RBC Wealth Management

WealthMonitor

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$1.65 trillion

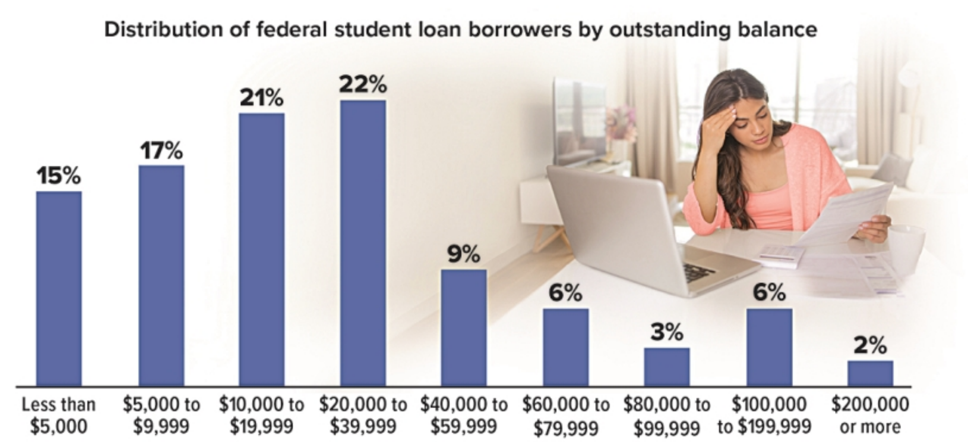
Outstanding federal student loan debt as of Q3 2025. Approximately 9.4% is 90 or more days delinquent or in default.

Source: Federal Reserve Bank of New York, *Quarterly Report on Household Debt and Credit Q3 2025*

Federal Student Loans: How Much Do Borrowers Owe?

Millions of Americans have federal student loans. This chart shows the distribution of borrowers by outstanding loan balance.

As of June 2025, 32% of borrowers owe less than $10,000 (representing 4% of all outstanding debt), 43% of borrowers owe between $10,000 and $40,000 (representing 24% of all outstanding debt), 15% owe between $40,000 and $80,000 (representing 23% of all outstanding debt), and 11% owe more than $80,000 (representing 49% of all outstanding debt). All told, 75% of borrowers owe less than $40,000.



Source: College Board, *Trends in College Pricing 2025* (numbers may not equal 100% due to rounding)

Be Storm Smart: How to Prepare for Extreme Weather

According to a 2025 report from Realtor.com, an estimated 26.1% of U.S. homes are exposed to at least one type of severe or extreme weather risk.[1] Extreme weather can strike unexpectedly, resulting in costly damage to your home and putting your family's safety at risk. While you can't control the forecast, you can control how prepared you are for it.

Protect your home before the weather turns wild

Fortunately, there are proactive steps you can take to help protect your home from extreme weather, but it's important to start the process before the storm season starts. To help prepare your home for wild weather, be sure to:

- Inspect and repair roof shingles and flashing
- Clean your gutters and downspouts
- Trim overhanging tree limbs and secure outdoor items
- Check windows, doors, and shutters to make sure they are properly sealed/reinforced

If you live in a fire zone, keep roof surfaces and gutters free of flammable materials, such as pine needles, leaves, and branches, and consider installing fire-resistant roofing and/or siding materials.

Percentage of U.S. homes that faced the following types of severe or extreme climate risk in 2025

Source: Realtor.com, Housing and Climate Risk Report, September 3, 2025

Be prepared with a plan

Extreme weather can sometimes cause power outages that last for days. It can also result in downed power lines, fallen trees, and/or flooding that make roads impassable. Know evacuation routes and have an emergency communication plan that identifies a safe place to meet in the event that family members become separated. Keep important addresses and phone numbers readily accessible and identify a place where you can safely stay for an extended period of time, if necessary. In addition, assemble an emergency kit with the following items:

Food/supplies. Stock up on several days' worth of nonperishable food and bottled water. Store other items that are specific to your family's needs, such as infant formula, diapers, pet food, clothing, and blankets.

