Retirement Plan Rule Changes and Savings Review & Third Quarter 2025 Market Recap Webinar

HARBOR GROUP

Retirement Plan Rule Changes and Savings Review

Current Employer Plan Catch-Up Rules

- Age Eligibility: 50+
- Base Contribution Rate: $23,500
- Standard Catch-up Amount: $7,500
- Catch-up Contribution Tax Treatment: either traditional (pre-tax) or Roth (after-tax) contributions allowed
    - Traditional: Receive a tax deduction. Money is taxed upon distribution in retirement
    - Roth: Do not receive a tax deduction. Money grows tax free forever.

Catch-Up Contribution Rule Changes for 2026

- Affected Employer Plans: 401(k), 403(b), governmental and tax-exempt 457(b), and Solo 401(k) plans
- Starting in 2026, employees qualifying as high-earners are required to contribute on a Roth basis for their catch-up contribution.
  - These employees can still make pre-tax contributions for their base contribution of $23,500.
- High-earner Definition: employees with over $145,000 of FICA wages in the prior year.
- FICA wages = gross salary

  + bonuses

  - health, dental, & vision insurance premiums

  - Flexible savings account (FSA) contributions

  - Health savings account (HSA) contributions via payroll

Implications of New Catch-Up Rule Change

- High-earners lose a valuable tax deduction.
- Roth catch-up contributions are still advantageous to make. Money contributed via this method will always grow tax-free. In addition, these dollars can be passed to beneficiaries tax-free.
- Some employer plans do not offer a Roth contribution option. For employees over age 50 who participate in these plans, the employee loses the ability to make catch-up contributions.

Special Age 60-63 Catch Up

- Some employer plans offer a special catch-up contribution exclusively for participants aged 60 to 63.
- The special catch-up is equal to $11,250 for 2025. This includes the regular $7,500 catch-up contribution.
- Participants aged 60 to 63 will be able to make a total possible contribution of $34,750 for 2025.
- Note: This is a new provision, and many employer plans have not yet added this to their plan provisions.

Tax Treatment of Retirement Contributions

	Contributions[1]	Investment growth	Withdrawals
Pre-tax 401(k)/ Traditional IRA	+	+	– (Taxed as ordinary income)
Roth 401(k)/ Roth IRA	–	+	+ (For qualified withdrawals)
After-tax 401(k)/ non-deductible Traditional IRA	–	+	– (Investment returns taxed as ordinary income)
Health Savings Account (HSA)[3]	+	+	+ (For qualified health care expenses)

\+ Preferential tax treatment   – Subject to taxes

Federal taxes; states may differ. This is not intended to be individual tax advice. Consult your tax professional.
[1]Income and other restrictions may apply to contributions. Tax penalties usually apply for early withdrawals. Qualified withdrawals are generally those taken over age 59½; qualification requirements for amounts converted to a Roth from a traditional account may differ; for some account types, such as Roth accounts, contributions that are withdrawn may be qualified. See IRS Publications 590 and 560 for more information. [2]Withdrawals from after-tax 401(k) and non-deductible IRAs must be taken on a pro-rata basis including contributions and earnings growth. For non-deductible IRAs, all Traditional IRAs must be aggregated when calculating the amount of pro-rata contributions and earnings growth. [3]There are eligibility requirements. Qualified medical expenses include items such as prescriptions, teeth cleaning and eyeglasses and contacts for a medical reason. A 20% tax penalty applies on non-qualified distributions prior to age 65. After age 65, taxes must be paid on non-qualified distributions. See IRS Publication 502 for details.
Source: J.P. Morgan Asset Management.

Account Rollover Summary Upon Retirement

- Employees making pre-tax and Roth contributions will have two buckets of money in their employer plan.
- Upon retirement, the pre-tax money will be rolled over to an IRA. This money is taxable upon distribution and subject to required minimum distributions (RMDs).
- Upon retirement, the Roth money will be rolled over separately to a Roth IRA. This money is never taxable and is not subject to RMDs.
- We will assist you with the rollover process upon retirement to ensure these checks are handled appropriately.

Retirement Savings Checkpoints

Current age	Current household income: $100k	$125k	$150k	$175k	$200k	$250k	$300k
25	See note[1]						
30	40k	45k	45k	45k	45k	60k	120k
35	110	130	145	160	175	225	330
40	200	240	275	305	340	435	600
45	305	375	435	485	540	685	920
50	415	505	590	665	745	940	1,240
55	565	690	805	910	1,025	1,295	1,690
60	725	890	1,045	1,185	1,330	1,680	2,180
65	890	1,090	1,280	1,455	1,640	2,070	2,670

[1] These households need to save at least 9% of their gross household income going forward.

Model assumptions

Annual gross savings rate: **10%**

Pre-retirement portfolio: **60/40 diversified portfolio**

Post-retirement portfolio: **40/60 diversified portfolio**

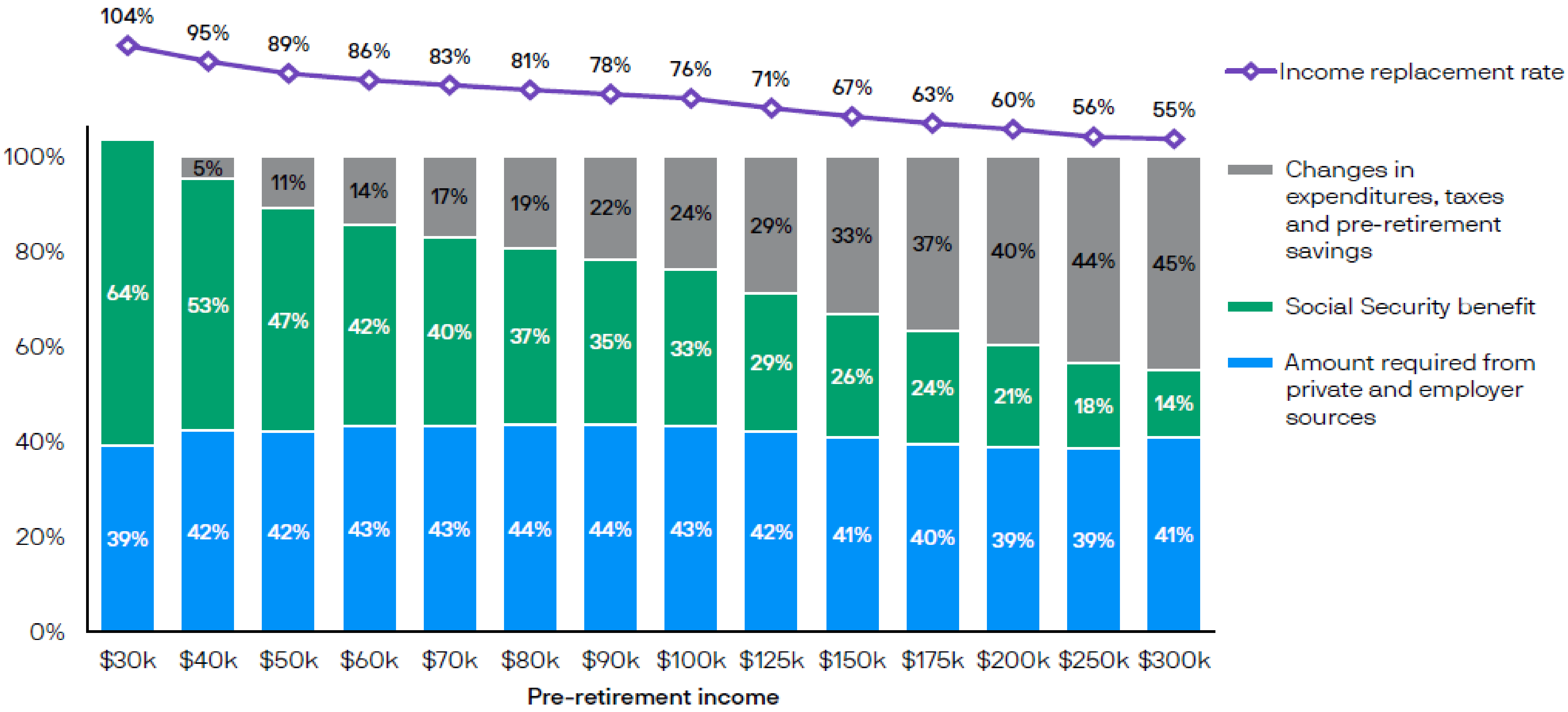
Inflation rate: **2.4%**

Retirement age: **65**

Years in retirement: **35**

Source: This chart is for illustrative purposes only and must not be relied upon to make investment decisions. J.P. Morgan Asset Management's (JPMAM) model is based on proprietary Long-Term Capital Market Assumptions returns and an 80% confidence level. Portfolios are described as equity/bond percentages (e.g., a 40/60 portfolio is 40% equities and 60% bonds). Assumptions include household income replacement rates shown on page 10. Consult with a financial professional for a more personalized assessment. Allocations, assumptions and expected returns are not meant to represent JPMAM performance. Given the complex risk/reward trade-offs involved, we advise clients to rely on judgment as well as quantitative optimization approaches in setting strategic allocations. References to future returns for either asset allocation strategies or asset classes are not promises or even estimates of actual returns a client portfolio may achieve. J.P. Morgan Asset Management.

