Digest

NEWS AND PERSPECTIVE FOR GROWING
AND PRESERVING YOUR WEALTH

BAIRD

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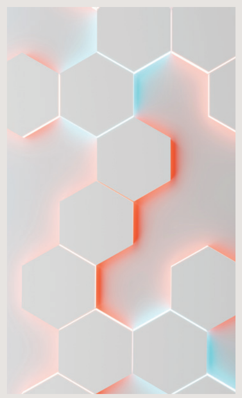
SPECIAL EDITION:

How much does your health shape your wealth?

In this issue...



Planning for What You Can't Predict

Why health needs to be front and center in the wealth planning conversation

THOUGHTFUL PLANNING doesn't happen in silos – in fact, many of the financial decisions we make are tied to health and longevity. And many of you agree: Our 2025 client satisfaction survey indicated a strong interest in more financial guidance related to healthcare, a sign these conversations are becoming central to how clients think about their plans and future.

This issue of *Digest* focuses on that intersection. In "How Healthcare Is Driving the U.S. Economy," we examine how demographics and rising demand are reshaping one of the market's largest and most resilient sectors. On pages 4-12 we explore how health-related decisions shape every stage of life and how intentional planning can help avoid unnecessary trade-offs. We also highlight how Baird Capital's newly closed fund supports the growth of a leading healthcare consulting firm.

Together, these perspectives reflect what we see with clients every day. Healthcare can shape labor markets and economic growth, but also influence when you retire, how you plan for income and the support you're able to provide others. That's why as conversations about your health evolve, know that we remain committed to listening, adapting and helping you make informed decisions every step of the way.

John Taft

Vice Chair

> "Your financial plan is only as strong as the assumptions it makes about your life. Healthspan is one of the most important of those assumptions – and one of the most important to plan for."

Erik Dahlberg

President

Private Wealth Management

How Healthcare Is Driving the U.S. Economy

Healthcare is one of the largest and fastest-evolving sectors in the economy, influenced by policy decisions, an aging population and advances in technology. To better understand this critical industry, Investment Strategist Ross Mayfield asked our experts at Baird Strategas what is fueling healthcare's growth and how it might affect the investment landscape.

BAIRD | STRATEGAS

Ross Mayfield, CFA®
Investment Strategist

Ross provides financial education and investment strategy through regular national media appearances, equity research materials and more. Ross regularly partners with Baird Strategas to deliver macroeconomic insights to clients.

Clients are asking how AI is shaping the market. How should we think about not only healthcare's role in the U.S. job market, but also where might AI have an impact?

Maria Cabella
Baird Strategas, Economics Research

Healthcare employment has been pivotal for the resilience of the U.S. labor market, contributing about 70% of net job growth since January 2023. An aging population has increased the demand for workers, while the COVID-19 pandemic accelerated the development of telehealth and home care – two subsectors that have seen large employment gains since 2022. Healthcare jobs have also been relatively insulated from AI disruption due to the nature of the work, which includes non-repetitive tasks, frequent judgment calls and interpersonal skills.

That said, AI's impact on drug discovery or imaging could put a cap on employment gains if advances such as GLP-1 drugs and earlier disease detection result in a healthier population. Cuts in federal funding to healthcare institutions may also contribute to slower employment growth. Ultimately, structural factors in the economy are likely to continue supporting healthcare employment, and AI usage data doesn't suggest an imminent threat.

We know policymaking and federal funding are especially important to this sector's outlook. What should investors be watching for from Washington right now?

Jeannette Lowe
Baird Strategas, Washington Research Analyst

Healthcare stocks have traditionally benefited from a midterm election-year cycle, when the market tends to turn more defensive given higher policy uncertainty. However, that hasn't been the case this year, and the industry continues to be impacted by such policy issues as Medicaid cuts, the expiration of enhanced Affordable Care Act subsidies and drug pricing pressures. Policymakers will continue to focus on the rising costs of healthcare, particularly as affordability remains voters' top concern.

