

WEEKLY MARKET COMMENTARY

For the Week of Sept. 8, 2014

THE MARKETS

U.S. stocks rose on Friday, pushing the S&P 500 to another record high close. A weaker-than-expected jobs report led to lower stock trades but was viewed by investors as a sign the Federal Reserve will not likely begin raising interest rates anytime soon. For the week, the Dow gained 0.25 percent to close at 17,137.26. The S&P rose 0.24 percent to finish at 2,007.71 and the NASDAQ climbed 0.06 percent to end the week at 4,582.90.

Returns Through 09/05/14	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.25	5.10	17.43	18.09	15.63
NASDAQ Composite (PR)	0.06	9.73	25.26	22.71	17.82
S&P 500 (TR)	0.24	10.15	23.84	22.22	17.02
Barclays US Agg Bond (TR)	-0.46	4.32	6.33	2.49	4.39
MSCI EAFE (TR)	0.10	2.67	14.09	13.80	8.63

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.

College Debt — As of June 30, 2014, 10.9 percent of student loan debt (measured by dollar amount, not by the number of loans) is at least three months delinquent or in default. Just two years earlier (i.e., as of June 30, 2012), 8.9 percent of student loan debt was at least three months delinquent or in default (source: Federal Reserve Bank of New York, BTN Research).

No Easing into Retirement — Nearly three in five American retirees (58 percent) worked full-time until their retirement, then stopped working and have not worked and do not anticipate ever working again (source: Federal Reserve, BTN Research).

Higher and Higher — The current bull market for the S&P 500 will turn 5½ years old on Sept. 9, 2014, during which time the stock index has set 77 all-time record closing highs. The 9½ year bull market for the S&P 500 that ran from Oct. 11, 1990, to March 24, 2000, produced 308 all-time record closing highs. The S&P 500 consists of 500 stocks chosen for market size, liquidity and industry group representation. It is a market value weighted index with each stock's weight in the index proportionate to its market value (source: BTN Research).

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WEEKLY FOCUS – Help Your Children and Grandchildren Begin Investing With Just \$1

No matter how much money you have saved for retirement, or how old you are now, you probably look back and think, “I wish I would have started sooner.” And while you can tell your children and your grandchildren they need to start saving and investing as soon as possible, they may not start early enough. They may think they don’t have enough income to invest yet, or that they have plenty of time to do so later. Share the following four steps by Jeff Reeves of InvestorPlace.com with your children or older grandchildren so they can easily begin investing and building a retirement savings **today** with as little as \$1 a day.

1. Begin by having your child or grandchild save \$1 a day for a year: This shows discipline, creates a long-term goal and builds confidence as it is an easy goal to achieve. Once they have that initial \$365 to invest, they should have many options to choose from, for example six \$60 stocks, or 12 \$30 stocks, depending on their strategy.
2. Identify the strategy: While still saving those initial funds, help identify your child or grandchild’s risk tolerance and type of investment they want to make – capital preservation, income, value, growth, etc. Working with your financial advisor is recommended when making any risk assessment.
3. Create and practice an action plan: Your child or grandchild may want to rush out as soon as they can with \$30 or \$60 to buy his or her first investment, or you may feel inclined to give them the money to do so. This should be avoided to help build the discipline of saving, and to allow time for on-paper investment practice. Becoming familiar with fundamental analyses of investments and tracking values semi-monthly over the year as your child or grandchild saves their initial \$365 will help them better monitor potential purchases before investing.
4. Don’t do too much too fast: Be sure you review progress with your child or grandchild at least during their first year of investing, and warn them about getting in over their heads. This is a long-term practice that can impact their future. If your child or grandchild finds great success or experiences troublesome setbacks, have them promise to consult you before making any sudden sales or purchases.

While it may seem easier to create savings accounts and invest your own money for your children and grandchildren, it is important for them to have the discipline and the know-how to do it themselves. You cannot provide for them forever. By helping to build their understanding of the importance of retirement funds and investments early in life, you are helping to secure their future without enabling them. For more information on how to help teach your children or grandchildren the importance of saving and the benefits of investing, contact our office today.



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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#1007573.1