

# WEEKLY MARKET COMMENTARY

For the Week of Dec. 1, 2014

## THE MARKETS

U.S. stocks finished relatively flat Friday following an early close after the Thanksgiving holiday. Indexes racked up their sixth straight positive week Friday, with the S&P 500 ending up in 12 of the past 15 months and closing just below its record closing high. For the week, the Dow rose 0.17 percent to close at 17,828.24. The S&P gained 0.24 percent to finish at 2,067.56 and the NASDAQ climbed 1.67 percent to end the week at 4,791.63.

Returns Through 11/28/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.17	9.92	13.42	16.86	14.41
NASDAQ Composite (PR)	1.67	14.73	18.02	22.29	17.44
S&P 500 (TR)	0.24	13.98	16.86	20.93	15.96
Barclays US Agg Bond (TR)	0.54	5.86	5.26	3.00	4.10
MSCI EAFE (TR)	0.48	-1.49	-0.02	12.02	6.38

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.

**Well into His/Her Eighties** — In the year 2000, an average 65-year-old American male had a life expectancy of 19.6 years. Today, an average 65-year-old American male has a life expectancy of 21.6 years, an increase of 2.0 years or 24 months. In the year 2000, an average 65-year-old American female had a life expectancy of 21.4 years. Today, an average 65-year-old American female has a life expectancy of 23.8 years, an increase of 2.4 years or 29 months (source: Society of Actuaries, BTN Research).

**Not Big Earners** — Eighty-six percent of the 51.8 million tax returns filed in 2012 that did not pay any federal income tax reported less than \$30,000 of adjusted gross income (source: Internal Revenue Service, BTN Research).

**Late in the Year** — The S&P 500 stock index closed at its calendar year high during the month of December in 16 of the past 30 years, i.e., 1984-2013. The index's high close (so far) during 2014 of 2,069 was achieved just last Monday, Nov. 24, 2014. 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).

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## WEEKLY FOCUS – Big Changes to Retirement Plans Coming in 2015

The Internal Revenue Service raised the annual limit on contributions to 401(k) plans by \$500 for 2015. Starting Jan. 1, employees can contribute a maximum of \$18,000 to a 401(k), 403(b) or 457 plan. Employees age 50 and older can contribute an additional \$6,000, putting the total contribution limit for this age group at \$24,000.

Annual contributions to IRAs, both traditional and Roth, will remain the same this year at \$5,500. Individuals age 50 and older can contribute an additional \$1,000 to their IRA, putting the total allowable contribution for this age group at \$6,500 for 2014.

Traditional and Roth IRA contributions are phased out based on the taxpayer's adjusted gross income (AGI). Phase-out limits for both types of IRAs have increased for 2015 and vary depending on whether you are married and whether you contribute to a workplace retirement plan. These limits can be found on the IRS website, [www.irs.gov](http://www.irs.gov). As a reminder, you can make 2014 contributions to your IRA up until you file your taxes on April 15, 2015.

Beginning in 2015, investors can make only one rollover from one IRA to another in any 12-month period. A second IRA-to-IRA rollover in a single year could result in income tax becoming due on the rollover, a 10 percent early withdrawal penalty and a 6 percent per year excess contributions tax as long as that rollover remains in the IRA. However, trustee-to-trustee transfers between IRAs and conversion rollovers from traditional to Roth IRAs are not limited.

Retirement accounts such as 401(k) or IRAs are just one of the many keystones supporting your retirement plan. When was the last time you reexamined your 401(k) to determine if it's sturdy enough to help support your retirement goals? Are you contributing the maximum, or at least meeting your employer's match? Contributing to a workplace or individual retirement plan, especially with pretax dollars or under a deduction, reduces your taxable income *and* furthers your retirement goals.

We can assist you in evaluating your 401(k), and all other retirement saving choices available, to make sure you're making the most of these benefits. We're happy to work in conjunction with your tax professional to help you solidify the foundation for a strong retirement plan. Call us today!



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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#1069067.1