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CAPITAL MANAGEMENT

INVESTMENT OUTLOOK – MARCH 2026

Multiple Outside Retirement Accounts are Trickier to Manage Well

"Simplicity is the ultimate sophistication." – Leonardo da Vinci



"Ever thought what you might do when you retire, Ferguson?"

CartoonStock.com

At the beginning of each new year, I've periodically highlighted to clients then, that now could be a good a time to simplify one's financial life and consolidate retirement accounts held away at multiple institutions. I decided to skip this announcement this past January, as there has been more than enough going on in both politics as well as financial markets. However, with tax season upon us, I'd like to revisit the benefits of simplifying one's financial life.

This advice is especially directed to those holding old outside 401k's accounts who could unnecessarily complicate Required Minimum Distributions (RMDs), which start at age 73.

I pulled the below article from Barron's which goes into more detail on why getting this task done sooner rather than later is a good idea.

Don't Make this 401(k) Mistake. It's More Common Than You Think.

By, Elizabeth O'Brien

Barron's

March 20, 2026

Americans' retirement accounts tend to be as scattered as their job histories. Consolidating them into one place can reduce headaches and prevent losses from forgotten 401(k)s.

Workers report an average of six employers over the course of their careers, and about a quarter of those with retirement accounts maintain multiple accounts from their past or current jobs, according to Fidelity's 2026 State of Retirement Planning report released Thursday. The survey didn't explore why—savers could be suffering from inertia, nervous about moving a large sum of money or thinking that they are diversifying by spreading their money around.

Whatever the reason, you are usually better off consolidating your accounts by rolling them over into an individual retirement account or into your current workplace 401(k), if it accepts rollovers.

Having multiple accounts makes it harder to manage your finances, especially once you reach your 70s and the Internal Revenue Service requires you to take required minimum distributions from qualifying retirement accounts. RMDs are the government's way of getting its share of retirement savings that have grown tax-deferred for decades. Starting at age 73, you have to withdraw a certain amount from traditional tax-retirement accounts and pay income taxes on it. Roth accounts, by contrast, have no required distributions while the original owner is alive.

Your RMD is based on your age and account balance as of Dec. 31 of the prior year. The withdrawal rules are different for IRAs and 401(k)s. With IRAs, you have to calculate your RMD for each account, but you can withdraw the distribution from just one account if you want. With 401(k)s, you must make a withdrawal from every 401(k) that you have.

That's a lot of work, and your brokerage firm can't help with the math if your money is spread across multiple firms. Firms typically calculate the RMD for their clients, but they only know about the accounts that they hold. If you have accounts spread across multiple companies, you have to add them up yourself.

At Fidelity, customers can automate their RMDs so they don't have to take any action from year to year. You can decide at age 73 that you want your RMD withdrawn at a certain time—say, monthly—and the system will automatically send you an appropriate amount every month, updating it every year to account for the new RMD. Of course, this only satisfies your RMD requirement if all your money is with Fidelity.

“It really makes it convenient for people,” says Sham Ganglani, Fidelity’s retirement distributions team lead. And it gives them comfort that they are complying with the rules.

The penalty for non-compliance is steep. RMDs are typically due by year-end, although first-timers have a grace period until April 1 of the following year to make their first distribution. If you fail to withdraw the full amount by the due date, the amount not withdrawn may be subject to an excise tax of 25%, or 10% if the mistake is corrected within two years.

Nearly 7% of Vanguard IRA investors missed their RMDs in 2024, incurring an average tax penalty of more than \$1,100, according to company research.

If you have lost sight of an old 401(k), your RMD calculation could be wrong. Worse, you won't have that money as part of your nest egg. The Employee Benefits Security Administration maintains a database of lost 401(k)s where you can search for lost accounts.

What's more, there's no diversification benefit to having securities across multiple firms. Diversification comes through your mix of different assets, not different institutions. Major brokerages carry excess coverage well above the SIPC-provided insurance of \$500,000 per account type per member firm. It doesn't protect against market losses, just brokerage failure and certain kinds of fraud.

When it comes to cash, and large account balances there is benefit to spreading your money around. FDIC insurance protects cash up to \$250,000 per depositor per bank, so savers with more than that do have an incentive to open accounts across different institutions.

The U.S./Israel war on Iran is shaking up markets and disrupting energy supply. Just about all asset classes have been selling off over the past couple of weeks. At numerous times from the past few trading sessions market price action has been downright disorderly – sell first and ask questions later. However, I'm mostly optimistic with regard to resolving the Strait of Hormuz standoff, as it is in the best interest of many of the world's power players, who are particularly dependent on energy from this region (China, Japan, Europe, come to mind). And so, in general, I believe if something

appears unsustainable and cannot continue, it usually will not – whether one believes or wishes it to or not.

Goldman Sachs Asset Management recently put out a quick macro blurb on this subject over the weekend which sort of mimics my more optimistic tone.

“When we compare today’s oil supply disruption to previous shocks, one of the key differences is how much more favorable macro conditions are today. The Fed faces a less challenging trade-off between inflation and growth than in the past, with softer (but still solid) labor markets, inflation much closer to target and trending lower before the conflict, and a relatively tighter monetary policy stance. While the macro impact will ultimately depend on the duration of the disruption, we believe the Fed is better positioned to look through a short-term shock and continue policy normalization later this year.”

For the time being we are playing defense. However, I can easily see beyond this, in which markets base and begin to go higher, as uncertainty decreases over time. Maybe this is a late Q2 or Q3 plan, not sure, but it’s on my radar.

ASSET CLASS & SECTOR OPINIONS		
OVERWEIGHT	NEUTRAL	UNDERWEIGHT
Cash & Money Markets	Healthcare	Mortgage-Backed Securities
U.S. Treasury Notes & Bonds	Consumer Discretionary Sector	Investment Grade Corporate Bonds
Large Capitalization Technology	Communication Services Sector	Leverage Loans (Floating Rate Debt)
Energy Related Equities	Materials Sector	Treasury Inflation Protection Securities
Utilities	Financial Services Sector	High Yield Corporate Bonds
Aerospace & Defense	Consumer Staples	Local Currency EMG Bonds
Precious Metals	U.S. Real Estate & Related Equities	Leisure & Hospitality
International Developed Market Equities	Small Capitalization Stocks	
Emerging Markets Equities		

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Justin Kobe, CFA
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