Income Replacement Needs By Income Level



Source: Longitudinal Chase data (2016-2023), inflation adjusted. Chase data includes internal select data from JPMorgan Chase Bank, N.A. and its affiliates (collectively "Chase") including select Chase check, cash, credit and debit card, and electronic payment transactions from January 1, 2016 to December 31, 2023. Additional information on J.P. Morgan Asset Management's data privacy standards available at https://am.jpmorgan.com/us/en/asset-management/mod/insights/retirement-insights/gtr-privdisc/. Social Security benefits uses observed Chase household inflows. Percentages and values may not sum due to rounding. J.P. Morgan Asset Management, 2025.

Third Quarter 2025 Market Recap

Third Quarter 2025 Market Recap

	BENCHMARK	Q3 2025	YTD	1-year	3-Year	5-Year	10-Year
U.S. Large-Cap Stocks	S&P 500® Index	8.1%	14.8%	17.6%	24.9%	16.4%	15.3%
U.S. Small-Cap Stocks	Russell 2000® Index	12.4%	10.4%	10.7%	15.2%	11.5%	9.7%
International Developed Stocks	MSCI EAFE Index	4.8%	25.7%	15.5%	22.3%	11.7%	8.6%
Emerging Market Stocks	MSCI Emerging Markets Index	10.9%	28.1%	18.1%	18.7%	7.4%	8.4%
U.S. Bonds	Bloomberg US Aggregate Bond Index	2.0%	6.1%	2.9%	4.9%	-0.4%	1.8%
Treasury Inflation Protected Securities	Bloomberg US Treasury Inflation Protected Securities (TIPS) Index	2.1%	6.9%	3.8%	4.9%	1.4%	3.0%
High Yield Bonds	Bloomberg US Corporate High Yield Bond Index	2.5%	7.2%	7.4%	11.1%	5.5%	6.2%
International Developed Bonds	Bloomberg Global Treasury ex-US Index	-0.8%	9.7%	1.0%	5.6%	-3.2%	0.3%
Commodities	S&P GSCI Index	4.1%	6.1%	10.1%	4.7%	17.6%	4.1%
REITS	Dow Jones U.S. Select REIT Index	5.1%	4.5%	-1.7%	10.5%	9.4%	5.7%

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Note: Returns are annualized for periods over one year. Total return includes the reinvestment of dividends, interest, and other cash flows. Source: Bloomberg as of 9/30/2025. Indexes are unmanaged, do not incur management fees, costs, and expenses, and cannot be invested in directly. For more information on indexes, please see Schwab.com/IndexDefinitions. Investing involves risk, including loss of principal. **Past performance is no guarantee of future results. For illustrative purposes only.**

Third Quarter 2025 Market Recap

2010 - 2024																	
Ann.	Vol.	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	YTD
Large Cap 13.9%	Small Cap 20.6%	REITs 27.9%	REITs 8.3%	REITs 19.7%	Small Cap 38.8%	REITs 28.0%	REITs 2.8%	Small Cap 21.3%	EM Equity 37.8%	Cash 1.8%	Large Cap 31.5%	Small Cap 20.0%	REITs 41.3%	Comdty. 16.1%	Large Cap 26.3%	Large Cap 25.0%	EM Equity 28.2%
Small Cap 10.3%	EM Equity 17.9%	Small Cap 26.9%	Fixed Income 7.8%	High Yield 19.6%	Large Cap 32.4%	Large Cap 13.7%	Large Cap 1.4%	High Yield 14.3%	DM Equity 25.6%	Fixed Income 0.0%	REITs 28.7%	EM Equity 18.7%	Large Cap 28.7%	Cash 1.5%	DM Equity 18.9%	Small Cap 11.5%	DM Equity 25.7%
REITs 9.4%	REITs 16.8%	EM Equity 19.2%	High Yield 3.1%	EM Equity 18.6%	DM Equity 23.3%	Fixed Income 6.0%	Fixed Income 0.5%	Large Cap 12.0%	Large Cap 21.8%	REITs -4.0%	Small Cap 25.5%	Large Cap 18.4%	Comdty. 27.1%	High Yield -12.7%	Small Cap 16.9%	Asset Alloc. 10.0%	Large Cap 14.8%
Asset Alloc. 7.2%	DM Equity 16.5%	Comdty. 16.8%	Large Cap 2.1%	DM Equity 17.9%	Asset Alloc. 14.9%	Asset Alloc. 5.2%	Cash 0.0%	Comdty. 11.8%	Small Cap 14.6%	High Yield -4.1%	DM Equity 22.7%	Asset Alloc. 10.6%	Small Cap 14.8%	Fixed Income -13.0%	Asset Alloc. 14.1%	High Yield 9.2%	Asset Alloc. 12.9%
High Yield 5.9%	Comdty. 16.1%	Large Cap 15.1%	Cash 0.1%	Small Cap 16.3%	High Yield 7.3%	Small Cap 4.9%	DM Equity -0.4%	EM Equity 11.6%	Asset Alloc. 14.6%	Large Cap -4.4%	Asset Alloc. 19.5%	DM Equity 8.3%	Asset Alloc. 13.5%	Asset Alloc. -13.9%	High Yield 14.0%	EM Equity 8.1%	Small Cap 10.4%
DM Equity 5.7%	Large Cap 15.1%	High Yield 14.8%	Asset Alloc. -0.7%	Large Cap 16.0%	REITs 2.9%	Cash 0.0%	Asset Alloc. -2.0%	REITs 8.6%	High Yield 10.4%	Asset Alloc. -5.8%	EM Equity 18.9%	Fixed Income 7.5%	DM Equity 11.8%	DM Equity -14.0%	REITs 11.4%	Comdty. 5.4%	High Yield 9.6%
EM Equity 3.4%	Asset Alloc. 10.4%	Asset Alloc. 13.3%	Small Cap -4.2%	Asset Alloc. 12.2%	Cash 0.0%	High Yield 0.0%	High Yield -2.7%	Asset Alloc. 8.3%	REITs 8.7%	Small Cap -11.0%	High Yield 12.6%	High Yield 7.0%	High Yield 1.0%	Large Cap -18.1%	EM Equity 10.3%	Cash 5.3%	Comdty. 9.4%
Fixed Income 2.4%	High Yield 9.4%	DM Equity 8.2%	DM Equity -11.7%	Fixed Income 4.2%	Fixed Income -2.0%	EM Equity -1.8%	Small Cap -4.4%	Fixed Income 2.6%	Fixed Income 3.5%	Comdty. -11.2%	Fixed Income 8.7%	Cash 0.5%	Cash 0.0%	EM Equity -19.7%	Fixed Income 5.5%	REITs 4.9%	Fixed Income 6.1%
Cash 1.2%	Fixed Income 4.7%	Fixed Income 6.5%	Comdty. -13.3%	Cash 0.1%	EM Equity -2.3%	DM Equity -4.5%	EM Equity -14.6%	DM Equity 1.5%	Comdty. 1.7%	DM Equity -13.4%	Comdty. 7.7%	Comdty. -3.1%	Fixed Income -1.5%	Small Cap -20.4%	Cash 5.1%	DM Equity 4.3%	REITs 4.5%
Comdty. -1.0%	Cash 0.9%	Cash 0.1%	EM Equity -18.2%	Comdty. -1.1%	Comdty. -9.5%	Comdty. -17.0%	Comdty. -24.7%	Cash 0.3%	Cash 0.8%	EM Equity -14.2%	Cash 2.2%	REITs -5.1%	EM Equity -2.2%	REITs -24.9%	Comdty. -7.9%	Fixed Income 1.3%	Cash 3.2%

