

WEEKLY MARKET COMMENTARY

For the Week of Dec. 29, 2014

THE MARKETS

U.S. stocks rose Friday pushing both the Dow and the S&P 500 to record-high closes after a short week of mild trading due to the Christmas holiday. The Dow rose for the seventh straight day, its longest streak since March 2013, and the S&P 500 made its 52nd record of the year, the most since 1995 and fourth-best annual record ever. For the week, the Dow rose 1.40 percent to close at 18,053.71. The S&P gained 0.90 percent to finish at 2,088.77 and the NASDAQ climbed 0.87 percent to end the week at 4,806.86.

Returns Through 12/26/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.40	11.47	12.12	16.56	14.32
NASDAQ Composite (PR)	0.87	15.09	15.35	22.44	16.03
S&P 500 (TR)	0.90	15.30	15.74	20.75	15.55
Barclays US Agg Bond (TR)	-0.19	5.58	5.66	2.79	4.37
MSCI EAFE (TR)	0.46	-4.11	-2.56	11.62	5.62

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.

I'm Entitled Because I Paid for It — Payroll taxes (paid by an employee and his/her employer during an employee's working years) account for 37 percent of the total cost of Medicare incurred by an individual during his/her retirement years (source: Kaiser Family Foundation, BTN Research).

Off to College — The average American family anticipates borrowing 26 percent of the total cost of their child's college education, either through student loans or loans taken out by Mom and Dad (source: Sallie Mae, BTN Research).

More Going in Than Coming Out — An average high income American couple that retired in 2010 will pay \$765,000 of lifetime Social Security taxes but receive just \$693,000 of Social Security benefits, i.e., for every \$1 paid in taxes, the couple will receive \$0.91 in benefits (source: Urban Institute, BTN Research).

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WEEKLY FOCUS – Five Tips For Keeping Your Financial Resolutions

With the New Year approaching, take time to make a list of your financial resolutions. Financial resolutions can be especially difficult to stick with because, like eating and exercising, our spending, saving and investing habits tend to be tied to our emotions more than our logic. Here are five tips for keeping your financial resolutions:

1. Form new habits by tying them to current behavior. If you have a regular system for paying bills, make a “bill” for your financial savings goals and pay it (by making a contribution to your retirement plan, college funding account, etc.) while you pay the other bills.
2. Put them on autopilot. One of the easiest ways to keep saving and investing goals is to set up automatic deposits or investments. Payroll deduction for 401(k) contributions or reimbursement accounts are great examples – you never have possession of the cash, so you don’t feel the pain of taking it out of your spending money. Contact your human resources department now about starting or increasing your contributions.
3. Make your resolutions achievable and realistic. Many people make resolutions without much planning or forethought – and fail the same way. If you are serious about your financial resolutions, do some homework, crunch some numbers and put your plan in writing.
4. Break them down into small steps. Trying to keep too many resolutions at once will leave you feeling overwhelmed. Instead of making or implementing resolutions for the whole year now, break them down and add one or two each quarter.
5. Work with an accountability partner or coach. Anyone who has tried to implement a weight loss or exercise plan knows that a buddy system increases the odds of success. If you need help sticking to your financial resolutions, we can work with you to create a plan for keeping your resolutions, whether they include college planning for your child or grandchild, or funding your retirement.

Call our office for an appointment to discuss your financial resolutions and how we can work together to make 2015 a happy and prosperous new year!



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 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#1086260.1