

WEEKLY MARKET COMMENTARY

For the Week of Nov. 3, 2014

THE MARKETS

Markets rose on Friday posting a second strong week and pushing the S&P 500 and the Dow to new record highs. The S&P 500 posted its best two-week gain since December 2011, the Dow posted its best weekly gain since January 2013 and the NASDAQ had its highest close since March 2000. For the week, the Dow rose 3.48 percent to close at 17,390.52. The S&P gained 2.74 percent to finish at 2,018.05 and the NASDAQ climbed 3.28 percent to end the week at 4,630.74.

Returns Through 10/31/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	3.48	6.86	14.48	16.22	15.30
NASDAQ Composite (PR)	3.28	10.87	18.14	19.93	17.76
S&P 500 (TR)	2.74	10.99	17.27	19.77	16.69
Barclays US Agg Bond (TR)	-0.21	5.12	4.14	2.73	4.22
MSCI EAFE (TR)	2.24	-2.81	-0.60	9.68	6.52

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.

Nifty November — November has been the third best performing month for the S&P 500 since 1990. Over the past 24 years (1990-2013), the S&P 500 has gained an average total return of 1.5 percent during November. Over the entire period, 17 of 24 Novembers have been up. The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value (source: BTN Research).

Same Premium Next Year — The premium for Medicare Part B (physician and outpatient care) will be \$104.90 per month in 2015, the same premium paid in 2014 (richer Americans pay a higher premium up to as much as \$335.70 per month). The monthly premium is estimated to cover just 25 percent of the costs of Medicare Part B (source: Medicare, BTN Research).

Only Social Security — More than one in three American seniors (35 percent) age 65 and up have no other source of retirement income other than Social Security. The maximum benefit paid by Social Security to a worker retiring at "full retirement age" in 2014 is \$2,642 per month or \$31,704 per year (source: U.S. Census Bureau, BTN Research).

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WEEKLY FOCUS – Medicare Annual Open Enrollment

A couple, both age 65, retiring today will spend, according to Fidelity Investments' 2014 survey, approximately \$220,000 on health care during their retirement years – and that doesn't include any assisted living or nursing care. Making the most of your health expense resources during retirement can make a significant difference in how long your retirement savings will last.

The annual open enrollment period for 2015 Medicare Part D began Oct. 15 and will extend until Dec. 7. During the enrollment period, Medicare recipients can add, drop or change their prescription drug coverage (Part D). According to Medicare Today, anyone eligible for Medicare Part A (whether actually enrolled or not), or who is currently enrolled in Medicare Part B, may join Medicare Part D for help paying prescription drug costs. Your eligibility is not dependent on your income, health status or current prescription expenses. Although enrollment in Medicare Part D is voluntary, if a beneficiary does not sign up when first eligible and decides to enroll later, a penalty fee may apply.

Medicare Part D participants can choose between joining a Medicare prescription drug plan (PDP) through a Medicare-approved private company or joining a Medicare Health Plan, such as Medicare Advantage, that includes prescription drug coverage. If you are already enrolled in Part D, you can switch your plan during the enrollment period. For those using a PDP, changing plans has no impact on the doctors you see. With a Health Plan, however, you may be limited to the doctors within the particular plan's group. That hurdle often discourages participants from changing plans, but if premium costs are a concern, participants would do well to investigate their options.

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. Medicare Part B uses an income-based premium scale based on tax-returns from two years ago. For 2015, individuals with more than \$85,000 and up to \$107,000 in modified adjusted gross income for 2013 (\$170,000 to \$214,000 for joint filers), typically pay a monthly premium of \$146.90 – unchanged from 2014.

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.



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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#1051289.1