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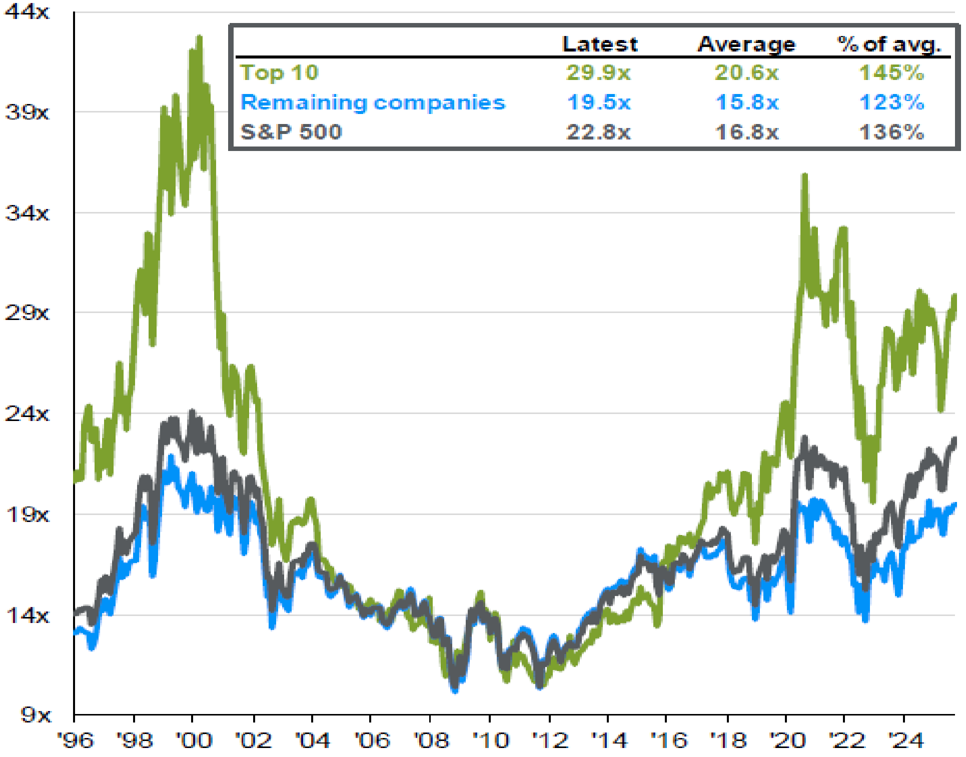
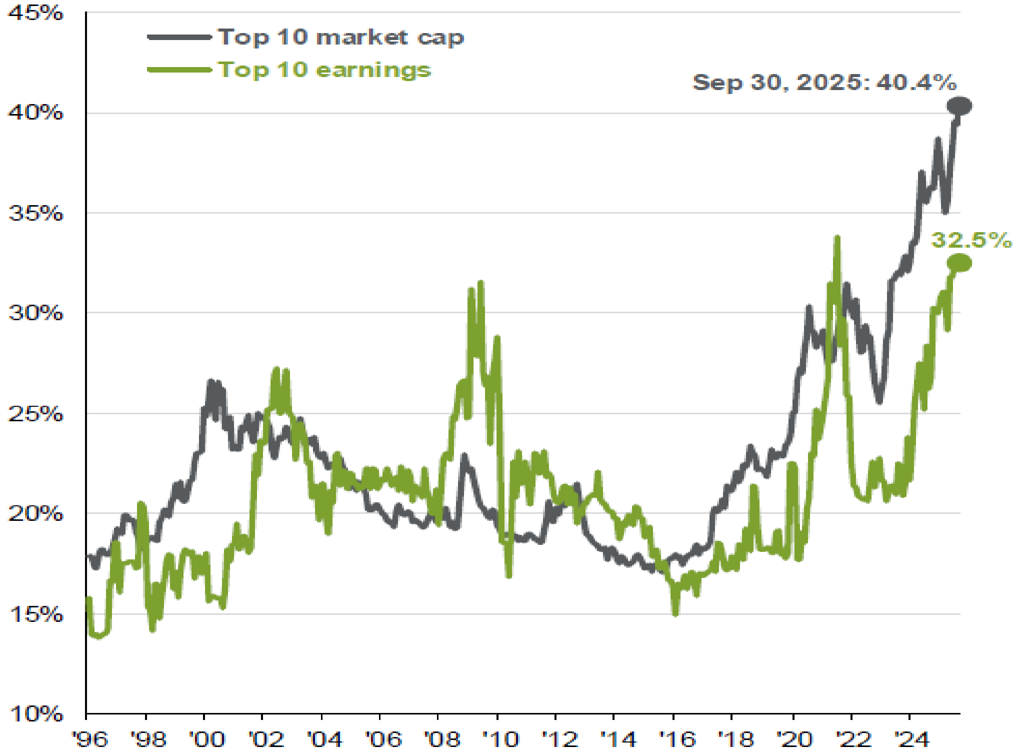
Third Quarter 2025 Market Recap

P/E of top 10 and remaining companies in S&P 500
Next 12 months



Weight of the top 10 companies in the S&P 500
% of market capitalization, % of last 12 months' earnings



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.
Forward P/E ratio is the most recent price divided by consensus estimates for earnings in the next 12 months, provided by IBES since January 1996 and FactSet since January 2022. The remaining stocks represent the rest of the 490 companies in the S&P 500, and their P/E ratio is calculated by backing out the nominal earnings and market cap of the top 10 from that of the S&P 500.
Guide to the Markets – U.S. Data are as of September 30, 2025.

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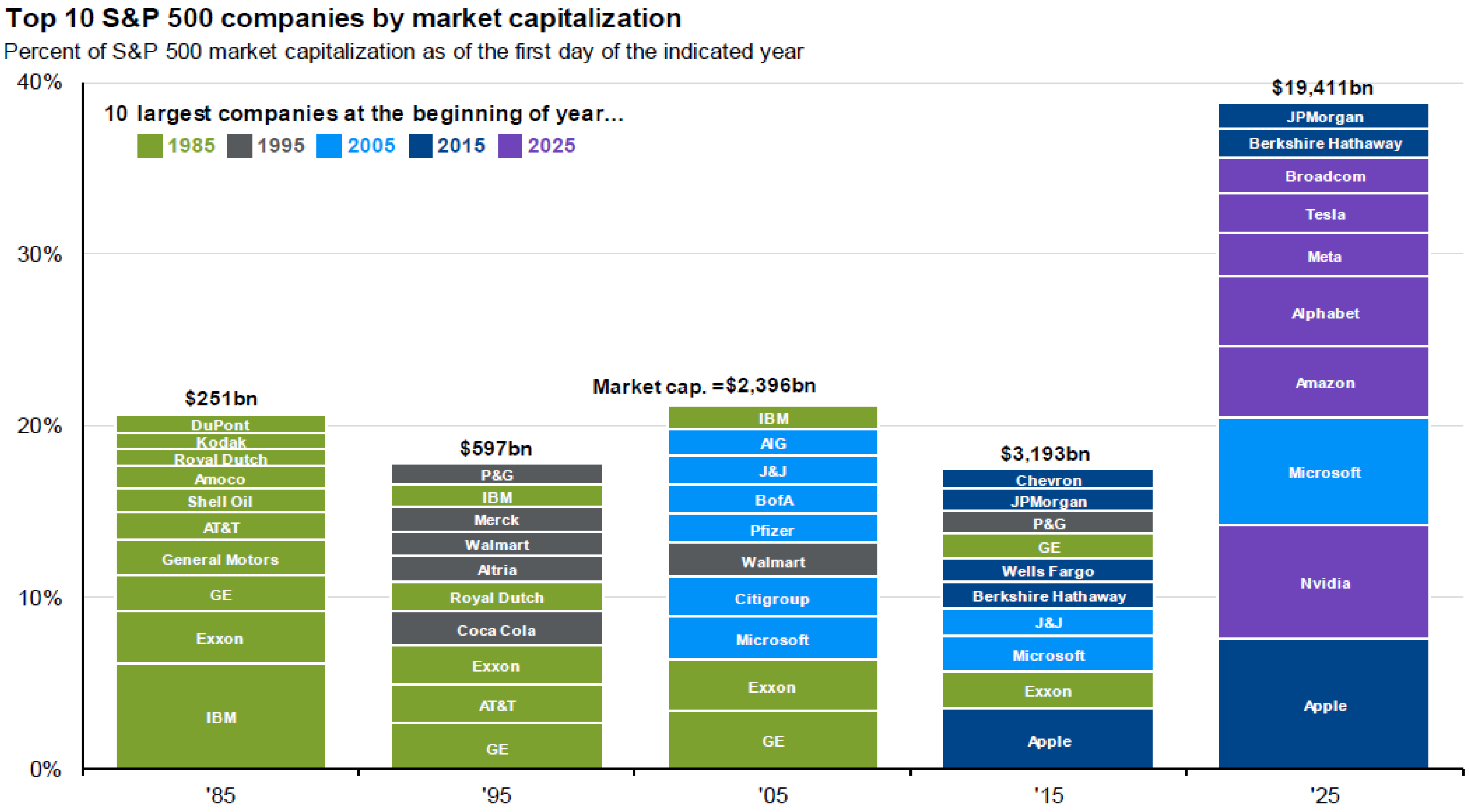
Third Quarter 2025 Market Recap



