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## Reflect and Reset for a Successful 2026

As 2025 ends, now is a great time to look back over the year and check in on your financial health. This process will provide you with insights into your spending habits, your savings habits and your investments — and it might even help set you up for success in 2026.

**Step one: review any financial goals you set at the beginning of the year.** Have you made progress? Why or why not? Look particularly at your spending habits and analyze the health of your savings and your investments. Are you overspending on non-essentials? Did you have any unexpected expenses that caused you to fall short of a savings target? Expenses like unplanned medical bills or unforeseen car repairs can easily eat into our savings, and while we can't account for every eventuality, maybe those costs will inspire you to create an "emergency fund" going forward. This retrospective isn't meant to cause stress or lay blame, but rather to help provide context for where your finances stand right now, and how best to approach budgeting for 2026.

**Step two: start to build out next year's budget.** It may be easiest to work backwards; determine your total expected net income per month, then allocate it into a few "buckets." For example, a simple breakdown could be three categories: necessities (e.g., rent/mortgage, utilities, student loan payments); savings (e.g., investments, retirement accounts); and finally, discretionary or "fun" expenses (e.g., dining out, sporting events, concert tickets). Consider your priorities for the coming year — perhaps you need to replenish your savings after unexpected costs in 2025, or maybe you need to save a specific amount for a trip you want to take in 2026. Adjust your budget accordingly to help achieve those goals.

As we plan for 2026, it's important to remember that this initial budget is a great starting point, but it's just that — a starting point. As the year progresses, your income, spending habits and priorities all might change; be open to adapting as circumstances evolve and stay proactive as you think about your financial future.

**Common Budget Items**

UTILITIES	HOUSEHOLD CONSUMABLES	TRANSPORTATION	FINANCIAL PLANNING
Electricity	Groceries	Car payments	Health care expenses
Heating	Takeout food	Car insurance	Pension contributions
Water and sewer	Health products and medicines	Car maintenance	Savings contributions
Telephone	Cleaning products	Gas	Mutual fund account contributions
Cell phone	Beauty aids	Rental cars	Investment account contributions
Internet access	Dry cleaning	Public transportation	Emergency fund
Cable TV		Commuting costs	
		Predictable travel expenses (annual family trips, vacations, etc.)	



## Protect Yourself in the New Year

We live more of our lives online these days — email, social media, online shopping and even online banking — and just as technology moves fast, so do the scammers who exploit that technology for their own gain and at our expense. Because online scams get more sophisticated every day, it can be hard to keep up. Here are some easy ways to stay vigilant and protect your personal and financial information against attacks.

1. **Create strong, unique passwords — and don't share them.**

Passwords should be hard to guess, and that means using at least 12 characters—mixing up capitalized and lowercase letters, numbers and symbols. It also means creating a new password for each account rather than using the same one across multiple platforms. That way if there's a security breach on one account, your other accounts remain safe.

2. **Enable two-factor authentication.**

Even if someone has your password, they may not have your phone or access to your email account. Multifactor authentication adds a layer of security that can help thwart even the most sophisticated scammers.

3. **Be mindful online.**

Use your personal device(s) and secure, password-protected networks for any sensitive online activity (e.g., online banking or financial transactions). Avoid public WiFi, set your social media accounts to "private," and be careful about what you share online, and with whom.

4. **Always initiate interactions yourself.**

Ask yourself whether the email or text message you've received seems normal. For example, would your bank text you to ask you for personal identifying information? Probably not. When in doubt, reach out to the supposed sender via verified means (e.g., a phone number or email address you have on file) and double-check the authenticity of the communication you received.

5. **Don't open suspicious attachments or click unverified links.**

Verify that you know the sender and ask yourself whether the content of the email makes sense. If the sender appears to be someone you know and trust, but they're asking for personal information or trying to create a sense of urgency, double-check the underlying email address (not just the sender's name), or reach out to them separately to confirm before clicking on anything or opening any attachments.

6. **Monitor your accounts regularly.**

Review your bank statements and other financial accounts on a regular basis; this will help you catch any discrepancies or missing funds and enable you to react quickly as needed.

Taking steps to protect yourself and your assets — your future — is more important than ever. Stay informed and stay vigilant as you navigate our ever-evolving digital landscape safely and securely.

### Top Internet Crimes by Loss Amount



Source: Federal Bureau of Investigation Internet Crime Report 2024

## It's Never Too Soon to Save for College

As you consider your financial health going into 2026, keep in mind that saving for college is a smart way to prepare for future education costs. And even if your children are several years away from that milestone, starting early can make a big difference. One of the most popular ways to save is through a 529 savings plan, which is a tax-advantaged investment account designed specifically for education costs. In a 529 plan, your money grows tax-free, and you won't pay taxes when you use it for approved education expenses like tuition, books, and room and board. Anyone can open a 529 account — parents, grandparents or even the student themselves. A bonus is that if your child ends up with a scholarship, for example, or if there are leftover funds once they finish their education, you can designate a new beneficiary within your family.

