

WEEKLY MARKET COMMENTARY

For the Week of May 19, 2014

THE MARKETS

U.S. stocks rose on Friday, ending higher on a late-day rebound of small-cap growth, pushing the S&P 500 back over its 50-day moving average. Both the Dow and the S&P 500 hit record highs earlier in the week on homebuilder and mortgage share increases as building permits hit their highest in nearly six years. For the week, the Dow fell 0.45 percent to close at 16,491.31. The S&P gained 0.03 percent to finish at 1,877.86 and the NASDAQ climbed 0.46 percent to end the week at 4,090.59.

Returns Through 05/16/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.45	0.42	10.86	12.45	17.89
NASDAQ Composite (PR)	0.46	-2.06	18.05	13.71	19.48
S&P 500 (TR)	0.03	2.40	16.18	14.69	18.79
Barclays US Agg Bond (TR)	0.45	3.48	1.03	3.58	4.86
MSCI EAFE (TR)	0.31	2.39	12.03	7.33	12.42

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.

Has Had An Impact – The nationwide average interest rate on a 30-year fixed rate mortgage was 4.21 percent on May 7, 2014. One year ago (May 8, 2013), the nationwide average interest rate was 3.42 percent (source: Freddie Mac, BTN Research).

Lots Of Old Folks – An estimated 9,100 Americans will turn 65 years old every day during 2014 and will be eligible for Medicare for the first time, a total of 3.32 million new Medicare participants this year. Between 9,100 to as many as 11,400 daily birthdays of folks reaching age 65 are projected to be repeated each day through the end of 2029 (source: Government Accountability Office, BTN Research).

Countdown – By the year 2028 (i.e., 14 years in the future), government expenditures for Social Security, Medicare, Medicaid and net interest expense would consume all projected federal tax receipts, i.e., the funds needed for all other federal expenditures will be borrowed (source: Government Accountability Office, BTN Research).

WEEKLY MARKET COMMENTARY

Page 2 of 2

WEEKLY FOCUS – Protect Your Income With Disability Insurance

You've insured your home and personal property, your vehicles and your life, but are you overlooking your most substantial asset – your ability to earn income? The Council for Disability Awareness (CDA) says employees rarely think about how an illness or accident can put their income at risk, yet approximately every seven seconds, a working-age American suffers a disabling injury or illness that will last for at least one month.

The CDA found only 38 percent of employees fully understood the key points of their employer's disability plan. Other employees think they won't need disability insurance. While the chance of missing work for three months or longer due to an illness or accident is more than 25 percent for employees 25 and older, most employees believe their odds are only 1 percent. Also, the likelihood of having disability nearly triples for those who are overweight, smoke, perform mostly physical labor, have an unhealthy lifestyle and poor health history.

A long-term disability can have a devastating affect on a person's financial situation. The average group long-term disability claim lasts 2.6 years, or 135 missed weekly paychecks. The CDA found that more than half (65 percent) of employees could not pay their bills for more than a year without an income – let alone meeting the average 2.6 years.

While employees think a serious accident is most likely to cause a disability, in 2012 the top five causes (in order) were muscle and bone disorders, cancer, accidents, mental disorders and cardiovascular issues. Women are at a higher risk for disability. Women made up the majority of new long-term disability claims in 2012, especially as pregnancy-related claims increased 24 percent.

Your livelihood can change in an instant. Choosing appropriate disability insurance takes careful consideration of not only your current situation but your future circumstances – and the worst-case circumstances at that. If you depend on your current income to live, you need to ensure it goes on flowing even if you can't go on working. We can help you determine what resources you may have in the event you can no longer earn a salary and ways you can protect yourself and your family from financial hardship. Call us any time for an appointment.



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

Securities offered through Securities America, Inc., Financial Advisor Member FINRA/SIPC. Advisory services offered through Securities America Advisors, Inc. Davidson Financial Services and the Securities America companies are unaffiliated.

* 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#928645