Source: Bloomberg, Standard & Poor's, J.P. Morgan Asset Management.
Companies are organized from highest weight at the bottom to lowest weight at the top. Past performance is no guarantee of future results.
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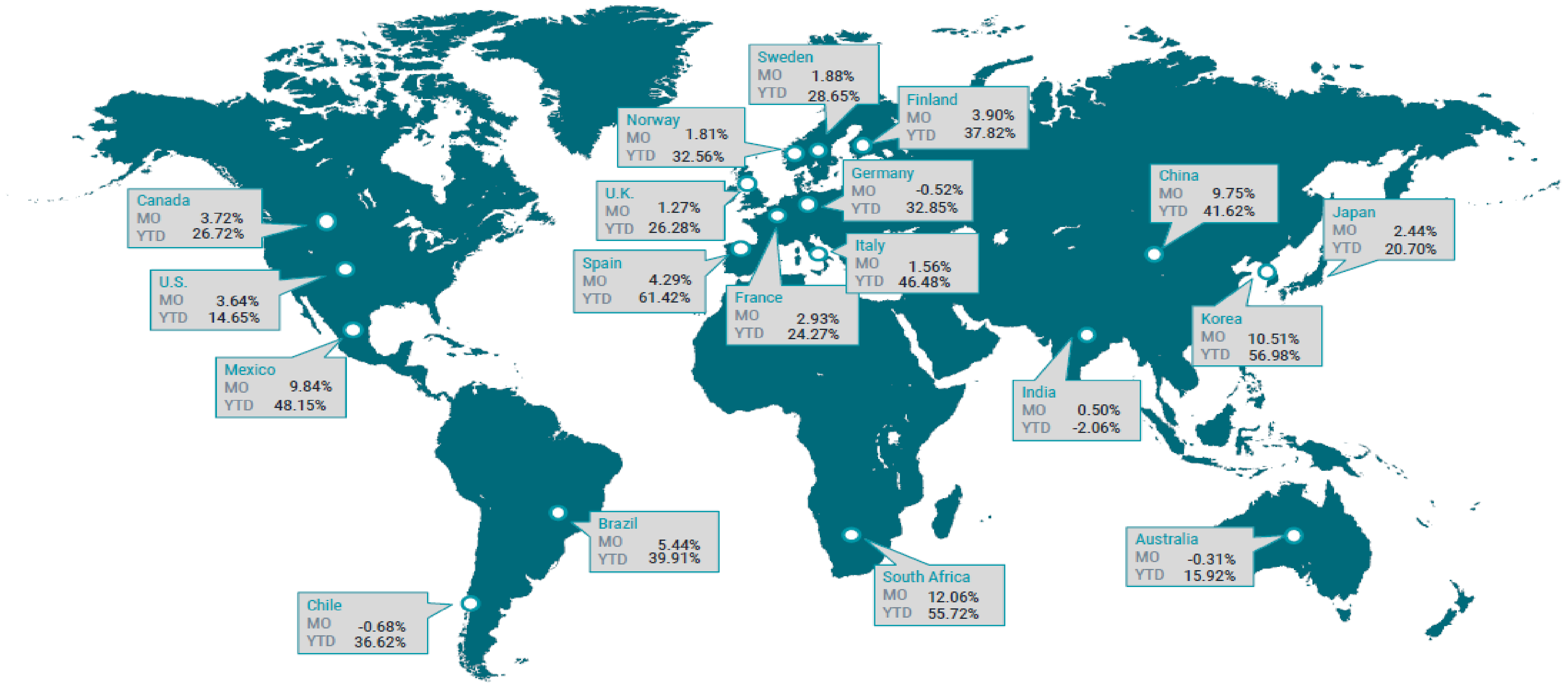
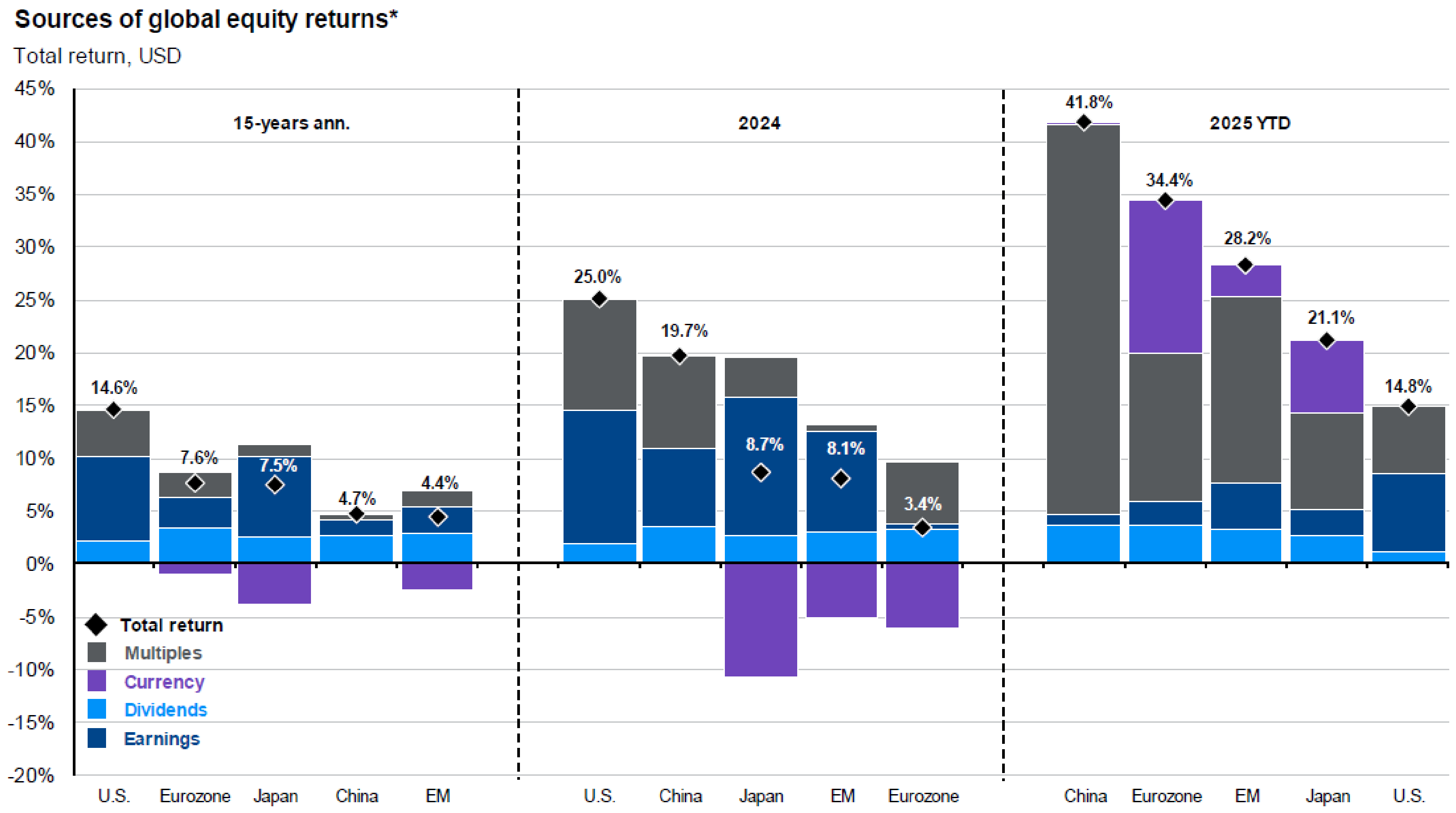
Equity Returns | Country



