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THE LIGHT

HELPING INDIVIDUALS NAVIGATE THEIR FINANCIAL LIVES

TRUMP ACCOUNTS

GREG EMMONS, CFP®
INVESTMENT ADVISOR
REPRESENTATIVE

530A Trump Accounts: How Do They Work?

On May 28, the application process for the new 530A "Trump" Accounts officially launched. Savers interested in opening one of these accounts can apply online at trumpaccounts.gov or by filing IRS Form 4547.

Initially, all accounts will be held at either Bank of New York Mellon or Robinhood. Account holders are expected to be able to transfer their accounts to another financial institution beginning sometime in 2027.

Funding can begin on July 4, 2026 (*technically July 6, since July 4 falls on a Saturday*).

Investment Restrictions During the Growth Period

These accounts have specific investment restrictions during the "Growth Period," which lasts from birth until the beginning of the beneficiary's 18th year.

Eligible investments include mutual funds and exchange-traded funds (ETFs) that track broad U.S. equity indexes, such as the S&P 500 or Dow Jones Industrial Average. Additionally, investments must have annual expenses of 0.10% or less. Sector-specific funds, leveraged funds, and other higher-volatility investments are not permitted.

During the Growth Period:
- Contributions are allowed.
- Distributions are not allowed.
- Investment restrictions remain in effect.

The Post-Growth Period

Beginning in the year the beneficiary turns 18, the account enters the "Post-Growth Period."

At this stage:
- Distributions are permitted.
- Withdrawals before age 59½ may be subject to taxes and penalties.
- The account owner may convert the account to a Roth IRA.
- Investment restrictions are removed.

Contribution Types

There are three types of allowable contributions:

1. Direct Contributions
- Anyone may contribute on behalf of the beneficiary.
- Total contributions are limited to $5,000 per year.
- Contributions must be made by December 31.
- Contributions are non-deductible, meaning no tax deduction is available.

2. Employer Contributions
- Employers may contribute up to $2,500 per employee annually.
- Employer contributions count toward the overall $5,000 annual contribution limit.
  - For example, if a grandparent contributes $3,000, the employer could contribute only an additional $2,000.
- Employer contributions are excluded from federal taxable income and will not appear as wages on the employee's Form W-2.

3. Federal Pilot Program Contributions
- The federal government will contribute $1,000 for eligible U.S. citizens born between 2025 and 2028.
- This contribution does not count toward the $5,000 annual contribution limit.
- The contribution is also excluded from taxable income.
- As mentioned above, to get the $1,000 government seed money, a child must be born between January 1, 2025, and December 31, 2028. Parents must file IRS Form 4547 to establish a Trump Account and elect to participate in the pilot program.

TRUMP ACCOUNTS
(CONTINUED FROM PAGE 1)

Options at Age 18

Once the beneficiary reaches age 18, they have several options:

1. Take a distribution (generally not ideal due to potential taxes and penalties before age 59½).
2. Keep the assets in the Trump Account.
3. Roll the assets into a Traditional IRA.
4. Convert the account to a Roth IRA.

Depending on the individual's circumstances, a Roth IRA conversion may be particularly attractive. At age 18, many account owners will have relatively low income and may fall into a lower tax bracket, making the tax cost of conversion more manageable. However, care should be taken to evaluate potential kiddie tax implications before proceeding.

Bottom Line

Who are these accounts best suited for?

For families with children born between 2025 and 2028, taking advantage of the federal government's $1,000 contribution appears to be a straightforward opportunity.

These accounts may also be a useful tool for parents and grandparents who want to help a child or grandchild build long-term retirement savings. However, they may not be the most effective vehicle for education funding.

Depending on contribution levels and market performance, these accounts may accumulate substantial balances over time. Keep in mind that once the beneficiary reaches age 18, they gain full control of the account. Success ultimately depends on whether they have developed a strong foundation in financial literacy and responsible decision-making.

If you have questions about these new accounts, or would like to discuss whether they fit into your financial plan, please give us a call.

Market Recap

DOW JONES INDUSTRIAL AVERAGE
2Q 2026: 15.6% YTD 2026: 8.8%

S & P 500 COMPOSITE
2Q 2026: 18.3% YTD 2026: 9.7%

NASDAQ COMPOSITE
2Q 2026: 26.0% YTD 2026: 12.8%

RUSSELL 2000
2Q 2026: 25.3% YTD 2026: 21.9%

BARCLAYS AGGREGATE BOND
2Q 2026: 1.8% YTD 2026: 1.3%

**All indices are reported Total Return which includes Dividends*

FINANCIAL SCAMS CONTINUE TO EVOLVE

CHRIS BEVINGTON, CPA, MTAX, CFP®
INVESTMENT ADVISOR REPRESENTATIVE

Financial scams, particularly those aimed at retirees, continue to become more sophisticated each year. Scammers often target older adults who've had more time to accumulate savings, retirement accounts, or home equity. Technological advances have made these scams more convincing than ever. A little caution and awareness can be vital in protecting you and your family.

Below are examples of common scams to be aware of to stay protected.

AI Voice-Cloning Scams

Artificial intelligence now allows scammers to imitate a child's or grandchild's voice with surprising accuracy.

What to Watch For:

- *An urgent phone call claiming a loved one is in trouble*
- *Requests for immediate money transfers or gift cards*
- *Pressure to keep the situation confidential*

What You Should Do:

- Pause before acting.
- Call the family member directly, using a known phone number.
- Thoroughly investigate and verify the story before ever sending money.