While the two parties often disagree on healthcare solutions, common ground remains on price transparency, equal pricing across care settings and lower prescription drug costs – though we are unlikely to see major structural changes there, we could see some adjustments on the margins. Policymakers will likely focus on the increasing use of AI in healthcare and privacy concerns related to healthcare tech, though big changes in those areas are unlikely near-term.

Much of healthcare policy focuses on price pressure. What's the core issue in the sector, and where could it go from here?

Jason De Sena Trennert
Baird Strategas, Chairman and CEO

When Medicare was signed into law in 1965, its estimated cost for 25 years in the future was about $12 billion. The actual cost in 1990 was $90 billion. Two main factors drove the forecast errors: Inflation – which ran much hotter than was forecast at the program's advent – and incredible technological gains in healthcare that prolonged people's lives but were very expensive, such as organ transplants and advanced diagnostic imaging like CAT scans and MRIs.

Therein lies a paradox for both the government and consumers: Increased spending on medical care allows people to live longer – and thus consume more healthcare. This phenomenon helps explain why many people continue to feel underinsured. The costs of healthcare continue to grow far faster than personal income, especially for those who are retired and living on fixed incomes. It also suggests that investing to offset inflation is critical, especially as people age during a period of unprecedented technological innovation.

Healthcare sits at the intersection of health and wealth. Aging demographics, longer life expectancy and technological progress are driving demand, supporting job growth and reinforcing the sector's role as an economic stabilizer. Yet they're also pushing costs higher and raising the stakes for capital allocation. These forces help explain both the sector's resilience and the complexity shaping its outlook going forward.

Health x Wealth

Starting the Conversation on Health and Wealth

Health isn't just a personal priority. It's a defining part of your wealth plan.

And while you may not find it on your balance sheet, it still influences many of the decisions that shape your future – from how long you work to how you prepare for the unexpected. At the same time, investing in your health with the same intentionality you bring to your portfolio – through preventive care, wellness and longevity-focused choices – can support the life your wealth is set up to sustain.

That connection between health and wealth evolves across every stage of life:

- Early on, it's about building habits that allow you to live fuller for longer.
- In midlife, priorities and demands often expand – perhaps including raising children and caring for aging parents.
- As retirement approaches, health increasingly becomes a central focus for many – alongside the growing reality of healthcare costs.
- And in retirement, those decisions come full circle – determining how you use your resources and care for your health as needs evolve.

At every stage, health and wealth decisions unfold across families, shaping how we support one another and navigate change. While not every decision may apply to you today, they may resonate with someone you care about – from a child just getting started on their nest egg to a grandparent thinking about the years ahead.

Consider exploring the following pages not only for yourself, but for loved ones who may benefit from more intentionally connecting their health to their wealth. After all, the relationship is hard to ignore: Planning ahead for both can lead to more confident decisions over time.

The Early Years

Building Momentum That Grows With Time

Early adulthood often marks the first time you're fully responsible for both your finances and your well-being. And while you may be just beginning your wealth building journey, time is on your side. Choices you make now can have a sizeable impact over time, putting you in a stronger position to enjoy the life you want through the chapters ahead.

MAXIMIZING WHAT'S AVAILABLE

Early on, employer benefits – like health insurance, retirement plans and Health Savings Accounts (HSAs) – can set you up to preserve your well-being and financial security now into the future. Understanding what's covered and what you're contributing can help you make more intentional choices. Often, that means taking full advantage of what's offered – whether that's using preventive care potentially covered by your health plan (like annual physicals, routine lab tests and regular screenings), contributing enough to capitalize on a 401(k) employer match or funding an HSA.

LETTING TIME DO THE WORK...