Third Quarter 2025 Market Recap



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management.
15-years ann. is a rolling 15-year period ending with the previous month-end. All return values are MSCI Gross Index data, except the U.S., which is the S&P 500. *Multiple expansion is based on the forward P/E ratio, and EPS growth outlook is based on NTMA earnings estimates. Chart is for illustrative purposes only. Past performance is not indicative of future results.
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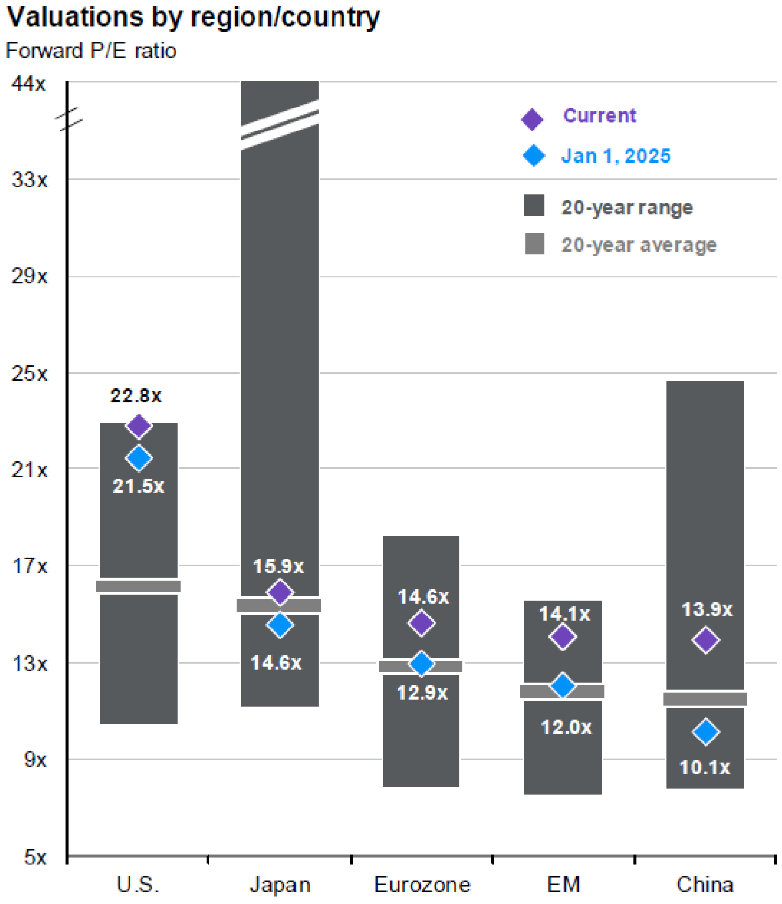

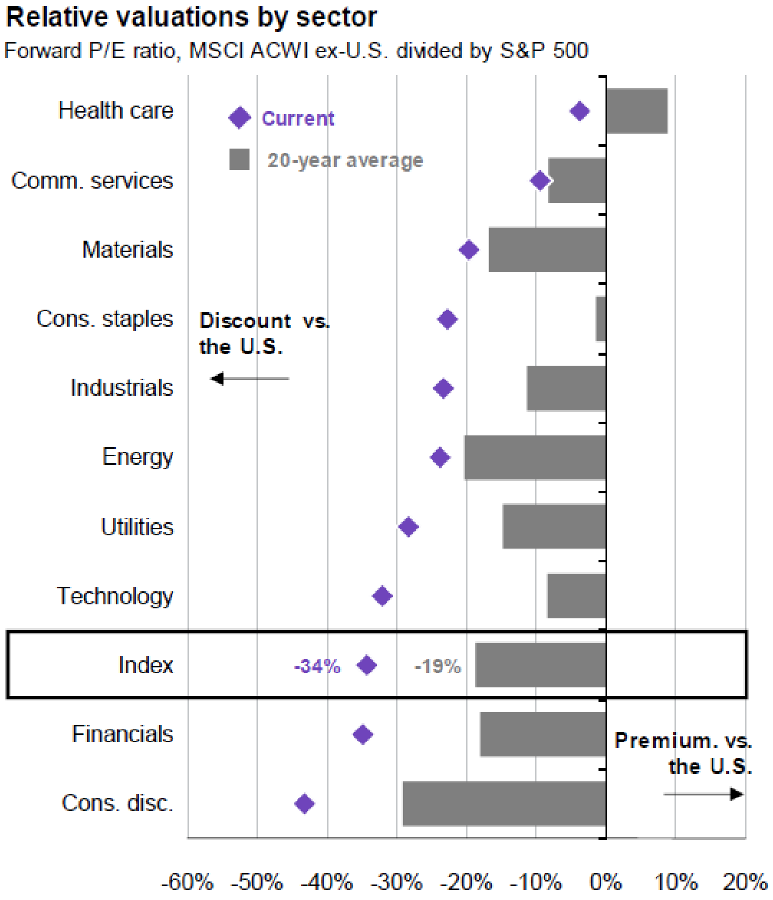

Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. Countries are represented by their respective MSCI country index except for the U.S., which is represented by the S&P 500.
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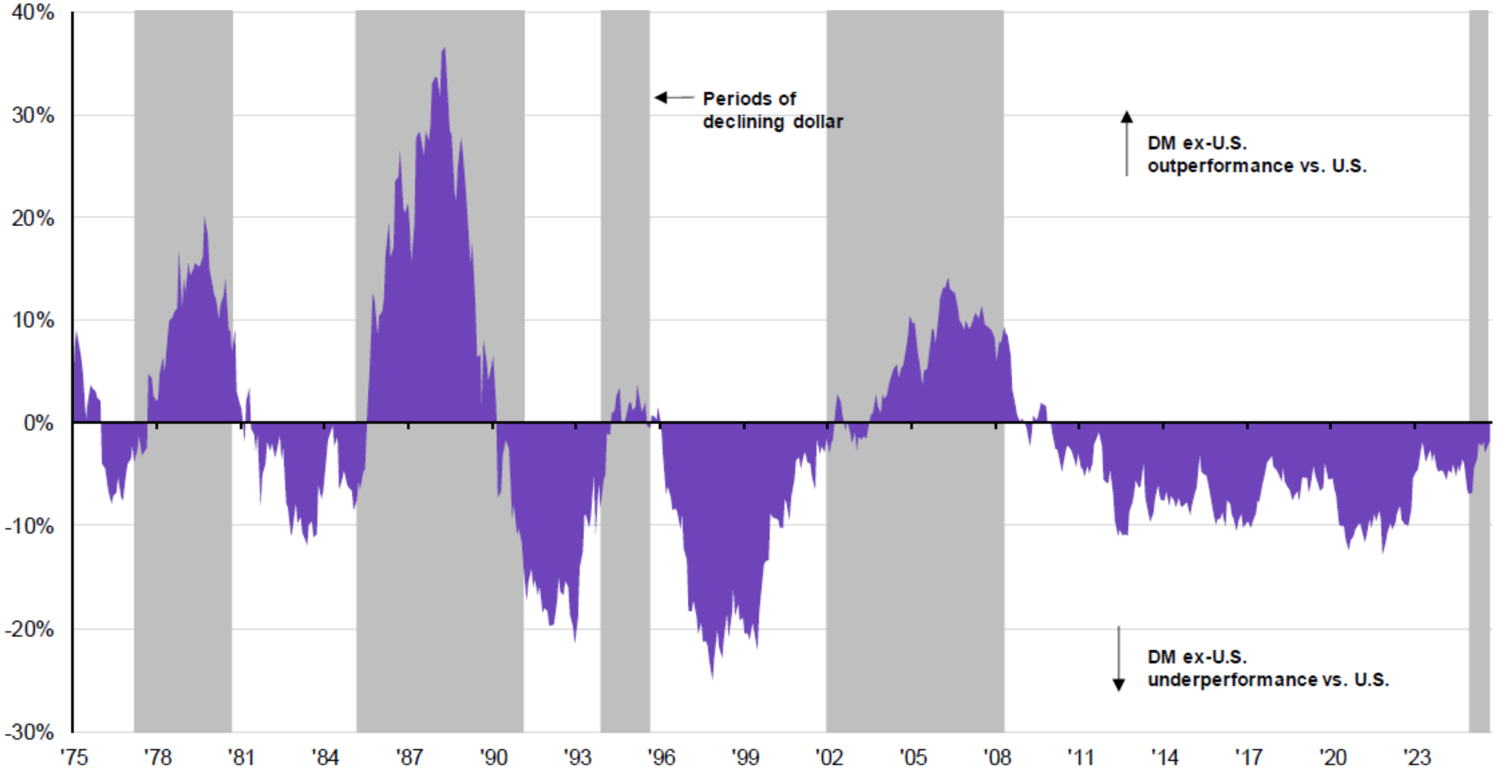
Third Quarter 2025 Market Recap

International developed equities and the U.S. dollar

Cycles of DM ex-U.S. outperformance and USD

International developed out/underperformance vs. U.S., MSCI EAFE, MSCI USA, DXY Index, total return, rolling 3-year ann.



