Seide Financial Notes

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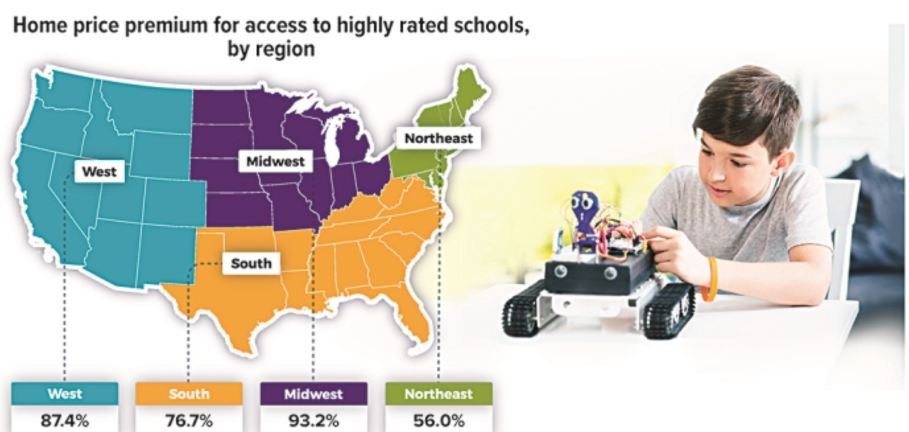
As autumn arrives, now is the time for year-end planning. With cooler days settling in and fall traditions like apple picking and pumpkin patch visits in full swing, it's also a perfect time to start thinking ahead. As the year winds down and holiday gatherings approach, we encourage individuals and families to take a moment for thoughtful year-end planning. Whether you're organizing finances, setting goals, or simply need guidance, our team is here to help. ~Todd, Michael, Dawn, Brooke, and Aidan

Location, Location, Location: The Premium Parents Pay for Top Schools

In much of the United States, the public school that a child is allowed to attend is determined by the location of the family's residence. As a result, the inventory of homes for sale near the best schools is often limited and properties tend to sell at a premium.

According to research conducted in 2024 by Realtor.com, homes in neighborhoods with a highly regarded public elementary school — rated 9 or 10 on the review platform GreatSchools.org — cost an average of 78.6% more than a typical home in a surrounding county. However, this premium varies greatly from place to place.



Source: Realtor.com, 2024

Market Strategies: Three Ways to Play Defense in Your Stock Portfolio

Defensive investment strategies have a goal in common — to help a portfolio better weather an economic downturn and/or bouts of market volatility. But there are some key differences in the details, including the specific criteria by which particular stocks are selected. If you are nearing retirement or just have a more conservative risk tolerance, one of these defensive strategies may help you manage risk without giving up exposure to the growth potential of stocks as an asset class.

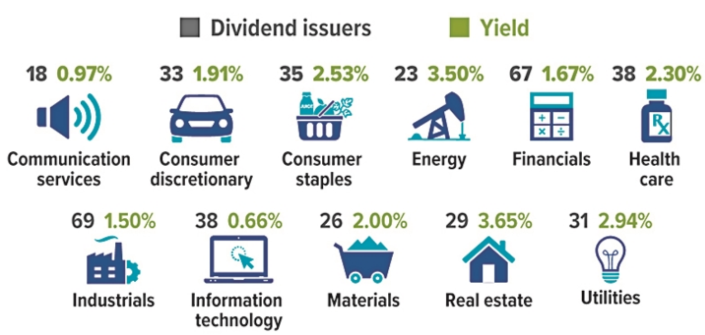
1. Tilt toward value

Growth and value are opposite investment styles that tend to perform differently under different market conditions. Value stocks are associated with companies that appear to be undervalued by the market or are in an industry that is currently out of favor. These stocks may be priced lower than might be expected in relation to their earnings, assets, or growth potential, but the broader market is expected to eventually recognize the company's full potential.

Established companies are more likely than younger companies to be considered value stocks. These firms might be more conservative with spending and may emphasize paying dividends over reinvesting profits. Unlike value stocks, growth stocks may be priced higher in relation to current earnings or assets, so investors are essentially paying a premium for growth potential. This is one reason why growth stocks are typically considered higher risk than value stocks.

