

WEEKLY MARKET COMMENTARY

For the Week of Dec. 16, 2013

THE MARKETS

Stocks ended relatively flat on Friday after a three-day drop that led the markets to log their worst week in nearly four months over concerns that the Federal Reserve may start reducing its stimulus program as early as next week. For the week, the Dow fell 1.59 percent to close at 15,755.36. The S&P lost 1.61 percent to finish at 1,775.32 and the NASDAQ dropped 1.51 percent to end the week at 4,000.98.

Returns Through 12/13/13	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-1.59	23.22	22.65	14.26	15.96
NASDAQ Composite (PR)	-1.51	32.50	33.72	15.08	21.03
S&P 500 (TR)	-1.61	27.06	27.77	15.15	17.63
Barclays US Agg Bond (TR)	0.14	-1.82	-1.73	3.43	4.87
MSCI EAFE (TR)	-1.57	16.50	18.05	6.56	12.35

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.

Missed Out – The median household income in the U.S. increased 124 percent (adjusted for inflation) over the 23 years from 1984-2007, an annual increase of 3.6 percent per year. From 2007-2012, our nation's median household income increased only 1.6 percent over the five years, an annual increase of just 0.3 percent (source: Census Bureau, BTN Research).

One Trillion Gain – From Dec. 31, 2012, to Nov. 30, 2013, the Federal Reserve has grown its balance sheet (through "quantitative easing") from \$3 trillion to \$3.9 trillion, an increase of \$900 billion (source: Federal Reserve, BTN Research).

Penalty – Everyone not covered by Medicare, Medicaid, an individually purchased private plan or a plan available through one's employer must enroll in a health insurance plan through an Affordable Care Act state/federal exchange or pay a 2014 penalty of "the greater of" \$95 or 1 percent of income. The penalty increases in subsequent years. The 2016 fine is "the greater of" \$695 or 2.5 percent of income (source: Affordable Care Act, BTN Research).

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WEEKLY FOCUS – Important Retirement Deadlines

It's almost time to throw away that 2013 calendar. As you put birthdays, anniversaries and other important dates on your new calendar, you might want to include reminders about certain retirement deadlines throughout the year.

Dec. 31, 2013 – Before the final rush of the holiday season, note that contributions to 401(k) and 403(b) qualified retirement plans must be deposited by this date to qualify for a 2013 tax break. In addition, retirees over age 70 ½ must take their required minimum distribution from pre-tax IRAs and 401(k)s before the end of the year. Failing to take the correct amount could result in a 50 percent tax penalty plus the payment of regular income tax on the amount. One more deadline specifically for 2013 – if you plan to convert a pre-tax IRA or traditional 401(k) to a Roth 401(k) in the current tax year, you must initiate that conversion by Dec. 31.

April 1, 2014 – Those who turned 70 ½ in 2013 can delay their first required minimum distribution until April 1, 2014. Delaying the distribution, however, means two required distributions in 2014 – the 2013 withdrawal before April 1 and the 2014 withdrawal by Dec. 31.

April 15, 2014 – Your tax return is due, of course, unless you file for an extension. In addition, this is the last day to make IRA contributions for the 2013 tax year. If you make a contribution between Jan. 1 and April 15, 2014, make sure you note on your check which tax year it should be credited toward – otherwise, the financial institution will assume the current year (2014).

Are you turning 65 in 2014? If so, you can sign up for Medicare as early as three months before your 65th birthday if you want coverage to begin the month you turn 65. If you delay enrollment, your Medicare Part B and D premiums could permanently increase or you could be denied supplemental coverage all together, so mark your calendar for three months prior to your 65th birthday.

Our office will help you stay on top of these deadlines, and we can work with your accountant to execute any investment actions related to your tax strategy. Call our office if you have questions or to schedule a joint appointment with your tax advisor.



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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#781928