First aid/medicine. Be prepared for possible medical needs by having a first-aid kit. Also talk to your doctor about obtaining an extra prescription for important medications you take.

Communication/safety items. Make sure your cell phones are fully charged. Also gather additional safety items, such as matches, flashlights, batteries, and a battery-powered AM/FM radio. Have copies of your driver's license or identification card and other important documents.

Make sure your insurance coverage can weather the storm

Review all of your insurance policies to make sure that you have appropriate coverage for your property and belongings. Consider insuring your home and its contents to their full replacement cost, including any new additions, remodels, and furniture. To assist with extreme weather-related insurance claims, be sure to take pictures/videos and make an inventory of your home and valuables in case they are damaged or destroyed.

If your home suffers severe damage from extreme weather, you'll need to file a claim with your insurance company. To make the claims process easier, take pictures to document the damage as soon as possible. While your claim is being processed, take steps to prevent further damage (e.g., putting a tarp on a damaged roof), since the insurance company may not cover anything beyond the initial damage to your property. Claims may be paid up to policy limits.

Keep in mind that certain types of extreme weather damage (e.g., flood damage) may be excluded from a standard homeowners policy, but separate coverage is often available. Contact your insurance agent or company to determine if you need to purchase additional insurance tailored to the risk in your area. If your home is deemed to be at high risk of extreme weather due to its geographic area, you may want to look for an insurance company that specializes in high-risk home insurance. High-risk policies often have significant exclusions and policy limits and are more expensive than traditional home insurance policies. However, they can provide coverage to a home that might otherwise be uninsurable.

For more information on extreme weather preparedness, visit the U.S. Department of Homeland Security's website, [ready.gov.](https://ready.gov)

1) Realtor.com, Housing and Climate Risk Report, September 3, 2025

The Evolution of Retirement Savings

The retirement savings landscape has changed dramatically over the past 50 years, starting with the introduction of traditional IRAs in 1975. The 1980s and '90s brought 401(k)s, other workplace plans, and Roth IRAs; the early 2000s welcomed health savings accounts (HSAs); and over the last decade, state-sponsored retirement savings plans came into existence. Most recently, 2025 introduced 530A accounts (also known as "Trump Accounts"), which could have a positive impact on wealth-building for some of the youngest Americans. How might these and other developments affect tomorrow's retirees?

Automatic features

In early December 2025, *The Wall Street Journal* reported that the number of "401(k) millionaires" reached the highest level ever, with more plan money invested in the stock market than ever before.[1] One contributing factor could be the increase in automatic and default plan features over the past two decades.[2] Designed to help make work-based retirement saving easy, such features include automatic plan enrollment, auto contribution increases, and diversified default investments that include stocks. Since research shows that employees who are automatically enrolled tend to remain in the plan and in the default investments,[3] automatic features are likely here to stay. In fact, the SECURE 2.0 Act passed in 2022 included a provision that required most new retirement plans established after December 29, 2022, to include certain automatic features.

State-sponsored plans

However, not all workers benefit from automatic features — or retirement plans in general — since just 54% of businesses with fewer than 50 employees offered a retirement plan in 2024.[4] In recent years, the federal government has tried to address this through tax benefits designed to encourage small businesses to adopt plans. Interestingly, state legislation may have an even stronger impact. Why? Unlike federal incentives, many current state laws *require* employers to offer a retirement savings plan.

As of January 2026, 20 states have enacted state-sponsored retirement programs, growing at the rate of one to two per year since 2012. Of the 20, 17 are mandated auto-IRA programs. Every state except South Dakota has at least explored offering such plans.[5]

