

WEEKLY MARKET COMMENTARY

For the Week of March 30, 2015

THE MARKETS

Markets rallied modestly on Friday with a boost from the technology sector after four days of losses brought on by airstrikes in Yemen and previous technology slumps. A survey released Friday showed U.S. sentiment fell in March, though the decline was less than anticipated. For the week, the Dow fell 2.29 percent to close at 17,712.66. The S&P lost 2.20 percent to finish at 2,108.06 and the NASDAQ dropped 2.69 percent to end the week at 5,026.42.

Returns Through 03/27/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-2.29	-0.05	11.46	13.08	13.16
NASDAQ Composite (PR)	-2.69	3.28	17.83	16.16	15.35
S&P 500 (TR)	-2.20	0.60	13.76	15.88	14.45
Barclays US Agg Bond (TR)	0.01	1.49	5.41	3.03	4.41
MSCI EAFE (TR)	-0.73	6.04	1.39	9.04	6.60

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.

Bounce Back — The value of Americans' equity in their real estate peaked at \$10.31 trillion as of Dec. 31, 2007, fell to \$6.39 trillion by Dec. 31, 2011, then climbed back to \$11.13 trillion as of Dec. 31, 2014 (source: Federal Reserve, BTN Research).

Self-Inflicted — U.S. health care spending was \$2.9 trillion in 2013. An estimated 75 percent of the \$2.9 trillion (i.e., \$2.2 trillion) is spent each year on medical care for chronic illnesses that are preventable, i.e., the illnesses are a function of avoidable behavior including obesity, poor diet, smoking, excessive alcohol consumption, lack of physical activity and poor oral health (source: Institute of Medicine, BTN Research).

Parents or Kids? — A July 2014 survey found that 31 percent of U.S. households are providing financial assistance to adult children, a larger number than the 21 percent of U.S. households that are providing financial assistance to elderly parents (source: American Consumer Credit Counseling, BTN Research).

WEEKLY MARKET COMMENTARY

Page 2 of 2

WEEKLY FOCUS – Control Your Legacy with a Private Foundation

If your calendar has filled with worthy causes seeking your name and your wallet, consider channeling your time and money into a private family foundation dedicated to a single cause close to your heart.

Private family foundations aren't the sole domain of the Gates, Fords and Rockefellers. The estate planning industry's rule of thumb says a foundation needs an annual minimum of about \$25,000 from endowments, annual contributions or both available for making grants, with a minimum 5 percent grant distribution to be awarded annually. This may be prohibitive to estates under \$2 million, but you certainly don't need the billions of dollars that Bill and Melinda Gates have put into their foundation.

You can establish a stand-by foundation, which is created to receive lifetime contributions or a major bequest, or a flow-through foundation, which converts appreciated property into cash and distributes the proceeds to public charities but does not build up an endowment. A flow-through foundation can provide capital gains tax benefits if you have highly-appreciated assets. Individuals may deduct cash and property contributions to a private foundation up to certain limits established by the tax laws. All contributions specified in a will are fully deductible for estate tax purposes.

Your foundation can be a non-operating foundation, meaning it makes grants to help fund the efforts of other organizations or individuals, or an operating foundation, which runs a facility or institution, such as a museum or research lab. Your foundation's purpose can be as broad as world hunger or as specific as modest scholarships to a local liberal arts college. Tax laws require private family foundations to distribute a minimum amount of assets each year and pay tax on investment income. However, as part of an overall retirement and estate plan, a private family foundation decreases the amount of taxable assets in your estate. You can make gifts to your foundation without affecting the annual gift tax exclusion or the gift tax credit.

Creating a foundation requires careful consideration and planning. We can work with your legal counsel and tax advisor to see how a private family foundation could work with your retirement and estate plans. If you'd like to learn more about establishing a private family foundation, please call our office.



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. SA#1159861.1