



# WEEKLY MARKET COMMENTARY

For the Week of Dec. 15, 2014

## THE MARKETS

U.S. stocks fell Friday in response to a drop in oil prices to five-year lows and weak-data out of China, overshadowing strong U.S. consumer sentiment reports, which hit an eight-year high. The decline left the S&P 500 with its worst weekly performance since May 2012, breaking a seven-week streak of gains. For the week, the Dow fell 3.69 percent to close at 17,280.83. The S&P lost 3.47 percent to finish at 2,002.33 and the NASDAQ dropped 2.66 percent to end the week at 4,653.60.

Returns Through 12/12/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-3.69	6.69	12.37	15.76	13.43
NASDAQ Composite (PR)	-2.66	11.42	16.39	21.22	16.27
S&P 500 (TR)	-3.47	10.48	15.11	19.99	14.99
Barclays US Agg Bond (TR)	0.72	6.06	5.93	2.89	4.29
MSCI EAFE (TR)	-3.54	-5.36	-0.48	11.11	5.48

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.

**What Did I Study?** — Of 1,000 college graduates from 2012 and 2013 that are currently employed, 46 percent are working in jobs unrelated to the college degree that the student achieved (source: Accenture, BTN Research).

**Janet and the Gang** — The eighth and final meeting of 2014 for the Federal Open Market Committee (FOMC) is scheduled for Dec. 16-17. It was at the Fed's December 2008 meeting (held on Dec. 16, 2008) that the FOMC voted unanimously to cut short-term interest rates to near zero from its then current level of 1 percent. Since then, the FOMC has met 47 times and voted on each occasion to leave rates unchanged (source: FOMC, BTN Research).

**Two Percent More Each Year** — The Consumer Price Index (CPI) has increased by 2.75 percent per year over the 30 years ending Oct. 31, 2014. The CPI component for "medical care" has increased by 4.75 percent per year over the 30 years ending Oct. 31, 2014 (source: Department of Labor, BTN Research).

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## WEEKLY FOCUS – Maximize Your Tax Savings with Year-End Gifting Strategies

As we settle into the winter months now is a good time to review your financial situation before the books close on the year, and take steps to hopefully avoid a large tax burden. It's also a good time to consider possible year-end gifting strategies.

While tax implications shouldn't be the primary driver of *any* investment decision, they are an important factor to keep in mind. You might consider the purchase or sale of stocks to help offset capital gains and/or losses on the year. Just as important, gifts to qualified charities can also have a positive impact on your current tax position. But, rather than pulling out your checkbook and donating to your local charity, you may consider gifting stock. Assuming that you're selling long-term appreciated shares, you'll likely get to take a deduction for the full fair market value of the shares, but you'll avoid a tax on the long-term capital gain (and be giving away a buried income tax liability that the charity won't have to worry about when it sells back the stock).

For 2014 (and remaining the same for 2015), the IRS offers the option of reducing your taxable estate by gifting up to \$14,000 per year (for single, \$28,000 per year for a couple) without any tax ramifications to you or the recipient(s). This allows the beneficiary to benefit from the gift much sooner than if the inheritance was tied up in your estate until death. But you need to be sure the gift is transferred with enough time for all transactions to be completed prior to Dec. 31.

Keeping track of all your donations year-round, including property such as clothing and household items, can increase your annual deduction amount and potential tax savings. Keep receipts and other written acknowledgements from charities for all gifts – cash or items – especially if they are worth \$250 or more. Records should indicate the name of the charity, the date and the amount of the donation. Remember, all contributions made in 2014, including credit card charges (payments can be made later) and checks post-marked in 2014, count toward the 2014 tax year.

It's important to talk with a financial advisor in conjunction with your tax professional to make sure your portfolio is on track with your goals, and to investigate possible tax-saving strategies (including gifting) before the end of the year. I encourage you to call my office so we can assess your personal situation and determine if we can help reduce your tax burden through charitable gifting.



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](mailto:anthony@wealthhappens.net) [www.wealthhappens.net](http://www.wealthhappens.net)

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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#1079147.1