WEEKLY MARKET COMMENTARY

For the Week of Jan. 26, 2015

THE MARKETS

Stocks fell Friday after corporate companies like UPS shared below expectations fourth-quarter earnings. But gains earlier in the week following the European Central Bank's decision to further stimulate euro zone growth helped major indexes close up for the first time in four weeks. For the week, the Dow rose 0.94 percent to close at 17,672.60. The S&P gained 1.62 percent to finish at 2,051.82 and the NASDAQ climbed 2.66 percent to end the week at 4,757.88.

Returns Through 01/23/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.94	-0.73	11.67	14.44	14.59
NASDAQ Composite (PR)	2.66	0.46	12.78	19.56	16.62
S&P 500 (TR)	1.62	-0.26	14.53	18.46	15.86
Barclays US Agg Bond (TR)	0.14	1.50	6.42	3.23	4.45
MSCI EAFE (TR)	2.64	0.75	-4.25	9.41	5.69

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.

Piece of the Pie — Technology stocks represented 34.5 percent of the total market capitalization of the S&P 500 as of March 24, 2000, i.e., at the index's peak before the dot-com bubble burst. Tech stocks represented 19.7 percent of the S&P 500's market cap as of Dec. 31, 2014 (source: Standard & Poor's, BTN Research).

The Highest Ever — When all 500 companies report their fourth-quarter 2014 earnings, it is anticipated that full year 2014 earnings for the corporations that make up the S&P 500 will total $109.50 per share, an all-time nominal and an inflation-adjusted year-end record. Earnings results used are defined to be "as reported earnings per share" (source: Standard & Poor's, BTN Research).

Remittance — The Fed had profits of $99 billion in 2014 (to be returned to the Treasury Department), largely from interest income on the $3.7 trillion of Treasury notes and bonds purchased during the six years of "quantitative easing" (QE) that ended on Oct. 31, 2014. Over the past six calendar years (2009-2014), the Fed has returned $469 billion to the Treasury Department, equal to $78 billion a year. Over the 18 years prior to QE (i.e., 1991-2008), the Fed returned an average of $19 billion a year to the Treasury (source: Federal Reserve, BTN Research).

WEEKLY FOCUS – Make Finances an Ongoing Family Conversation

According to data compiled by the Social Security Administration, a man reaching age 65 today can expect to live, on average, until age 84.3, and a woman turning age 65 today can expect to live until age 86.6. Also, nearly 25 percent of 65-year-olds today will live past age 90, and 10 percent will live past age 95. But this increased longevity isn't without consequences.

While statistics show your parents (and yourself) will likely be around a long time, the chances of diminished mental and physical capacity increase with longevity – meaning at some point, your parents will likely need assistance ranging from help with their finances and health care choices to even completing every-day activities.

In a recent *U.S. News* article, Kate Stalter puts it best: "The best time to discuss a financial plan is before your parents' cognitive abilities start to decline." Dementia – including Alzheimer's disease, which is the most common type of dementia – occurs with increased age but is not a normal part of aging. Still, as of the 2010 census, one in nine people age 65 and older (11 percent) has Alzheimer's disease, and about one-third of people age 85 and older (32 percent) have Alzheimer's disease.

The Alzheimer's Association lists 10 signs for early dementia detection, including: Memory loss that disrupts daily life; challenges in planning or solving problems; difficulty completing familiar tasks at home, at work or at leisure; confusion with time or place; trouble understanding visual images and spatial relationships; new problems with words in speaking or writing; misplacing things and losing the ability to retrace steps; decreased or poor judgment; withdrawal from work or social activities; and changes in mood and personality. The Alzheimer's Association recommends consulting a physician if any of these warning signs are present, as early diagnosis provides the best opportunities for treatment.

Ideally, financial conversations would occur before any decline of cognitive abilities, but as Stalter points out, "it's not unusual for financial advisors … to see elderly clients who no longer have the cognitive abilities to handle all aspects of their finances, including their investments." Our office can help you have those important family conversations about finances, healthcare and power of attorney early – with your aging parents and with your growing children – to help lessen the burden and avoid confusion later if mental capacity does diminish.

WEALTH HAPPENS.

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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#1107575.1