Just as preventive care can help address issues before they become more serious and costly, your investment strategy can support your health for decades to come. HSA dollars can often be invested, helping you keep pace with healthcare costs that have risen more than 120% since 2000.[1] Investing early in both your HSA and retirement accounts gives even modest contributions more time to grow, helping build your wealth for later in life. That long-term view is increasingly important as life expectancy continues to rise – meaning you'll likely need your money to last longer, choosing an investment mix that can grow while also helping protect you from too much risk.

...WHILE STILL MAKING EVERYDAY CHOICES COUNT

With your investments working hard in the background, your day-to-day income decisions can also play a key role in supporting both your health and financial stability. At this stage, good health can make it easy to overlook the need for intentional planning – but it also creates an opportunity to prioritize preventive care and establish healthy routines. Allocating even a small portion toward exercise or mental health support can build consistency – and tools like Baird 360 Wealth can support you by tracking spending, identifying patterns and making room for those priorities.

Progress at this time in life comes from small, consistent decisions that compound over time. The habits you build across your health and your finances can drive a more flexible and resilient future. Your Baird Financial Advisor team can help you see how the pieces of your health and wealth fit together and make confident choices for the future.

The Busy Middle

Juggling Today's Demands With Tomorrow's Plans

AS YOUR CAREER ADVANCES and both children and parents grow older, the effects of aging may become more apparent – just as demands on your time, energy and financial resources continue to grow. Even if you have more income, you may feel less flexibility to direct those funds where you want them. That's why balance becomes increasingly important during this stage: focusing on the decisions that best support your health, finances and personal priorities today while helping you build for the future.

NAVIGATING CARE ACROSS GENERATIONS

It's not uncommon for your responsibilities to stretch in two different directions at this stage – supporting children while starting to take on more care for aging parents. On one side, that could mean helping your kids build their own foundation – investing in their education or setting aside savings for the future. On the other, you may start getting more involved in your parents' healthcare and finances. This could mean helping them coordinate care, explore living arrangements and navigate key wealth and estate planning decisions.

While many of these responsibilities develop gradually, the best time to prepare for them is often before they're urgent.

Erica Kroll, CLU, CLTC
Manager of Insurance Solutions

> "When people begin helping their parents navigate health and long-term care expenses, they often get a firsthand look at the financial and physical impact those needs can have. That experience can be a valuable reminder to think proactively about how your own future care may fit into your long-term health and wealth plan."

When it comes to aging parents, having early conversations about their care preferences, resources and who will be involved can prevent future decisions from feeling rushed. It also helps to understand how their care might be funded and what role you may need to play. If you could use additional guidance to support those discussions, your Baird Financial Advisor can provide a checklist to help you get started.

In some cases, these conversations may lead you to reflect on your own plans for elderly care, adjusting your own plan with your advisor team to account for potential out-of-pocket costs. Seeing caregiving up close can make one thing clear: These aren't distant decisions. The earlier you start planning, the more flexibility you'll have to shape your future.

CONNECTING FAMILY HISTORY TO YOUR OWN FUTURE PLANS

When you're closer to the caregiving decisions for your parents, you'll often gain a better understanding of their health – including current conditions and any patterns that run in your family. This can provide valuable context for your own future. Whether it's heart disease, cognitive decline or other long-term conditions, understanding your family health history can help you identify potential risks and make more informed plans for your health and finances.

With greater visibility into potential future needs, you can take a more proactive approach to your lifestyle, healthcare planning and savings strategy. For some, that means evaluating how future long-term care could be covered. If your family history suggests a heightened risk for certain conditions, exploring those options with your Baird Financial Advisor earlier – when coverage is usually more accessible and cost-effective – can help build flexibility and confidence into your plan.

MAKING THE MOST OF RIGHT NOW

You may also start to notice a difference – not only amongst your family, but also in your own personal health. Maybe it's energy that doesn't bounce back as quickly or stress that lingers after challenging periods in your personal or professional life.