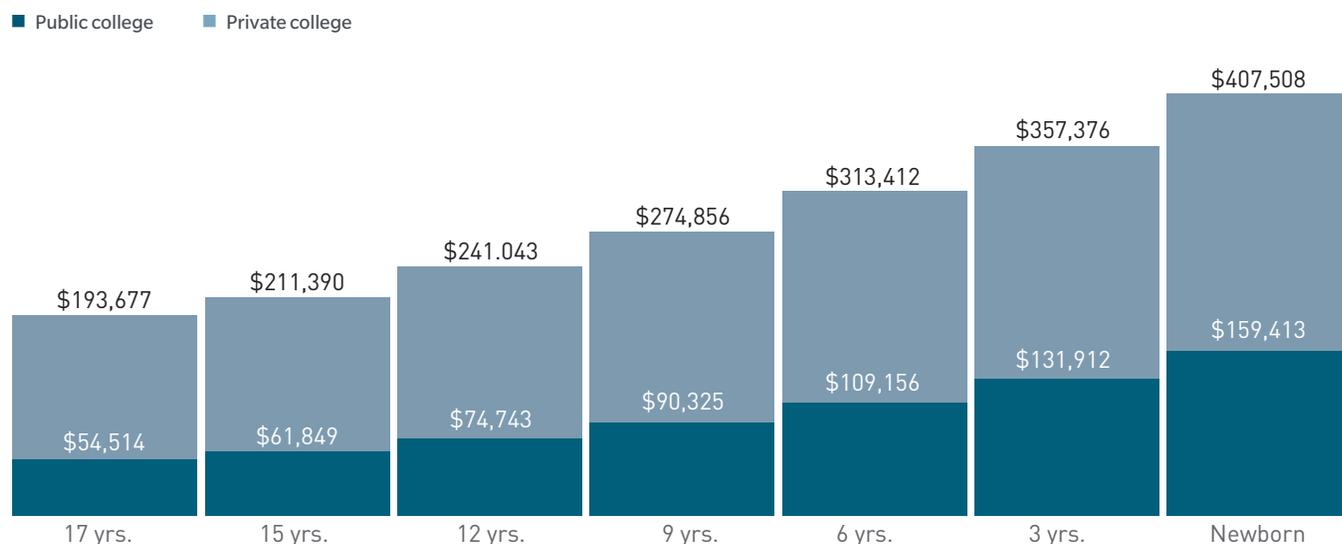
### Other options to consider for college savings

ACCOUNT TYPE	TAX ADVANTAGED	ANNUAL CONTRIBUTION LIMITS	TRANSFERABLE TO ANOTHER BENEFICIARY	INVESTMENT OPTIONS	USAGE RESTRICTIONS
Coverdell Education Savings Account (ESA)	Yes	Yes, \$2,000**	Yes, to a family member under 30 years of age	Many	Qualified education costs
Custodial accounts (UTMAs/UGMAs)	No	No	No	Many	No
Traditional savings accounts	No	No	Yes	Many	No

\*\* Annual contributions are capped at \$2,000 for MAGI up to \$95,000 (single filers) and are phased out for MAGI between \$95,000 and \$110,000. Speak with your financial advisor or tax professional for more information.

### The cost of private and public college<sup>1</sup>

As of the 2024–2025 school year, the average cost of tuition for four years at a private college was \$193,677. The average cost of tuition for four years at an in-state public college was \$54,514.<sup>1</sup> Participation in a 529 plan does not guarantee that contributions and the investment return on contributions, if any, will adequately cover future tuition and other higher education expenses.



\* In certain circumstances, 529 plans may also be used to pay for qualified expenses at certain eligible foreign institutions approved by the US Department of Education. Consult your tax advisor for more information about using 529 plan assets in foreign countries, potential tax implications and the current list of eligible foreign institutions.

<sup>1</sup> Source: MFS calculations based on data from College Board's Trends in College Pricing 2024, using average tuition and fees for only a four-year period. Calculations assume private college costs will increase 4.5% per year and public college costs will increase 6.5% per year on average. Estimates for future college costs assume a fixed rate of increase based on an average of the past 15 years. Year-over-year percentage increases are used in both categories. For illustrative purposes only.

<sup>2</sup> Sources: College Board's Education Pays 2023 (most recent data available), US Census Bureau, Current Population Survey, 2022 Annual Social and Economic Supplement; calculations by the authors.

## Coverdell Education Savings Accounts

Important information if the beneficiary of your account is turning 30.

If the beneficiary of a Coverdell Education Savings Account you've set up is approaching their 30th birthday, please be aware that the balance in the account must be distributed within 30 days after the date the beneficiary turns 30 (unless they are deemed a "special needs beneficiary" as determined under Internal Revenue Code Section 530). Alternatively, the Coverdell account funds may be rolled into a 529 qualified tuition program (a "529 Plan"), or you can change the beneficiary on the account to another member of the family (as defined in Code Section 530) who is not yet age 30.

It's important to note that it's the responsibility of the person who established the Coverdell account ("Responsible Person") on behalf of the beneficiary to notify the Coverdell account trustee (in this case, MFS® Heritage Trust Company<sup>SM</sup>) and request the required distribution. Otherwise, the earnings portion of a required distribution that is not rolled over may be subject to federal income tax as well as an additional 10% penalty tax.

For information on how to request a distribution from an MFS Coverdell account, contact our client services department at 1-800-637-1255. They can also help you with any questions you may have regarding your account. For more information regarding distributions from a Coverdell account, please refer to the "Distributions" section of the MFS Coverdell Education Savings Account Disclosure Statement and Trust Agreement on [mfs.com](https://mfs.com): Forms & Applications/College Planning/Manage an Existing Account/"MFS Coverdell Education Savings Account (PDF)".

Ask your advisor about rolling account funds into a 529 plan. ▲

## Contact us

### Website

[mfs.com](https://mfs.com)

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### Account service and literature

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