Sector Snapshot

At the end of Q2 2025, there were 407 dividend-paying companies in the S&P 500 Index, with yields averaging 1.51%. However, the number of dividend issuers and yields varied significantly by sector.



The S&P 500 Index is an unmanaged group of securities that is considered to be representative of the U.S. stock market in general. The performance of an unmanaged index is not indicative of the performance of any specific investment. Individuals cannot invest directly in an index. Past performance is not a guarantee of future results. Actual results will vary.

Source: Dow Jones Indices, 2025

2. Temper volatility

All stocks are volatile to some degree, but some have been less volatile historically than others. Certain mutual funds and exchange-traded funds (ETFs) labeled "minimum volatility" or "low volatility" are constructed with an eye toward managing risk.

One commonly used measure of a stock or stock fund's volatility is its beta, which is typically published with other information about an investment. The stock market as a whole (represented by the S&P 500 Index) is generally considered to have a beta of 1.0. In theory, an investment with a beta of 0.8 might experience only 80% of market gains during an upswing and only 80% of losses during a downswing — and thus would have less ground to regain when the market turns upward again.

3. Seek out dividends

Whereas stock prices are often unpredictable and may be influenced by factors that do not reflect a company's fiscal strength (or weakness), dividend payments tend to be steadier and more directly reflect a company's financial position. Comparing current dividend yields, and whether companies have a history of dividend increases, can be helpful in deciding whether to invest in a stock or a stock fund.

Dividend stocks tend to be sensitive to interest rate changes, so there are times when they can either drag down or help boost portfolio performance. For example, when rates fall, the lower yields on fixed-income investments could make the yield on dividend stocks seem more attractive. The flip side is that dividend-paying stocks may not have as much growth potential as non-dividend payers.

The return and principal value of all investments fluctuate with changes in market conditions. Shares, when sold, may be worth more or less than their original cost. Investing in dividends is a long-term commitment. The amount of a company's dividend can fluctuate with earnings, which are influenced by economic, market, and political events. Dividends are typically not guaranteed and could be changed or eliminated. Low-volatility funds vary widely in their objectives and strategies. There is no guarantee that they will maintain a more conservative level of risk, especially during extreme market conditions.

Mutual funds are sold by prospectus. Please consider the investment objectives, risks, charges, and expenses carefully before investing. The prospectus, which contains this and other information about the investment company, can be obtained from your financial professional. Be sure to read the prospectus carefully before deciding whether to invest.

Could Employee Ownership Be Part of Your Succession Plan?

An employee stock ownership plan (ESOP) is a type of qualified retirement plan that enables a business owner to gradually transfer ownership shares to employees. Moreover, establishing an ESOP sets up opportunities for the owner of a closely held business to cash out (in whole or in part) in the future, while keeping the company going for employees and the community.

An ESOP may be a good option for small-business owners who don't plan to pass the reins to family members when they retire, but instead have loyal and capable managers who would be interested in taking over the company. In the meantime, an ownership mentality may enhance efficiency and productivity, because employees have a stake in the company's long-term success.

How ESOPs work

ESOPs are designed to invest their assets primarily in company stock rather than investing in the public markets. Annual cash contributions are made to the ESOP and used to purchase stock from the company, or the company may contribute the stock directly. In either case, the company can take a tax deduction for the value of each year's contribution, while the cash stays with the company.

Unlike other retirement plans, ESOPs are permitted to borrow money to purchase company stock. The company then makes annual contributions to the ESOP in the amount equal to the ESOP's principal and interest payments on the loan and uses the contributions to pay back that debt. The company's contribution as a whole is deductible, so the interest and the principal on the loan are deductible as well.

With an ESOP, an employee never buys or holds the stock directly while still employed with the company. If an employee is terminated, retires, becomes disabled, or dies, the plan will distribute the vested shares of stock in the employee's account.

