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THE CAPSTONE QUARTERLY

As we move into the second quarter of 2026, we continue to navigate the evolving market landscape filled with both opportunities and challenges. Our goal is to always provide valuable insights to help stay on course and make informed decisions. In this newsletter, Bryce discusses the current state of the markets and Casey discusses Medicare costs and strategies for higher earners.

BRYCE'S POINT OF VIEW

Bryce Pease, CFP®

Market Déjà Vu



Here we are in late March of 2026 (as of this writing) and the headlines look eerily similar to those of early to mid-2025. Tariffs are in the news again due to the Supreme Court striking down the original tariffs Trump put in place in 2025, and there is once again war in the Middle East, as both the U.S. and Israel have entered a conflict with Iran.

Uncertainty is front and center once again. But here's the part that matters: We've been here before. Why? Well, life has proved to us time and time again that the only certainty we have is uncertainty. And that in itself feels scary. But it doesn't have to. Uncertainty has and will always be here. It's nothing new. It's literally as old as time.

We believe it's fundamentally critical to successful investing to separate the fact that we do not want to invest in headlines. Another very important point to remember when it comes to successful long-term investing is that market declines are anything but rare. They are actually the norm. On average, we see a 20% or more decline in the broader markets once every five years. So, for a family planning a 30-year retirement, they will likely see a decline of that magnitude five or six times over the course of retirement.

As unpleasant as it sounds, it's essential to realize that market declines are not rare events; instead, they are part of the deal. Simply put, we should expect meaningful pullbacks from time to time. They are uncomfortable. They make great headlines. But they are not abnormal. Lastly, we know that in moments of fear and doubt, the urge to react becomes real. The thought of moving

towards something that feels 'safe' while the storm rages is commonplace.

But we have to be honest about something. There is more than one type of risk. There is market risk, which is when the markets go down. But there is also inflation risk, when a person sits on the sidelines too long (or forever) and doesn't have enough growth with their money to keep up with inflation. Sure, it will reduce short-term volatility. That's true. What a person isn't always aware of is the long-term risk of inflation quietly eroding purchasing power over years and decades. For families planning for retirement that may last 20 or 30 years, that risk matters... a lot.

So, the question isn't always "risk or no risk." The question is which risk we're choosing. Temporary market swings? Or long-term erosion of purchasing power? Every financial plan we build is constructed with uncertainty in mind. We don't assume smooth markets. We don't assume no downturns. We assume the opposite. We build portfolios expecting volatility, not hoping to avoid it, but our goal is to try and protect on the downside. That's why moments like this, while uncomfortable, are anything but unexpected.

I opened this section by clearly stating that we firmly believe the only certainty we have is uncertainty. Uncertainty will always be part of investing. Of course, that doesn't mean handling uncertainty is easy. For our advisory clients, if you have any fears or concerns about the markets, tariffs, Iran, or what it all means for your portfolio, please let us know. Your feelings matter, and we will always be here to talk about and address them with you. Just remember: Our mission isn't to predict the next

headline. It's about staying disciplined when the headlines get loud and keeping your long-term goals front and center.

CASEY'S CORNER

Casey Morris, CFP®

Medicare Surcharges



Saving can mean two things: setting aside money for the future, and also preventing money from slopping out of your possession and into someone else's.

Medicare – a federal health insurance program specifically for those age 65 and older – is probably the single most

important way to save money on healthcare in retirement. But Medicare itself can cost money, especially for those who are high earners. Besides monthly premiums for Part B – which covers outpatient care – high earners must also typically pay IRMAA surcharges.

IRMAA stands for “income-related monthly adjustment amount.” These surcharges are applied if your Modified Adjusted Gross Income (MAGI) from two years prior exceeds a certain threshold. (For 2026, the average monthly surcharge is estimated to be \$82.60 per month, but can rise to a maximum of \$495.60 for the highest earners.)

Fortunately, there are ways to potentially decrease or even avoid these surcharges. Here are just a few:

1. File for an IRMAA reduction due to a life-changing event. There are eight qualifying life-changing events that enable you to request a reduction in your surcharge if the event resulted in a reduction to your earnings. Those events include: marriage/divorce, death of a spouse, work stoppage (e.g. retirement or termination), work reduction (e.g. changing to part-time work), loss of property that provides income (e.g. a rental property, if the loss was outside of your control, like due to a natural disaster), and loss of pension income or employer settlement payment.

2. Make qualified charitable distributions (QCDs). Certain types of charitable contributions can lower your modified adjusted gross income. For example, let's say you own a traditional IRA. When you begin making withdrawals from that IRA– known as required minimum distributions – those withdrawals count as income. But with a QCD, you make a donation to a registered charity directly from your IRA. This does not count as taxable income and can reduce your overall MAGI, thereby maybe reducing or even eliminating your IRMAA surcharge.

3. Delay collecting Social Security benefits. As you probably know, you can begin collecting Social Security benefits starting at age 62. You can enroll in Medicare beginning three months before the month you turn 65. Because Social Security benefits may count as taxable income, they can increase your MAGI. By delaying when you take your benefits, you can – at least temporarily – lower your income and avoid or reduce your IRMAA surcharges. However, note that delaying Social Security benefits means you will receive a larger benefit later on. That's a good thing! But it also could mean paying a larger surcharge later on as well. For this reason, it's important to determine whether this strategy really makes sense for you in both the short term and the long.

Did you know?

Do you know where the PIGGY BANK originated from? There has been much debate on its origins, but one theory is that it comes from an orange clay called 'pygg' –pronounced 'pug' – that was commonly used to make pots and plates in the 15th century. At the time, people would place their coins inside those pots. As the English language evolved, the pronunciation of “pygg” changed from a “pug” to the “pig” sound. Potters would shape their “pygg” jars into the shapes of pigs to humor customers with a play on words. Over time it morphed into the 'piggy bank' that we have today.

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There are other potential ways to reduce your Medicare expenses, but the point is, when it comes to saving, it pays – literally – to leave no stone unturned in your search for ways to cut costs.

We can't cover all the common Medicare mistakes in this short article, so please feel free to reach out if you have questions as to how Medicare relates to your situation.

FINALLY...

It's tax return season! And for some, that means receiving a big refund back. While it's tempting to use the refund for something fun like a new outfit or going to a fancy restaurant, it can be a valuable opportunity to strengthen your financial future rather than just a short-term spending boost. Consider using it to pay down high-interest debt, build or replenish your emergency fund, or increase contributions to retirement accounts like a 401(k) or IRA. You might also invest a portion for long-term growth or set it aside for upcoming goals. By approaching your refund with a plan, you can turn a one-time payment into lasting financial progress.

Sincerely,

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P.S. If you ever run across anyone who could use our services or is unhappy with their current adviser, we always appreciate it when you pass on our name.

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