

WEEKLY MARKET COMMENTARY

For the Week of Feb. 29, 2016

THE MARKETS

After a week of strong gains, stocks slid Friday as concerns over potential interest rate hikes grew, thanks to the Commerce Department's report showing gross domestic product increased more than expected in the fourth quarter. For the week, the Dow rose 1.56 percent to close at 16,639.97. The S&P gained 1.63 percent to finish at 1,948.05, and the NASDAQ climbed 1.91 percent to end the week at 4,590.47.

Returns Through 02/26/16	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.56	-3.99	-6.30	8.81	9.27
NASDAQ Composite (PR)	1.91	-8.33	-7.97	13.62	10.54
S&P 500 (TR)	1.63	-4.32	-5.71	11.50	10.43
Barclays US Agg Bond (TR)	0.02	1.95	1.47	2.17	3.60
MSCI EAFE (TR)	0.15	-8.95	-14.95	0.91	0.76

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.

Comparing Us and Them — Gross domestic product (GDP) in the United States grew by 2.4 percent in 2015. GDP in the 19-nation Eurozone grew by 1.5 percent in 2015 (source: Commerce Department, BTN Research).

The Way We Were — From January 1962 to the end of August 2011 (a period of almost 50 years), the yield on the 10-year Treasury note closed below 2 percent on zero trading days, i.e., never (source: Treasury Department, BTN Research).

In the Six Months Before — From a peak closing value on Oct. 9, 2007, the S&P 500 fell 56.8 percent over the subsequent 17 months before bottoming on March 9, 2009. In the six months preceding the March 9, 2009, bear market low close, the S&P 500 experienced 12 separate trading days when the index fell by at least 5 percent in a single trading session (source: BTN Research).

WEEKLY FOCUS – Things to Know if You Inherit a Retirement Account

It's difficult to think about finances while grieving the loss of a loved one. However, if you inherit a retirement account, it's wise to consult a tax professional immediately. Strict IRS rules, deadlines and penalties may apply.

If you're a surviving spouse, the IRS will allow you to do a spousal rollover. This means, you can transfer your deceased spouse's 401(k) or IRA into your own IRA, where the funds will continue to grow tax-deferred. If your spouse was 70 ½ or older, their annual required minimum distribution (RMD) must be subtracted before rolling the assets into your account. From that point on, the funds will be treated as your own. Early withdrawal penalties and required minimum distributions will be based on your age, rather than your spouse's age. (Roth IRA's and Roth 401k's are never subject to RMDs.)

As a friend or other family member, you do not have the spousal option. You can, however, transfer the assets into a newly created inherited IRA and begin taking withdrawals immediately without an early withdrawal penalty. You will be liable for income tax on those withdrawals. You must keep an inherited IRA separate from any personal retirement accounts you may already own, and distribution rules will be different than those for your own accounts.

Whether you are a spouse or non-spouse, you can take a lump sum without paying a penalty. But the entire amount will be subject to income tax. Please be advised, there are specific tax consequences for handling inherited IRA vs. inherited 401k rollovers. You should consult with your tax advisor regarding rollover guidelines. (Earnings are generally tax-free on an inherited Roth IRA if the five-year holding period has been met.)

Depending on the individual plan stipulations, a designated non-spouse beneficiary may also leave the money in the original account and liquidate it within five years of the owner's death or take distributions over their own life expectancy (known as the stretch option).

There's much more to consider with inherited 401(k)s and IRAs. We can work with you, your attorney and your accountant to make the most of your inheritance or to ensure your own estate plan addresses your retirement accounts. Call our office to schedule an appointment with us and your other trusted advisors. *Consult your tax advisor regarding your own unique situation.*



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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# 1430995.1