It's these changes that often require a more disciplined approach. For your health, it may mean rebuilding consistency around your sleep, exercise and nutrition, and taking time to recharge. While it can be easy to put your own needs behind work and family responsibilities, managing stress is key for staying healthy – as chronic stress has been linked to a range of health challenges. For your finances, it can look like partnering with your Baird Financial Advisor to make more deliberate choices about where each dollar goes: maximizing retirement contributions while your income is higher, reassessing whether your investments still reflect your liquidity needs, reviewing your insurance coverage and making tradeoffs between short-term spending and long-term priorities.

There's an old saying that says, "The best time to plant a tree was 20 years ago. The second-best time is now." For many, this stage of life is exactly that moment. Even if you didn't get everything right earlier, being more deliberate now – on both your health and finances – can still have a meaningful impact on your future.

The balancing act that defines this stage looks different for everyone, but the challenge is often the same: balancing today's responsibilities with tomorrow's priorities. Your Baird Financial Advisor can help you create a plan your health and wealth aspirations.

The Final Stretch

Balancing Priorities in the Years Before Retirement

AS YOU GET CLOSER to retirement, your priorities may start to shift. As the demands that once defined your day-to-day – building a career, paying down a mortgage – ease, new questions take their place: *How will you cover healthcare costs when you retire? Are you prepared for the possibility of a long lifespan? Will you be able to afford the lifestyle you want?*

This stage can offer more flexibility than earlier years, but – as we explore in our Health and Wealth Guidebook – there's less time to change course. By making intentional choices around your health and long-term plans now, you can make the most of your remaining working years and prepare for what's next.

MAKING THE MOST OF THE FINAL STRETCH

This stage offers a final opportunity to strengthen your financial position while you still have a reliable income. With fewer competing expenses, you may have more ways to redirect cash flow where it matters most.

On the healthcare side, that might mean increasing contributions across retirement accounts, with catch-up opportunities becoming available as you approach retirement.

Ron Johnson, CFP®
Wealth Planner

> "With Medicare, the timing matters as much as the decisions themselves. Missing key enrollment windows can lead to gaps in coverage and higher costs, so it's important to understand both what options are available and when to act."

While inflation and greater care needs will likely increase your medical expenses, your Baird Financial Advisor has planning tools to help you prepare for these costs. If you're thinking about retiring before Medicare coverage begins (traditionally age 65), planning for that coverage gap will also require additional foresight.

This is also a natural point to revisit how your assets are allocated. As retirement draws closer, many shift toward a more conservative investment mix to manage risk. That can help reduce volatility, but don't pull back too far: With a retirement that could last 40 years or more, your portfolio still needs long-term growth. The goal is to strike a balance between stability today and growth for the years ahead.

PLANNING FOR HEALTHCARE AND LONGEVITY

As you consider the years ahead, it's important to not lose sight of lifestyle changes you can make today. Improving nutrition and increasing physical activity and sleep quality can reduce the risk of more serious issues later on. Over time, those changes may also delay or reduce the need for costly medical care.

At the same time, health and long-term care planning come more clearly into focus at this stage. Your Baird Financial Advisor team can help you understand how Medicare works and evaluate ways to plan for coverage gaps, especially if you're considering retiring before eligibility begins. It's also a time to make decisions about long-term care. Most people will need some form of care – such as in-home support or assisted living – and these costs are generally not covered by Medicare. Long-term care insurance is often more accessible and affordable now, while you still may be in good health. Exploring how these costs could be covered – through insurance, savings or both – can reduce the risk of adding strain to your financial plan or your family.

ALIGNING INCOME, BENEFITS AND DECISIONS

As retirement approaches, coordinating and timing key decisions becomes increasingly important. When to claim Social Security, how to structure withdrawals and how to manage taxable income all play a role in your long-term plan. As these pieces come together, this stage is less about building from scratch and more about refining and stress testing what you've already built. That might mean adjusting your withdrawal strategy, revisiting how your accounts are allocated or coordinating the timing of Social Security with other income sources. Small changes like these – made with a clear view of how one decision connects to the next – can help manage taxes, support steady income and extend the life of your assets.

