distributions, interest, rent, royalties, profit sharing distributions, and retirement plan distributions.

If you have a non-IRA investment, be aware there could be a delay and recommend waiting until the week of February 23rd to call for a status.

*John R Lachapelle, Financial Advisor*

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