

WEEKLY MARKET COMMENTARY

For the Week of Oct. 27, 2014

THE MARKETS

Stocks rose on Friday on strong corporate earnings reports and eased concerns over the possible spread of Ebola in the United States. U.S. stocks closed with their best week in nearly two years. For the week, the Dow rose 2.62 percent to close at 16,805.41. The S&P gained 4.14 percent to finish at 1,964.58 and the NASDAQ climbed 5.29 percent to end the week at 4,483.72.

Returns Through 10/24/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	2.62	3.26	10.89	15.03	13.92
NASDAQ Composite (PR)	5.29	7.35	14.12	18.43	15.79
S&P 500 (TR)	4.14	8.03	14.46	18.67	15.12
Barclays US Agg Bond (TR)	-0.26	5.34	4.36	3.05	4.37
MSCI EAFE (TR)	2.39	-4.94	-3.70	9.21	5.22

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.

We're Number One — The United States was the no. 3 ranked oil producer in the world just five years ago, trailing both Russia and Saudi Arabia in 2009. Since then, the U.S. has increased its production of oil from 8 million barrels a day to 13 million barrels a day, overtaking both Russia and Saudi Arabia in the global rankings (source: Energy Information Administration, BTN Research).

Almost Half of Them — Three out of every seven (43 percent) 25-year-olds in the United States have student loan debt accumulated from going to college. Just 1 in 4 (25 percent) in this age group had outstanding student loan debt as a result of their college education 10 years ago (source: Federal Reserve Bank of New York, BTN Research).

Mini-Bears — The bull market for the S&P 500 is in its 68th month, having gained 214 percent (total return). Since bottoming on March 9, 2009, the index has experienced 12 separate market tumbles of at least 5 percent but less than 20 percent. The dozen falls have each averaged an 8.5 percent drop over 26 trading days (source: BTN Research).

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WEEKLY FOCUS – Changes to Social Security for 2015

If you are already receiving Social Security, then you may be aware that monthly Social Security benefit checks for you and nearly 60 million Americans will increase by 1.7 percent for cost-of-living adjustments (COLA) for 2015. The estimated average monthly Social Security benefits payable to all retired workers starting in January will be \$1,328, up from \$1,306. While this is good news for those already receiving Social Security, it is not as exciting for the nearly 10 million American workers who will now be paying higher Social Security taxes.

To pay for the COLA increase, the Social Security Administration (SSA) increased the maximum amount of earnings subject to Social Security tax by about 1.28 percent to \$118,500 for 2015 from \$117,000 in 2014. The Department of Labor's Bureau of Labor Statistics sets the Consumer Price Index, and the annual COLA adjustment uses that benchmark along with changes in the price of food, housing, clothing, transportation, energy, medical care and more, to calculate increases.

Social Security allows retirees to work and earn income while also receiving benefits. The benefits are reduced, however, for retirees below full retirement age (defined as 66 for people born in 1945 through 1955) who earn more than a certain amount. For 2014 tax returns, that amount is \$15,480; for each \$2 earned over that limit, benefits were reduced by \$1. The earnings limit for 2015 has been increased to \$15,720. At full retirement age, benefits are increased to account for the amount withheld earlier due to the earnings limit. However, if you wait until full retirement age to begin receiving Social Security benefits, your benefits are not subject to the earnings limit – so you can work and receive full benefits.

While Social Security is typically just a small part of your overall retirement plan, changes to both Social Security benefits and taxes can have a direct effect on retirement income and savings. Contact our office today for a review of your portfolio to see how these changes might affect your individual 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#1045882.1