The years leading up to retirement often require greater clarity. By focusing on what matters most – your health, your savings and how you plan to use them – you can move into the next stage of life with greater confidence in what lies ahead. Your Baird Financial Advisor can help you prioritize these decisions and align them with your goals.

Putting Your Plan To Work

Sustaining Health, Income and Purpose Over Time

As work becomes optional, your focus may shift from building to sustaining: Income replaces a paycheck, maintaining health becomes more important, and making your nest egg last carries more weight.

At the same time, your needs and routines will continue to evolve in ways that are hard to predict. Staying flexible in how you manage your finances, health and daily life can help you adapt as circumstances change and let you make the most of the years ahead.

SUSTAINING INCOME AND MANAGING UNCERTAINTY

Turning savings into income is one of the defining shifts of retirement, requiring both a different strategy and a different mindset. One key change is how sequencing and timing come into play. Making withdrawals during a market downturn early in retirement can reduce your savings faster than expected, leaving less time to recover and grow. A well-structured withdrawal strategy paired with thoughtful asset allocation can help manage that risk while supporting long-term growth.

At the same time, expenses may not move in a straight line, with healthcare costs in particular rising rapidly – a trend highlighted in our Health and Wealth Guidebook. Planning for those changes and building flexibility into how and when you draw income, especially as markets and expenses change, can help you adapt without undercutting the plan you and your advisor team have developed.

CARING FOR YOUR HEALTH OVER TIME

Health plays an increasingly central role in shaping both lifestyle and finances.

Jessica Bell, JD, CPWA®, CEPA®
Senior Estate Planner

"Many of the most important decisions happen when you can't make them yourself. A thoughtful estate and incapacity plan helps ensure your wishes are honored and eases the burden on those closest to you."

Whether "retirement" means traveling the world or tending a garden, maintaining mobility and flexibility will be vital. Small, consistent habits – physical activity, nutrition, restful sleep – can support a higher quality of life throughout retirement.

Even with careful planning, your health journey will have unexpected turns. Reviewing your insurance coverage annually and planning for scenarios where care and support are needed can help you respond to a health crisis. Some form of long-term care – whether at home or in a community setting – will be a reality for a majority of retirees and needs to be planned for.

FINDING PURPOSE AND STAYING CONNECTED

While financial stability is essential, it is not the only consideration. Retirement can bring more freedom, but it also raises new questions not only about how you spend your money, but also how you spend your time and where you find meaning. Staying engaged – through relationships, hobbies, volunteer work or continued learning – is an important part of well-being. Maintaining a sense of purpose can matter as much as financial security, especially as your routines and social circles change.

Being intentional about how you structure your days and staying connected to others support both mental and physical health. This is often overlooked but can have a meaningful impact on quality of life.

ALIGNING FAMILY, DECISIONS AND LEGACY

As you age and priorities shift, conversations with family become more important, especially around caregiving, living arrangements and how decisions are made as your needs change. In many cases, it means involving adult children early – before decisions become urgent – so expectations and responsibilities are clear. Housing is a key consideration, whether that means downsizing, relocating closer to family or exploring a community that offers additional support.

Estate and incapacity planning will also grow in importance. Ensuring that documents are up to date, roles are clearly defined and your wishes are well understood can reduce uncertainty for those closest to you.

This can also be a time to think more intentionally about legacy – not only how assets will be transferred, but how you'd like to be remembered. Your Baird Financial Advisor team can help you explore family and charitable giving and support important conversations with legal, financial and family members.

Retirement is less about reaching a finish line and more about reevaluating what's important to you. By staying flexible – adjusting as markets, health needs and priorities change – and maintaining open communication, you can navigate this stage with confidence. Your advisor team can help you adapt your strategy, coordinate key decisions and provide proactive checklists that help keep your plan on track.

Health x Wealth

WHERE HEALTH MEETS WEALTH

Closing Thoughts: As Your Journey Continues, Keep Choosing Tomorrow

The healthiest futures are built one intentional choice at a time.