Source: FactSet, MSCI, J.P. Morgan Asset Management. Past performance is not a reliable indicator of current and future results. MSCI EAFE Index: A benchmark tracking large- and mid-cap stocks in developed markets across Europe, Australasia, and the Far East, excluding the U.S. and Canada.
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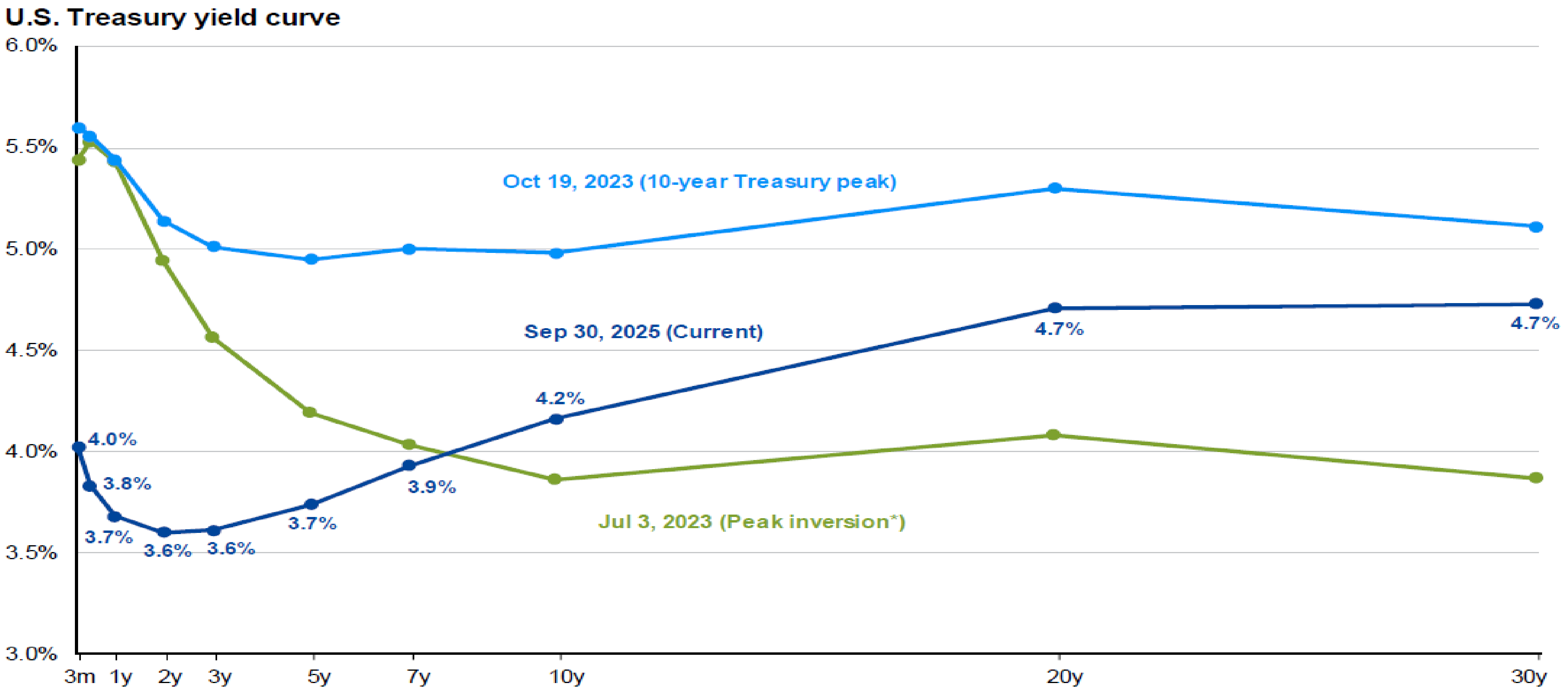

Source: FactSet, Federal Reserve, J.P. Morgan Asset Management.
Analysis references data back to 2020. *Peak inversion is measured by the spread between the yield on a 10-year Treasury and 2-year Treasury.
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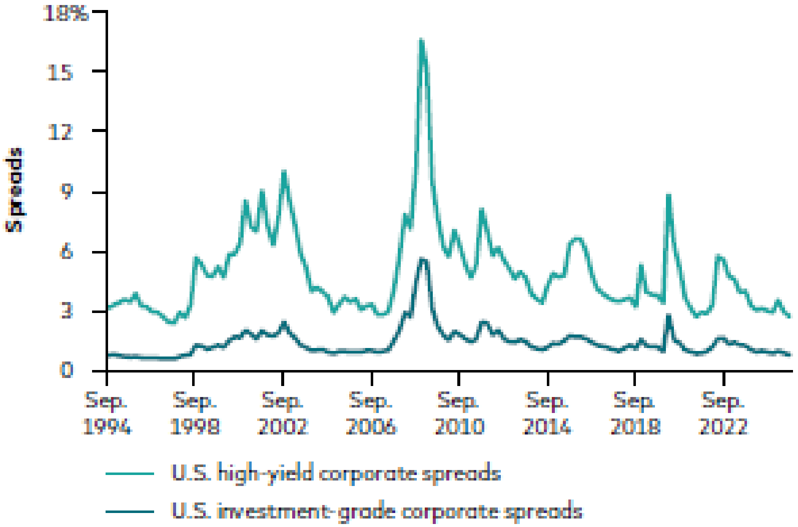
U.S Treasury yield curve: Steep and steeper

Source: Bloomberg, as of September 30, 2025.

Past performance is no guarantee of future returns.

U.S. corporate spreads sliding lower

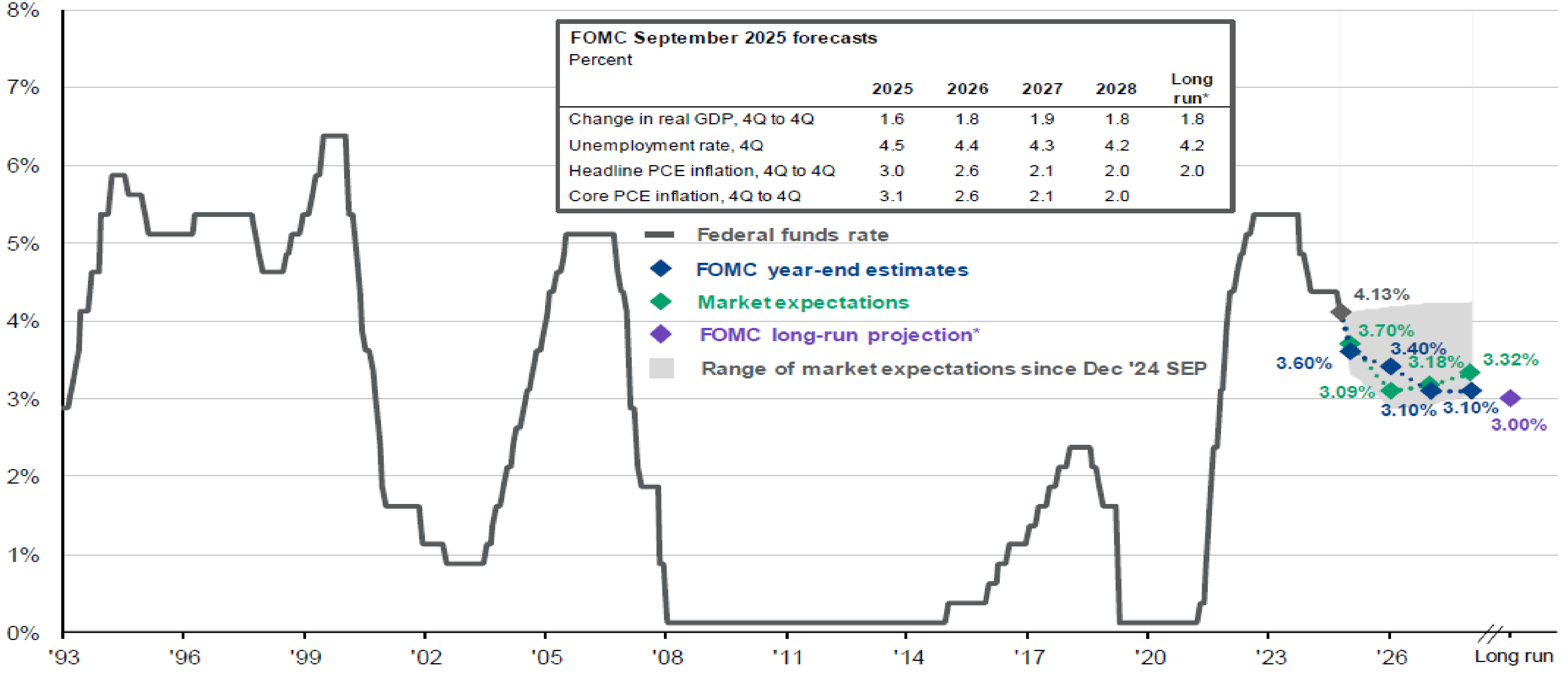


Source: Bloomberg, as of September 30, 2025.