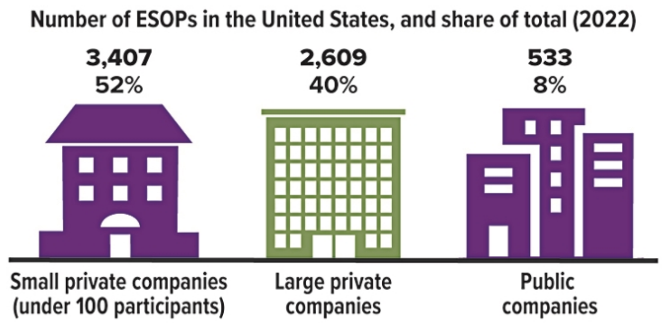
ESOP participants are investing heavily in a single stock, and their investment is tied to the financial health of the business. If the company declines in value, the ESOP may also. Thus, an ESOP should generally be offered alongside a standard retirement plan [such as a (401k)] with more diversified investment options.

A tax-deferred exit

There may also be tax benefits for a retiring owner who sells a business to an ESOP. If the ESOP owns at least 30% of the company after the sale, the capital gains tax on the sale may be deferred by reinvesting the proceeds in domestic U.S. securities ("qualified replacement property"). No tax would be due until the replacement securities are sold. If they are held until death, a stepped-up basis may apply, and the original gain may never be taxed.

In It Together

At last count, 6,548 businesses had ESOPs holding more than $1.8 trillion in assets, covering more than 14.9 million employees.



Source: National Center for Employee Ownership, 2025 (percentages rounded to the nearest whole number)

Business owners can defer taxes on the sale of business interests to an ESOP only if the shares were held for at least three years, and if the ESOP was established by a C corp (not an S corp). Among other conditions, stock bought by the ESOP may not be allocated to the seller or certain members of the seller's family, or to any shareholder of the company establishing the ESOP who owns more than 25% of any class of company stock. If this rule is violated, the company would be subject to a 50% excise tax, and the person receiving the allocation would also be subject to tax consequences.

ESOPs can be complicated and costly to establish and maintain, but they offer significant tax advantages that make them worthwhile in certain situations. It would be wise to consult an attorney with experience in the formation and maintenance of qualified retirement plans to help evaluate whether an ESOP could be appropriate for your business.

All investing involves risk, including the possible loss of principal. There is no guarantee that any investing strategy will be successful. Diversification is a method used to help manage investment risk; it does not guarantee a profit or protect against investment loss.

FAFSA for 2026-2027 School Year Opens on October 1

After opening late the last two years, the FAFSA (Free Application for Federal Student Aid) for the 2026-2027 school year is back on track to open on the usual start date of October 1. Last year, in addition to the FAFSA opening late in December, families faced government processing delays that resulted in late financial aid packages from colleges.

Tips for submitting

Here are some things to know about the FAFSA.

- **FSA ID.** To file the FAFSA online, parents and students each need their own FSA ID, which is a username/password combination that functions as a legal signature. You can create an FSA ID online, and the same ID can be used for all years of college.
- **Income and assets.** The FAFSA requires two key types of information: income and assets. For income, the 2026–2027 FAFSA will rely on information from your 2024 federal income tax return as it uses a prior-prior year system, looking back two years. This data will be imported automatically from the IRS. For assets, the FAFSA uses the value of your assets as of the date you submit the form.
- **Student Aid Index.** The FAFSA calculates a figure called the "Student Aid Index," a benchmark that measures aid eligibility. Colleges use this figure to create a financial aid package that attempts to meet a student's financial need. Note that colleges are not required to meet 100% of a student's financial need.
- **Eligibility for Direct Loans.** All students who file the FAFSA are eligible for an *unsubsidized* Federal Direct Loan, regardless of financial need. But students who demonstrate need on the FAFSA are also eligible for a *subsidized* Federal Direct Loan, which means the government pays the interest that accrues during school, the grace period after graduation, and any authorized deferment periods. Both types of Direct Loans have annual borrowing limits: first year – $5,500 (max $3,500 subsidized); second year – $6,500 (max $4,500 subsidized); third year and beyond – $7,500 (max $5,500 subsidized). Students with significant financial need may also qualify for a Pell Grant.
- **College aid.** Even if a student does not plan to take out any federal loans, some colleges might require the FAFSA before awarding their own college-based aid, including merit scholarships and grants. So filing it can still be beneficial in this case.
- **Annual submission.** The FAFSA must be submitted each year for students to be eligible for federal aid for that academic year.

For more information, families can visit the federal student aid website at [studentaid.gov.](https://studentaid.gov)

Source: U.S. Department of Education, 2025