

WEEKLY MARKET COMMENTARY

For the Week of Sept. 30, 2013

THE MARKETS

Stocks fell on Friday as investors grew wary of a possible U.S. government shutdown. The Dow and the S&P 500 both posted their first negative week in four, while the NASDAQ pulled ahead for its fourth consecutive week of gains. For the week, the Dow fell 1.25 percent to close at 15,258.24. The S&P lost 1.02 percent to finish at 1,691.75 and the NASDAQ climbed 0.18 percent to end the week at 3,781.59.

Returns Through 09/27/13	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-1.25	18.64	16.15	15.19	9.53
NASDAQ Composite (PR)	0.18	25.24	20.56	16.86	11.61
S&P 500 (TR)	-1.02	20.52	19.52	16.48	9.29
Barclays US Agg Bond (TR)	0.54	-1.87	-1.64	2.89	5.31
MSCI EAFE (TR)	0.12	17.27	23.71	8.74	4.99

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.

More Taking Out Than Putting In – The number of Americans at least age 65 is projected to increase 37 percent over the next decade and by 85 percent over the next 25 years (source: Congressional Budget Office, BTN Research).

Thirty Years Ago – When a Social Security committee (chaired by Alan Greenspan) implemented changes in 1983 that gradually increased the age at which a retiree would receive full social security benefits from age 65 to age 67, only Americans that were 20 or more years from turning 65 were impacted (source: Social Security, BTN Research).

Why Growth Is Needed – An individual living on a fixed income over the past 20 years (i.e., from the end of 1992 to the end of 2012) would have suffered a 38 percent loss of purchasing power over the two decades, using the CPI as a gauge of his or her inflation (source: Department of Labor, BTN Research).

WEEKLY MARKET COMMENTARY

Page 2 of 2

WEEKLY FOCUS – Medicare Part B

The ability to pay for health care during retirement is a growing concern for both retirees and adults still working. The 2012 Retirement Confidence Survey from the Employee Benefit Research Institute found that only 13 percent of workers feel very confident about having sufficient retirement savings to cover medical expenses. Of those already retired, only 24 percent feel very confident about their ability to pay for medical expenses.

According to a Current Population Report published September 2013 by the Census Bureau, 98.5 percent of individuals age 65 and over cover their health care costs through some form of health insurance, primarily Medicare (92.6 percent). Just over a third of retirees (33.2 percent) have private health care coverage through their former employer, and 25.8 percent purchase coverage directly from an insurance carrier, in addition to Medicare.

Medicare Part B provides supplemental health coverage for recipients of Medicare. Part B covers medically necessary services or supplies needed to diagnose or treat medical conditions as well as services that help prevent or detect illnesses. Prior to 2006, the premium portion paid by all recipients was just 25 percent of the plan's total costs. Today, Medicare Part B uses an income-based premium scale based on tax-returns from two years ago. For 2013, individuals with more than \$85,000 and up to \$107,000 in modified adjusted gross income for 2011 (\$170,000 to \$214,000 for joint filers), typically pay a monthly premium of \$146.90.

Something to consider with Part B is the late enrollment penalty. If you don't sign up for Part B when you're first eligible or if you drop Part B and then get it later, you may have to pay a late enrollment penalty for as long as you have Medicare. Your monthly premium for Part B may go up 10 percent for each full 12-month period that you could have had Part B but didn't sign up for it.

Clearly, medical costs will continue to increase as a percentage of retirees' living expenses. Careful planning before and during retirement can help you ensure you can continue to live comfortably *and* pay for your health care needs. Contact our office for help in determining if your existing plan for your retirement allows sufficient funds for health care.



This commentary brought to you by:

Davidson Financial Services

Anthony A Davidson, Investment Advisor Representative
1795 Alysheba Way Suite 3101 Lexington, KY 40509
859-245-5880 fax: 859-245-7007

anthony@wealthhappens.net www.wealthhappens.net

Securities offered through Securities America, Inc., Financial Advisor Member FINRA/SIPC. Advisory services offered through Securities America Advisors, Inc. Davidson Financial Services and the Securities America companies are unaffiliated.

* 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#737794