Third Quarter 2025 Market Recap

Federal funds rate expectations

FOMC and market expectations for the federal funds rate



FOMC September 2025 forecasts
Percent

	2025	2026	2027	2028	Long run*
Change in real GDP, 4Q to 4Q	1.6	1.8	1.9	1.8	1.8
Unemployment rate, 4Q	4.5	4.4	4.3	4.2	4.2
Headline PCE inflation, 4Q to 4Q	3.0	2.6	2.1	2.0	2.0
Core PCE inflation, 4Q to 4Q	3.1	2.6	2.1	2.0	

Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.
Market expectations are based off of USD Overnight Index Swaps. *Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.
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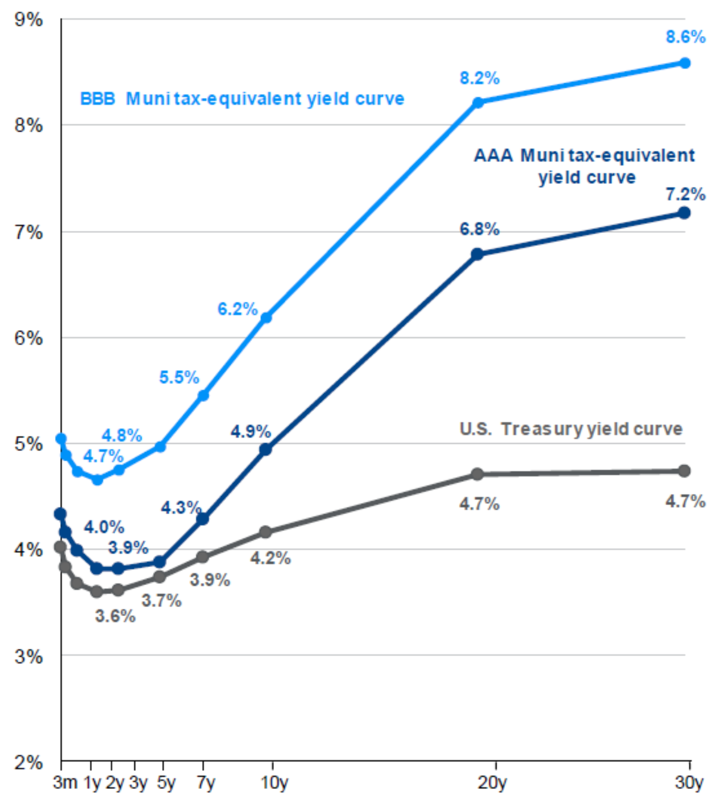
Municipal finance

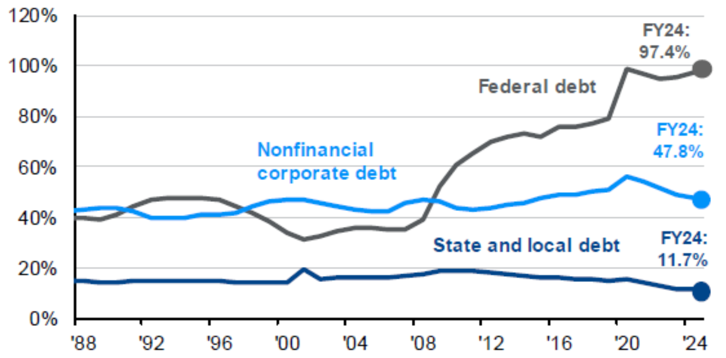
GTM | U.S. | 39

Muni tax-equivalent and Treasury yield curves



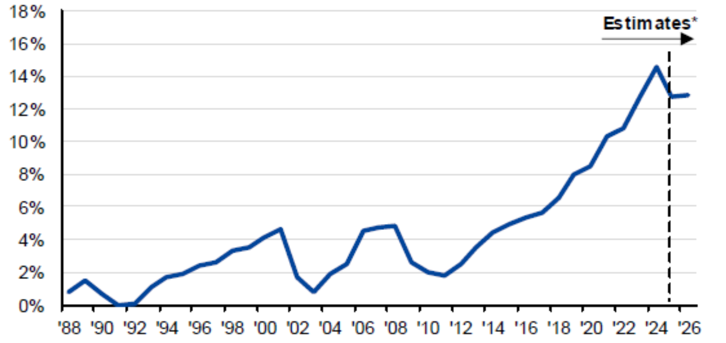
State and local, federal and corporate debt

% of GDP, 1988 - 2024, end of fiscal year



State Rainy Day Fund balances

Median savings balances as a % of total spending, 1988 - 2026, fiscal year



Source: J.P. Morgan Asset Management; (Left) Bloomberg, FactSet, Federal Reserve, S&P Global; (Top right) Census Bureau, Congressional Budget Office (CBO), Federal Reserve; (Bottom right) NASBO Fiscal Survey of States. Municipal tax-equivalent yields are calculated based on municipal bond curves for each credit rating according to S&P Global and assume a top income tax bracket rate of 37% plus a Medicare tax rate of 3.8% for a total tax rate of 40.8%. State and local debt are based on the Census Bureau's Annual Survey of State and Local Government Finances. A rainy day fund, also known as a budget stabilization fund or reserve fund, is a collection of funds that local governments use to prepare for financial emergencies and future stability. *Estimates are sourced from NASBO's Fiscal Survey of States. Figures for FY 2025 are estimates while figures for FY 2026 are projected based on governors' recommended budgets.

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Third Quarter 2025 Market Recap

			Expected 12 Month Gross Returns				
Portfolio	9/30/25 Duration	9/30/25 Yield to Worst	Rates rise 100 bps	Rates rise 50 bps	Rates Unchanged	Rates fall 50 bps	Rates fall 100 bps
Ultra Short	0.52 years	4.28%	4.69%	4.46%	4.23%	4.00%	3.77%
Short-Term	1.87 years	4.11%	3.09%	3.57%	4.04%	4.51%	4.98%
Intermediate	3.76 years	4.22%	1.49%	2.93%	4.40%	5.91%	7.45%
Aggregate	6.04 years	4.58%	-0.31%	2.19%	4.81%	7.56%	10.43%
Core Plus	5.82 years	4.67%	-0.03%	2.38%	4.91%	7.54%	10.30%

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Note:
The scenario analysis is for illustrative purposes only and is not meant to be a recommendation or forecast.
The analysis uses the starting yield to worst (gross of fees), assumes an instantaneous parallel interest rate shift on the starting duration, and calculates the expected 12 month return assuming a constant yield curve slope and no change in spreads. Maturities during the 12 month horizon are assumed to be reinvested in U.S. Treasuries for the remainder of the horizon period after maturity.

Yield to worst (YTW) is the more conservative measure of the estimated yield that can be received on a bond at current market price, absent a default. YTW is the lower of 1) yield to maturity or 2) yield to call (an earlier date the issuer could redeem the bond), if applicable. The weighted average YTW of a Fund does not include fund fees and expenses.

Source: Bloomberg PORT Enterprise, ICE (Pricing)
Data as of: 9/30/25 (next update: 12/31/25)

Third Quarter 2025 Market Recap

			Expected 12 Month Gross Returns				
Portfolio	9/30/25 Duration	9/30/25 Yield to Worst	Rates rise 100 bps	Rates rise 50 bps	Rates Unchanged	Rates fall 50 bps	Rates fall 100 bps
Short-Term Muni	2.40 years	3.30%	1.82%	2.61%	3.38%	4.14%	4.90%
Core Intermediate Muni	5.05 years	3.73%	-0.32%	2.01%	4.18%	6.20%	8.11%
Quality Intermediate Muni	4.59 years	3.34%	-0.03%	1.89%	3.73%	5.47%	7.13%
Municipal Bond	6.89 years	4.14%	-2.06%	1.36%	4.75%	8.04%	11.22%
Strategic Muni	5.06 years	3.84%	-0.12%	2.14%	4.23%	6.19%	8.09%

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The analysis uses the starting yield to worst (gross of fees), assumes an instantaneous parallel interest rate shift on the starting duration, and calculates the expected 12 month return assuming a constant yield curve slope and no change in spreads. Maturities during the 12 month horizon are assumed to be reinvested in U.S. Treasuries for the remainder of the horizon period after maturity.

