



# WEEKLY MARKET COMMENTARY

For the Week of December 7, 2015

## THE MARKETS

Wall Street rallied Friday, following two days of sharp losses. With U.S. jobs reports suggesting the economy was healthy enough to withstand an interest rate increase, financials led the rally, and the S&P 500 posted its biggest gain since early September. For the week, the Dow rose 0.36 percent to close at 17,847.63. The S&P gained 0.12 percent to finish at 2,091.69, and the NASDAQ climbed 0.29 percent to end the week at 5,142.27.

Returns Through 12/04/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.36	2.55	2.21	14.04	12.23
NASDAQ Composite (PR)	0.29	8.58	7.82	19.72	14.69
S&P 500 (TR)	0.12	3.60	3.09	16.56	13.69
Barclays US Agg Bond (TR)	-0.12	0.69	1.07	1.42	3.19
MSCI EAFE (TR)	-0.82	0.01	-2.97	6.18	4.30

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.

**The Impact of Inflation** — An adjusted gross income (AGI) of \$80,580 was required to rank in the top 1 percent of U.S. taxpayers in 1980. An AGI of \$74,955 was required to rank in the top 25 percent of U.S. taxpayers in 2013 (source: Internal Revenue Service, BTN Research).

**Ten Years, No Growth** — The median sales price of existing homes sold nationwide during the month of October 2015 was \$219,600. The median sales price of existing homes sold nationwide during the month of October 2005 (i.e., 10 years ago) was \$229,000 (source: National Association of Realtors, BTN Research).

**Outside the United States** — For the average company within the S&P 500, 48 percent of the revenue is derived from sales made to foreign buyers. Of the technology companies within the S&P 500, 59 percent of the revenue is derived from sales made to foreign buyers (source: S&P Dow Jones Indices, BTN Research).

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## WEEKLY FOCUS – Deductible Charitable Donations

Many gifts given in December were never on a shopping list. According to a recent NBC story, it is the top month for charitable giving, accounting for 18 percent of annual donations. You may not need a shopping list for these benevolent gifts, but there are things to remember if you hope to receive tax deductions for them.

First of all, you can only claim charitable contributions if you itemize your tax return. Secondly, there is a difference between nonprofits and charities. Donations are only deductible when made to a qualified charity under IRS rules. To see whether your organization qualifies, go to <https://www.irs.gov/Charities-&-Non-Profits/Exempt-Organizations-Select-Check>. Churches, synagogues, temples and mosques are generally eligible to receive deductible donations, even if they're not on the list. But it's best to ask if you're not sure. Contributions to political organizations or candidates are not deductible. If you receive a gift for making a donation, you must deduct its value from the amount you gave.

Of course, there are ways to give beyond writing a check. If they are in good condition, clothing and household goods can be deducted at fair market value. Consult your tax professional regarding special rules for donating appreciated stock, jewelry or artwork. Keep a detailed record of items contributed with dates and descriptions. You now need a receipt or cancelled check for every donation, regardless of the amount. Additional rules apply for contributions of \$250 or more.

Donations are deductible in the year in which they are made. So decide when the deduction would be most beneficial. You may want to "bunch" contributions by giving two years' worth of gifts in one year – provided you don't go over the ceiling on deductibility for charitable gifts. If you are subject to the Alternative Minimum Tax, charitable donations are still deductible. However, if you aren't subject to the AMT every year, you may want to make more donations in years with higher tax rates.

For more information on targeting your charitable efforts, give our office a call. We can help you identify causes that align with your values. We can also work with your tax advisor to help you and your causes get the most benefit from your gifts. (We do not provide tax advice; coordinate with your tax advisor regarding your specific 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. SA#1368364.1