WEEKLY MARKET COMMENTARY

For the Week of Sept. 23, 2013

THE MARKETS

U.S. stocks fell on Friday after Federal Reserve officials shared conflicting views on the decision to maintain stimulus measures. Still, all major indexes advanced for the third consecutive week. For the week, the Dow rose 0.50 percent to close at 15,451.09. The S&P gained 1.32 percent to finish at 1,709.91 and the NASDAQ climbed 1.41 percent to end the week at 3,774.73.

Returns Through 09/20/13	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.50	20.13	16.66	15.88	9.33
NASDAQ Composite (PR)	1.41	25.01	18.85	17.02	10.67
S&P 500 (TR)	1.32	21.76	19.72	16.87	8.78
Barclays US Agg Bond (TR)	0.98	-2.39	-1.77	2.90	5.07
MSCI EAFE (TR)	2.81	17.12	22.29	9.32	4.62

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.

So Far, So Good – Four out of every five American males (80 percent) that reach age 65 as a healthy individual are expected to spend the remainder of their lives without suffering a disability (source: Society of Actuaries, BTN Research).

How Long? – Forty-two percent of more than 1,500 Americans at least age 25 anticipate that they will need to work until at least age 70 before they will be able to retire. The survey was conducted in the first quarter of 2013 (source: Northwestern Mutual’s 2013 Planning & Progress Study, BTN Research).

In Short Supply – The inventory of existing homes for sale in the United States declined by 2.3 million in the past five years through July 31, 2013, a drop of 50 percent (source: National Association of Realtors, BTN Research).

WEEKLY FOCUS – Health Savings Accounts

In 2012, health care premium rates for employers increased an average 4.9 percent, down from 8.5 percent in 2011 and 6.2 percent in 2010. However, average health care premium increases are projected to jump up to 6.3 percent in 2013, according to the Society for Human Resource Management. Health Savings Accounts, used by 13.5 million Americans to accumulate tax-free dollars for health expenses, may be one way to lessen the blow and prepare for the future.

Anyone younger than 65 can open an HSA after purchasing a qualified high-deductible health insurance plan. To be considered "qualified" for 2013, the insurance plan must have a deductible of at least $1,250 for individuals or $2,500 for family, and have a limit of $6,250 individual and $12,500 family for out-of-pocket expenses. Choosing a policy that qualifies can involve insurance and tax issues that should be discussed with professionals in those fields. Contribution caps are the lesser of the insurance plan deductible or the IRS maximum. For 2013, the IRS max is $3,250 for individuals and $6,450 for families. Individuals 55 or older can make a $1,000 catch-up contribution in 2013.

Unlike the flexible spending accounts offered by many employers, HSA contributions and gains can be rolled from year to year – there's no "use it or lose it" requirement – and you retain ownership of the funds even if you terminate employment. Because you establish an HSA independent of your employer, these accounts may provide a health care expense "safety net" should you terminate employment (voluntarily or involuntarily). They also provide retirees with another vehicle that offers tax deductions for contributions, tax-free growth and tax-free withdrawals for medical expenses. Withdrawals for nonmedical expenses are subject to income tax, and an additional 10 percent penalty applies for nonmedical withdrawals before age 65.

If you plan to use HSA funds in the near term, a liquid, interest-bearing account like a savings account may be appropriate. However, if you don't anticipate an immediate need for all or part of your HSA funds, the accounts are self-directed, allowing you to use other investment options. We can work with your insurance and tax professionals to help you determine if an HSA is right for you and which investment vehicles best meet your needs. Call us to learn more.

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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#733560