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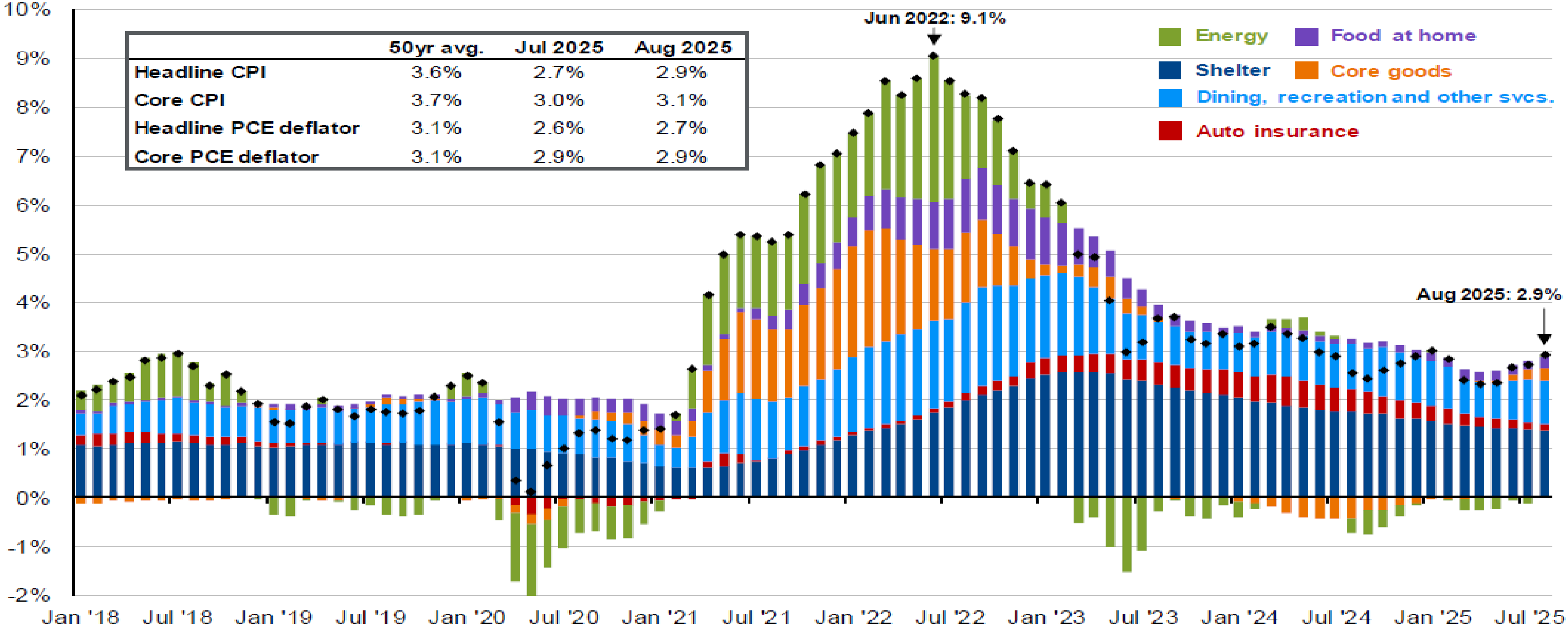
Third Quarter 2025 Market Recap

Contributors to headline CPI inflation

Contribution to year-over-year % change in CPI, non-seasonally adjusted



	50yr avg.	Jul 2025	Aug 2025
Headline CPI	3.6%	2.7%	2.9%
Core CPI	3.7%	3.0%	3.1%
Headline PCE deflator	3.1%	2.6%	2.7%
Core PCE deflator	3.1%	2.9%	2.9%

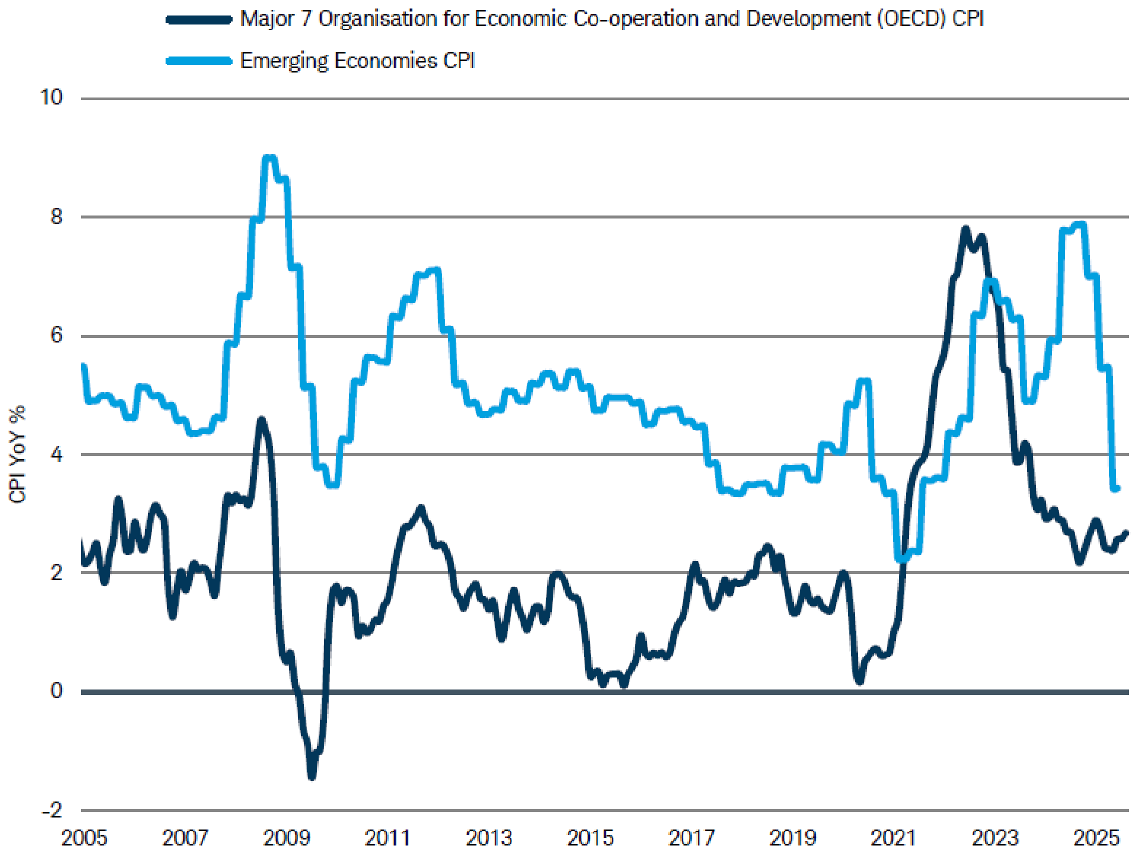
Source: BLS, FactSet, J.P. Morgan Asset Management.
Contributions mirror the BLS methodology on Table 7 of the CPI report. Values may not sum to headline CPI figures due to rounding and underlying calculations. "Shelter" includes owners' equivalent rent, rent of primary residence and home insurance. "Food at home" includes alcoholic beverages.
Guide to the Markets – U.S. Data are as of September 30, 2025.

J.P.Morgan
ASSET MANAGEMENT

Third Quarter 2025 Market Recap

Global inflation

Global inflation pressures have receded. The disinflationary process has been choppy, especially as the world grapples with a hotter trade dispute with the United States and continued (relatively) tight U.S. monetary policy.



Consumer Price Index year-over-year %	
Russia	8.1
Brazil	5.1
United Kingdom	3.8
Japan	3.1
United States	2.9
Germany	2.2
India	2.1
Eurozone	2.0
Canada	1.9
South Korea	1.7
Italy	1.6
France	0.9
China	-0.4

Source: Charles Schwab, Bloomberg Major 7 data as of 8/31/2025. Emerging economies data as of 6/30/2025. Major 7 refers to the seven major countries as defined by the OECD: Canada, the U.S., Japan, France, Germany, Italy, and the U.K. Specific country data as of 8/31/2025.

Question & Answer Session

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