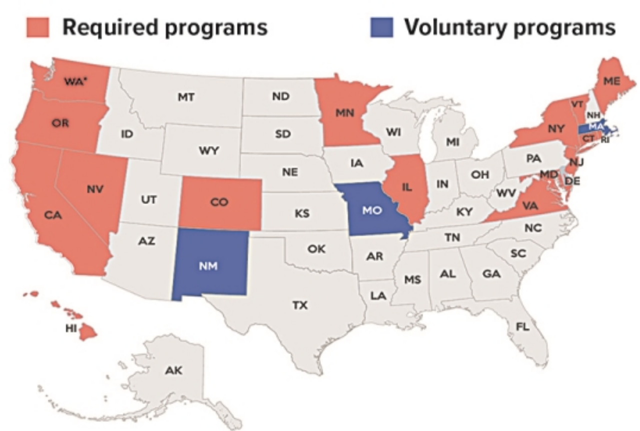
Saver's Match

Since the first tax benefits associated with IRAs, the federal government has encouraged workers to take charge of their own futures. Currently, low-income workers receive a federal tax credit for saving in a workplace plan or IRA. However, beginning in 2027, this Saver's Credit will be replaced by a Saver's Match. Through this program, the federal government will match 50% of an individual's contributions up to $2,000 (maximum $1,000 match), to be invested directly into their retirement accounts. Income limits apply.

530A accounts

Beginning in July 2026, parents and guardians may open these new accounts to help children get a head start on the road to retirement. Employers, parents, and others may make contributions to the accounts for any eligible child under 18. Moreover, for all eligible children born between January 1, 2025, and December 31, 2028, the federal government will make one-time $1,000 contributions. Total annual contributions cannot exceed $5,000 per year, per child, and accounts will be invested in low-cost index investments. Distributions will not be permitted until the child reaches age 18, at which time, the accounts generally will be subject to the same rules as a traditional IRA.

State-Sponsored Retirement Programs



*Mandated program takes effect in 2027.
Source: Georgetown University's Center for Retirement Initiatives, January 2026

Is the future bright?

When viewed together, automatic plan features, state-mandated plans, the Saver's Match, and 530A accounts paint a potentially bright picture for today's younger generations; however, legislators will need to ensure that programs are designed to be easy to use and easy to understand. Awareness and education will be keys to success.

1) *The Wall Street Journal,* December 8, 2025

2) Plan Sponsor Council of America, June 25, 2025

3) TIAA Institute, September 2024

4) PLANSPONSOR, August 1, 2025

5) Georgetown University, January 2026

Don't Overlook the Value of Social Security Survivor Benefits

Life insurance might play a central role in helping to protect your family's financial future. But did you know that another important source of income for your survivors could be Social Security? If you earned enough work credits by paying Social Security payroll taxes, certain family members may be eligible to receive Social Security survivor benefits based on your record. Family members who might qualify include:

- Your spouse or former spouse who is age 60 or older (50 or older if disabled)
- Your spouse or former spouse at any age, if caring for your child who is under age 16 or disabled
- Your unmarried children under age 18 (19 if attending K-12 school full time, or any age if disabled before age 22)
- Your dependent parents age 62 or older

The number of work credits you need depends on your age when you die. The younger you are, the fewer credits you'll need for survivor benefits, but no one needs more than 40 credits (10 years of work). Under a special rule, your children and your spouse caring for your children can get benefits if you have at least six credits (one-and-a-half years of work) in the three years before your death.

This is a general overview — the rules are more complex. For more information on eligibility requirements, contact the Social Security Administration at (800) 772-1213.

How much will your survivors receive?

An eligible family member will receive a monthly survivor benefit based on your average lifetime earnings. The higher your earnings, the higher the benefit. This benefit is equal to a percentage of your basic Social Security benefit and depends on your survivor's age and relationship to you.

For example, at full retirement age (FRA) or older, your spouse may receive a survivor benefit equal to 100% of your basic Social Security benefit. However, a spouse who has not yet reached FRA at the time of your death will receive a reduced benefit, generally 71.5% to 99% of your basic benefit (75% if your spouse of any age is caring for a child under age 16).

Your dependent child may also receive 75% of your basic benefit. However, the total amount of money that can be paid to your family each month is generally limited to about 150% to 180% of your basic benefit.

You can find out more about future Social Security benefits by signing up for a *my* Social Security account at the Social Security website, ssa.gov; this allows you to view your online Social Security Statement. Your statement contains a detailed record of your earnings, as well as estimates of retirement, survivor, and disability benefits.

The cost and availability of life insurance depend on factors such as age, health, and the type and amount of insurance purchased.