WEEKLY MARKET COMMENTARY

For the Week of July 13, 2015

THE MARKETS

U.S. stocks enjoyed widespread gains Friday, and major indexes closed up more than 1 percent amid hope that Greece and Euro zone finance ministers would reach a deal over the weekend. The increases followed the Federal Reserve chair's predictions of an interest rate increase sometime this year and her concern over the country's continuing weak labor market. For the week, the Dow rose 0.19 percent to close at 17,760.41. The S&P gained 0.03 percent to finish at 2,076.62 and the NASDAQ fell 0.23 percent to end the week at 4,997.70.

Returns Through 07/10/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.19	0.90	7.50	14.75	14.61
NASDAQ Composite (PR)	-0.23	5.52	13.68	19.86	17.87
S&P 500 (TR)	0.03	1.95	7.88	18.16	16.45
Barclays US Agg Bond (TR)	-0.11	-0.42	1.67	1.45	3.30
MSCI EAFE (TR)	0.20	6.09	-2.33	12.64	8.59

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.

Summertime Driving — The national average price of gasoline fell by 22 cents a gallon from Memorial Day 2014 to Labor Day 2014 (source: AAA, BTN Research).

Sequestration Numbers — Per the 2011 Budget Control Act (BCA) legislation, Congress is currently authorized to spend $1.016 trillion of discretionary spending for fiscal year 2016 (i.e., 12 months that begin Oct. 1, 2015), split between $523 billion for defense and $493 billion for non-defense programs (source: BCA, BTN Research).

A Little Short — The "aggregate national retirement deficit" is $4.13 trillion. This "present value" amount represents the additional funds that working Americans would need to save by age 65 to eliminate expected deficits in their retirement years (source: Employee Benefit Retirement Institute, BTN Research).

WEEKLY FOCUS – Gainful Employment Regulations Go Into Effect

Gainful employment regulations went into effect on July 1, after a federal judge dismissed a lawsuit challenging them in May. The new regulations are the Obama Administration's effort to address the insurmountable educational debt many of today's college graduates incur.

The rules require schools to demonstrate their average graduate's annual loan payment is not greater than 8 percent of the graduate's total earnings or 20 percent of his or her discretionary income. Schools that consistently fail to meet the standards risk losing federal aid.

To help students make good educational choices, the regulations also call for a greater level of transparency. While considering a prospective school's program, students will be able to access practical information, such as the typical debt level of students in the program, job placement rates, average income and number of loan defaults.

The guidelines will apply to almost all programs at for-profit schools – except for some liberal arts bachelor's degrees – and most non-degree programs, including certificate programs at public and private nonprofit institutions. Many for-profit institutions will need to make changes, since they account for 44 percent of all federal student loan defaults and only 11 percent of the overall higher education population.

While it's too soon to tell whether gainful employment regulations will adequately protect students, cut costs and improve outcomes, many feel something needs to be done. Steep tuition hikes have led to increased loan levels while stagnant salaries have made repayment even more difficult. This has created an economic drag that impairs young adults' upward mobility and hinders their innovation and entrepreneurship. It often causes them to delay getting married, having children, purchasing a home or saving for retirement. This also results in less tax revenue, and taxpayers are left on the hook for the $100 billion in overdue student loan debt people cannot afford to pay back.

Helping children or grandchildren with college expenses may be among your financial goals, but the variety of options and plans can be daunting. We can help you explore the various avenues for sending your student to college without large loans or the loss of your retirement funds.

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#1248168.1