THERE'S NO FINISH LINE on the health and wealth journey. Each stage of life brings new opportunities and new distractions. Keep these reminders close as you keep choosing tomorrow, making decisions with your future self in mind and recognizing what may pull you off course.

IN THE EARLY YEARS, YOU'RE MOST AT RISK OF…

- Letting income increases turn into higher fixed expenses – like a higher car payment – rather than long-term savings or investments
- Overlooking the need for preventive care when you feel healthy
- Feeling pressure to keep up with how people are spending in your social network
- Mistaking newfound financial freedom for unlimited flexibility

IN THE BUSY MIDDLE, REMEMBER TO…

- Make your own health part of the care you give others
- Keep your long-term goals in focus when taking on financial responsibilities for others
- Discuss future caregiving, healthcare and funding needs before decisions become urgent
- Protect your time to recharge and minimize stress, especially when life feels most demanding

IN THE FINAL SPRINT, BE INTENTIONAL ABOUT…

- Building the rising costs of healthcare into your retirement plan
- Stress-testing your savings against longer life expectancies and rising medical expenses
- Making healthy changes today can have a meaningful impact tomorrow
- Considering the role family health history should play in future planning

IN RETIREMENT, STAY FLEXIBLE BY…

- Adjusting spending as markets, healthcare needs and personal priorities evolve
- Planning for healthcare costs that may change over time
- Maintaining a sense of purpose through meaningful connections and routines
- Preparing for parents' future care and decision-making needs

Whether you're just getting started or putting your plan to work, the greatest advantage you have is the ability to make thoughtful choices around your health and wealth – one stage of life at a time.

For a deeper look at how health and wealth intersect – including additional perspectives and planning considerations – explore our new Health and Wealth Guidebook by scanning the QR code below.

DOING WELL BY DOING GOOD

Powering the Path of New Therapies From Lab to Patient

How Baird Capital's investment in Blue Matter helps fuel healthcare innovation.

DEVELOPING A NEW therapy is the first step, but turning those breakthroughs into real-life patient impact is just as critical. That's where Blue Matter comes in. The life sciences consulting firm works with both emerging biotech companies and leading pharmaceutical organizations, helping them make strategic decisions that bring life-saving therapies from the lab to patients – particularly in oncology and rare diseases.

Baird Capital first invested in Blue Matter in 2020. Since then, the business has more than tripled in revenue. Through a continuation fund and a new investment from Baird Capital's most recent global fund, Baird has now extended that investment – bringing in new investors to support growth in areas like technology, patient services and other capabilities that connect patients with life-saving treatments.

A Fund Built On Momentum

Global Fund III, Baird Capital's most recent fund, is more than 30% larger than its predecessor and includes commitments from all prior anchor investors – reflecting investors' continued confidence in Baird Capital despite a challenging fundraising environment.

Discover the *Baird Difference*

Planning Calendar

Summertime

Check in with your advisor at midyear to project your 2026 tax liability. A quick review now can help you adjust payments and avoid potential penalties later.

August 19

Wealth Strategies Webinar: Business Owner Strategies

September

Begin putting year-end tax strategies in place. Keep an eye out for our fall issue, where we'll outline key steps to consider with your advisor and tax professional.

September 15

Third-quarter federal estimated income tax payments for 2026 are due.

September 16

Wealth Strategies Webinar: Medicare

Scan the QR code to access our *Wealth Strategies* webinar series

[1]Peterson-KFF Health System Tracker. 2024. "How Does Medical Inflation Compare to Inflation in the Rest of the Economy?" Last modified August 2, 2024. healthsystemtracker.org/brief/how-does-medical-inflation-compare-to-inflation-in-the-rest-of-the-economy

Want More?

Additional information is available at **bairdwealth.com/digest**, or contact a Baird Financial Advisor at **800-79-BAIRD**.