WEEKLY MARKET COMMENTARY

For the Week of August 3, 2015

THE MARKETS

Wall Street reacted to negative and positive news on Friday. A wage report indicated second quarter U.S. labor costs saw the smallest increase in 33 years, producing expectations the Federal Reserve might delay raising interest rates. On the other hand, energy stocks dropped amid declines in crude oil prices and oversupply concerns. For the week, the Dow rose 0.69 percent to close at 17,690.46. The S&P gained 1.19 percent to finish at 2,103.92, and the NASDAQ climbed 0.78 percent to end the week at 5,128.28.

Returns Through 07/31/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.69	0.55	9.34	13.54	13.93
NASDAQ Composite (PR)	0.78	8.28	17.36	20.38	17.86
S&P 500 (TR)	1.19	3.35	11.21	17.58	16.24
Barclays US Agg Bond (TR)	0.32	0.59	2.82	1.60	3.27
MSCI EAFE (TR)	1.02	7.72	-0.28	12.32	8.01

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.

On the Bucket List — Sixty-four percent of American adults do not have a will, an increase from the 57 percent of adults that did not have a will in 2011 (source: Rocket Lawyer, BTN Research).

Low Cost, High Usage — An average working couple in America that turned 65 years old in 2015 is projected to receive $427,000 in Medicare benefits over their lifetime, more than three times the $141,000 they paid in Medicare taxes during their working years (source: Urban Institute, BTN Research).

Twenty-Two Year Low — The national homeownership rate was 63.7 percent at the end of the first quarter 1993, peaked at 69.2 percent at the end of the fourth quarter 2004, and now has dropped all the way back to 63.7 percent again at the end of the first quarter 2015 (source: Census Bureau, BTN Research).

WEEKLY FOCUS – Is the Sky Falling on Social Security?

As Social Security approaches its 80th anniversary, a growing number of Americans are concerned about its health. According to a recent USA Today/Gallup poll, six in 10 Americans who have not retired believe they will receive no Social Security benefits when they do. Dividing the poll subjects by age revealed a disparity in responses. Among 18 to 34-year-olds, only 22 percent believed Social Security would be there for them, while 69 percent of those aged 55 and older believed it would.

There are legitimate reasons to be concerned about the Social Security Trust Fund. People are living longer. Because they are earning more over their careers, monthly payments are higher. A lower birth rate has also had an impact. In the past, three children supported two retirees, but in the future there will only be two children in the workforce for every two retirees. Consequently, the Social Security Trustees' 2015 report estimates fund reserves will be depleted in 2034 – if something isn't changed. Even in that worst case scenario, the Trustees say benefit payments would not disappear. There would still be adequate funds coming in from current workers to pay 77 percent of scheduled benefits.

So while there are some clouds in the sky, it's not falling. Nonetheless, Congress needs to do something – and the sooner, the better. Possible fixes include: increasing the tax rate, raising the cap on taxable earnings, bumping up the retirement age, reducing the rate of benefits, decreasing the cost-of-living adjustment or a combination of changes.

It should be noted that Social Security's benefits were only designed to *supplement* recipients' savings by replacing part of their earnings. The replacement rates are inversely proportional to earning levels. For example, an individual who retired in 2013 with a lifetime of medium earnings received about 42 percent of past earnings, while a retiree who had earned the maximum level received 26 percent.

You may not be able to control how and when the government addresses projected Social Security shortfalls, but you can do your part to ensure your retirement is secure. Please feel free to call us and set up an appointment to review your portfolio and discuss your retirement goals.

WEALTH HAPPENS.

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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#1264043.1