

# WEEKLY MARKET COMMENTARY

For the Week of Sept. 1, 2014

## THE MARKETS

U.S. stocks rose Friday on positive economic data, pushing the S&P 500 to a new record high close and marking August as its best month since February. U.S. markets were closed on Monday in observation of Labor Day. For the week, the Dow gained 0.63 percent to close at 17,098.45. The S&P rose 0.80 percent to finish at 2,003.37 and the NASDAQ climbed 0.92 percent to end the week at 4,580.27.

Returns Through 08/29/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.63	4.84	18.18	16.72	15.45
NASDAQ Composite (PR)	0.92	9.67	27.59	21.09	17.92
S&P 500 (TR)	0.80	9.89	25.25	20.61	16.88
Barclays US Agg Bond (TR)	0.36	4.81	5.66	2.91	4.48
MSCI EAFE (TR)	0.62	2.53	16.40	11.40	8.51

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.

**Was It Worth It?** — Fifty-six percent of employees surveyed believe that if they had a higher level of education then they would be more successful in their employment career. However 48 percent of college graduates with jobs today do not believe their degree is relevant to the work they are doing today (source: Glassdoor, BTN Research).

**Disability Program** — The number of Americans receiving disability payments through Social Security has increased from 2.9 million in 1980 to 11.0 million in 2013. Congress expanded in 1984 (i.e., 30 years ago) the ways in which Americans could qualify for disability benefits, shifting from a list of specific injuries to a more general review of an individual's capacity to work (source: Social Security, BTN Research).

**A Year Later** — The S&P 500 has gained at least 5 percent in a single trading day 17 times since 1950, most recently on March 23, 2009. In the year following the 17 occurrences of "5 percent or more" gains, the S&P 500 gained an average of 20.2 percent, not counting the impact of reinvested dividends (source: BTN Research).

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## WEEKLY FOCUS – Grandparents Investing In Grandchildren

More than half of grandparents are saving or plan to save to help pay college costs for their grandchildren, with a reported median contribution of \$25,000, according to a recent *Life&Health Advisor* article citing new research by Fidelity Investments. The study found 72 percent of grandparents think it's important to help grandchildren pay for college, with more than a third worried about a grandchild's ability to attend college without accumulating significant student loan debt. To help avoid that, 59 percent of grandparents talk at least annually with their adult children about saving for a grandchild's education.

MetLife Mature Market Institute's tip sheet, "Grandparents Investing in Grandchildren: Actions Speak Louder than Words," produced with Generations United, was created in response to the MetLife study *Grandparents Investing in Grandchildren: The MetLife Study on How Grandparents Share Their Time, Values, and Money*, gives advice to grandparents in three specific areas: Sharing Values and Beliefs, Celebrating Family and Investing in Your Grandchildren's Financial Security.

With more than 70 million grandparents living in the U.S. today – more than ever before – intergenerational support and influence has the potential to make a lasting impact on today's youth. Once you have your own financial plan in place, consider what you want to do for your grandchildren. You may choose to invest in U.S. savings bonds, money market funds, 529 college savings plans, insurance, etc. Even if you can't or don't plan on contributing to a grandchild's college education, you can still help make sure they are financially savvy.

The tip sheet encourages grandparents to foster early savings habits by purchasing younger children a piggy bank once they have mastered counting to begin saving any gifts or allowances they may receive. For older grandchildren, help them open a savings account, but be sure to discuss your plans with your grandchild's parents before opening anything with the child. Grandparents can also encourage smart spending by explaining the difference between wants and needs and describing how to vary between the two. Help your grandchildren establish a budget and goals for saving for specific purchases.

Whether you live in the same house or on the other side of the country, you have the opportunity to invest in your grandchildren's futures, both monetarily and through education and guidance. Contact our office today for more information on how you can invest in your grandchildren's futures without compromising your retirement, or for assistance starting financial conversations with younger generations.



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](mailto:anthony@wealthhappens.net) [www.wealthhappens.net](http://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#1002587.1