

# WEEKLY MARKET COMMENTARY

For the Week of Jan. 5, 2015

## THE MARKETS

Stocks fell on Wednesday for the final trading day of 2014, but the S&P 500 closed out its third straight year of double-digit gains and the Dow its sixth consecutive annual gain. U.S. stocks saw little change on Friday in the first trading session of 2015, leading to a down week overall. For the week, the Dow fell 1.20 percent to close at 17,832.99. The S&P lost 1.42 percent to finish at 2,058.20 and the NASDAQ dropped 1.67 percent to end the week at 4,726.81.

Returns Through 01/02/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-1.20	0.08	11.01	16.32	14.24
NASDAQ Composite (PR)	-1.67	-0.20	14.09	21.97	15.81
S&P 500 (TR)	-1.42	-0.02	14.66	20.41	15.45
Barclays US Agg Bond (TR)	0.60	0.23	6.13	2.74	4.50
MSCI EAFE (TR)	-1.52	-0.70	-4.53	10.54	5.19

Source: Morningstar.com. \*Past performance is no guarantee of future results. Indexes are unmanaged and cannot be invested into directly. Three- and five-year returns are annualized. The Dow Jones Industrials, MSCI EAFE, Barclays US Agg Bond and S&P, excluding "1 Week" returns, are based on total return, which is a reflection of return to an investor by reinvesting dividends after the deduction of withholding tax. The NASDAQ is based on price return, which is the capital appreciation of the portfolio, excluding income generated by the assets in the portfolio in the form of interest and dividends. (TR) indicates total return. (PR) indicates price return. MSCI EAFE returns stated in U.S. dollars.

**No Easing into Retirement** — Nearly three in five American retirees (58 percent) worked full-time until their retirement, then stopped working and have not and do not anticipate ever working again (source: Federal Reserve, BTN Research).

**Just in Case** — One in four Baby Boomers (26 percent) have established a financial plan to fall back on in the event they are forced to retire prematurely due to circumstances beyond their control, including getting fired or because of the loss of a job due to a disability or serious health complications (source: Transamerica Center for Retirement Studies, BTN Research).

**Give It Away** — The gift tax annual exclusion per donee (i.e., recipient) for 2014 is \$14,000 (the same as 2013). The \$14,000 annual exclusion is in addition to the \$5.34 million lifetime exemption from gift taxes. The gift tax annual exclusion will remain \$14,000 for 2015 (source: IRS, BTN Research).

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## WEEKLY FOCUS – Turning Resolutions Into Habits

Making New Year's resolutions has become almost cliché, because, let's face it, most of us can't make it to the end of January. The trick is tying your resolutions to your current behaviors and making them into habits. Let's say you have resolved in 2015 to increase your 401(k) contributions. With your current budget, you may not have extra cash readily available, so you need to look for an expense you can cut to free up funds.

Denying yourself something you count on or truly enjoy can be the first step in failing to keep your resolution – just ask a chocolate lover who has tried to quit cold turkey as part of a diet, only to boomerang the next week by eating a whole box of truffles. You need to be creative to find expenses you can live without, without feeling denied. For example, maybe you love the silver screen and you reward yourself at the end of each work week with a night out at the movies. Using round numbers, you and your spouse probably spend \$20 for tickets.

What do you spend on snacks? Two drinks and a tub of popcorn can easily run \$15 to \$20 at most theaters. Instead of giving up movie night altogether, what about having that snack before you leave home? Cost of two 20-ounce bottles of pop and a bag of microwave popcorn – less than \$5. You've saved \$10 to \$15. Do that every week, and you've saved \$40 to \$60 a month – approximately \$500 to \$700 a year – without giving up your movie night completely.

This is just one example of habits – like buying snacks at the theater – that can be eliminated without losing the things you need or love – like movies. If you can't eliminate it entirely without feeling deprived or resentful, try reducing or making it a reward. For example, if you stick to your movie snack goal for three months, reward yourself for one night with those two theater sodas and popcorn – extra large with extra butter!

Your financial resolutions for 2015 may be bigger than an extra \$500 in your 401(k). We can help you find ways to meet your goals this year, and for many more, no matter how big or small. Call our office to schedule time to discuss what you want to accomplish in 2015 and beyond.



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\* The Standard & Poor's 500 (S&P 500) is an unmanaged group of securities considered to be representative of the stock market in general. The Dow Jones Industrial Average is a price-weighted index of 30 actively traded blue-chip stocks. NASDAQ Composite Index is an unmanaged, market-weighted index of all over-the-counter common stocks traded on the National Association of Securities Dealers Automated Quotation System. The Morgan Stanley Capital International Europe, Australia and Far East Index (MSCI EAFE Index) is a widely recognized benchmark of non-U.S. stock markets. It is an unmanaged index composed of a sample of companies representative of the market structure of 20 European and Pacific Basin countries and includes reinvestment of all dividends. Barclays Capital Aggregate Bond Index is an unmanaged index comprised of U.S. investment-grade, fixed-rate bond market securities, including government, government agency, corporate and mortgage-backed securities between one and 10 years. Written by Securities America. SAI#1089263.1