Text Message and Email Fraud

Scam text messages and emails continue to increase. These messages often include fake links designed to steal passwords or financial information.

What to Watch For:

- *Texts or emails that appear to come from any of the following:*
- *Banks*
- *Credit card companies*
- *Medicare*
- *Social Security*
- *Internal Revenue Service*
- *Your state's Tax Department*
- *Delivery companies*

What You Should Do:

- Avoid clicking any suspicious links.
- Never share or provide passwords by text or email.
- ONLY contact the source directly using a trusted phone number or website.

Investment Scams
Retirees should be especially cautious with unsolicited investment offers involving cryptocurrency or overseas investments.

What to Watch For:

- *Promises or "guaranteed" returns*
- *Exclusive investment opportunities*
- *Fast profits with the promise of "little" risk*

What You Should Do:

- Be aware. If it sounds too good to be true, it likely is.
- Know that legitimate investment opportunities always involve some risk.
- Take a step back. Pressure to "act immediately" is often a warning sign for caution.

Medicare, Social Security, or IRS Scams
Fraudsters have been known to impersonate government agencies to obtain personal data. Legitimate representatives from any of these agencies are very limited in their ability to initiate contact. Unless you yourself have initiated contact, communication should be handled with the utmost caution.

What to Watch For:

- *Unexpected calls, texts, or emails from any government agencies*
- *Requests for Medicare numbers, Social Security numbers, or other personal data*
- *Requests or verification of banking information*
- *Threats of benefit suspension, arrest, or penalties*

What You Should Do:

- Know that government agencies generally do not make immediate, threatening demands.
- Think "fraud" first for gift card, wire transfer, or prepaid debit card requests.
- Know that most legitimate communications will come through the mail. If you have not initiated contact first, heed with extreme caution.

Simple Ways to Protect Yourself
A few basic habits can significantly reduce the risk of fraud:

- Slow down before making financial decisions
- Be cautious with unexpected calls or messages
- Use strong passwords and multi-factor authentication
- Discuss large financial requests with a trusted family member or advisor
- Monitor bank and investment accounts regularly
- Consider opening a credit monitoring account with one of the three credit agencies (Equifax, Experian, TransUnion)
- Consider credit freezes with all three if fraud or identity theft is a concern

Final Thoughts
Scammers rely on fear, urgency, and confusion. Taking a few extra minutes to verify information can often prevent costly mistakes. If you feel uncertain, it is perfectly reasonable to step back, pause, and seek a second opinion before acting. Reach out to any of us if we can ever be of service.

WELCOME MORGAN TO THE LIGHTHOUSE TEAM

We are excited to introduce Morgan Hopkins as the newest member of the Lighthouse Wealth Management family!

Morgan brings a unique blend of administrative expertise, marketing experience, and client service excellence to our team. Throughout her career, she has helped organizations improve operations, strengthen communication, and create exceptional client experiences through her attention to detail, organization, and proactive approach.

At Lighthouse, Morgan will play an important role in supporting our commitment to providing responsive, personalized service to the families we serve. Her passion for helping others, combined with her ability to keep complex processes running smoothly, strengthens our mission of helping clients navigate their financial lives with confidence.

Beyond her professional skills, Morgan brings fresh ideas, positive energy, and a forward-thinking perspective that will support the continued growth of our firm. We are excited about the impact she will have on both the client experience and our ability to serve future generations of families.

Please join us in welcoming Morgan to Lighthouse Wealth Management. We look forward to the many ways she will contribute to our team and help us continue delivering the exceptional service our clients have come to expect.

Lighthouse Wealth Management
1078 Commerce Parkway
Ashland, Ohio 44805

Tim Rowsey, CPA, Founder
Investment Advisor Representative
Cell: 567-215-3015
trowsey@lightwealth.com

Greg Emmons, CFP®, President
Investment Advisor Representative
Cell: 419-651-1507
gemmons@lightwealth.com

Aaron Rowsey, Vice President
Investment Advisor Representative
Cell: 419-606-5239
arowsey@lightwealth.com

Chris Bevington, CPA, MTAX, CFP®
Investment Advisor Representative
Cell: 419-569-2139
cbevington@lightwealth.com

Katie Brown, Office Manager
Investment Advisor Representative
Cell: 419-651-0932
kbrown@lightwealth.com

Morgan Hopkins
Administrative Assistant
Cell: 567-203-8539
mhopkins@lightwealth.com

SCAN TO LEARN MORE ABOUT US!

Lighthouse Wealth Management is an independent, fee-only, investment advisory firm. We partner with you to help you navigate all the financial challenges of life. To learn more about the benefits of working with an independent advisor, visit **www.findyourindependentadvisor.com**

Our Part 2 of Form ADV: Firm Brochure, which provides information about the qualifications and business practices of Lighthouse Wealth Management, as well as our ADV Part 3: Client Relationship Summary are both available on our website. Paper copies are available upon request.

LET US GUIDE YOU WITH YOUR

- INVESTMENTS
- RETIREMENT PLANNING
- 401(k) ROLLOVERS
- TAX PLANNING & PREPARATION
- FINANCIAL QUESTIONS

CONTACT US TODAY FOR A FREE INVESTMENT REVIEW!

WWW.LIGHTWEALTH.COM
PHONE: 419-496-0016
FAX: 419-496-0054