WEEKLY MARKET COMMENTARY

For the Week of Oct. 7, 2013

THE MARKETS

U.S. stocks gained momentum Friday on the fourth day of the federal government shutdown, but the gains were not enough to overcome losses from earlier in the week. Economic reports and the September payroll report have been delayed due to the government shutdown. The NASDAQ has advanced for its fifth consecutive week while the S&P has fallen nine of the past 12 sessions. For the week, the Dow fell 1.18 percent to close at 15,072.58. The S&P lost 0.04 percent to finish at 1,690.50 and the NASDAQ rose 0.69 percent to end the week at 3,807.75.

Returns Through 10/04/13	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-1.18	17.23	13.98	14.94	10.94
NASDAQ Composite (PR)	0.69	26.10	20.90	17.55	14.35
S&P 500 (TR)	-0.04	20.47	18.27	16.62	11.45
Barclays US Agg Bond (TR)	-0.08	-1.95	-1.70	2.78	5.27
MSCI EAFE (TR)	-1.04	16.05	22.18	8.56	6.44

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.

Started Tuesday – The health insurance marketplaces (HIMs) mandated by the Affordable Care Act (ACA) went live last Tuesday, Oct. 1, 2013. The ACA was signed into law by President Obama on March 23, 2010, (i.e., three and a half years ago) and is intended to create a competitive market in the health insurance industry. Millions may ultimately purchase health insurance via the HIMs (also referred to as “exchanges”), but a focus of the law is the 41.3 million uninsured Americans (source: Health and Human Services, BTN Research).

Just Do It – The Affordable Care Act required all 50 states to establish a health insurance marketplace (HIM) by Oct. 1, 2013. Fourteen states opted to build their own HIM, e.g., California. Twenty-six states ceded the duty to the federal government, e.g., Texas. The remaining 10 states elected to establish their HIM in partnership with the federal government, e.g., Illinois (source: BTN Research).

You Are Set – Full-time employees working for big companies (> 50 employees) that are insured through their employer and seniors on Medicare are not impacted by the health insurance marketplaces from the Affordable Care Act. Big company full-time employees covered by an existing group plan at work that is effective through a date in 2014 will continue to select their health insurance during their employers’ open enrollment periods. Medicare beneficiaries will continue to go to www.medicare.gov to sign up for Medicare, but not for their supplemental plan coverage (source: BTN Research).

WEEKLY FOCUS – Helping Your Grown Children Financially

According to the Retirement Re-Set study by SunAmerica Financial Group, nearly half of Americans 55 and older say they expect to provide support for aging relatives and adult children while simultaneously saving for their own retirement. This sandwich generation of adults should consider the following Kiplinger tips to financially helping their children.

Aim for a one-time gift. “If you can spare the cash, give your adult children a lump sum for them to budget rather than just paying their expenses or paying off their debt, and make it clear that’s all you are willing to give,” advises Kiplinger’s Kimberly Lankford. This will generally encourage them to stretch the funding and cut out nonessential expenses.

Only offer essential assistance. If handing over a chunk of cash is not appealing, only offer to help pay for a few critical bills, such as health insurance or car insurance so coverage is never lost.

Rule your home. If you allow your child to move back in when they can no longer afford rent on their own, make sure they know what you will expect before they make the move. It doesn’t hurt to draw up a lease for your own home that outlines any required rent, chores and time allotted. “Some parents let their kids stay at home for a given number of months, then charge rent after that, setting aside the money to build up an emergency fund or savings the kids can use for rent or other expenses when they do move out,” Lankford said.

Look for options to save together. If your children are in college, or under the age of 26 and without jobs, you may be able to add them to your health insurance policy for a lower cost than a stand-alone health insurance policy. The same goes for car insurance. You may also want to consider consolidating your cell phone expenses into a family plan.

Many in their midlife may find themselves balancing between financially helping their retiring parents and their grown children. If you or someone you know finds yourself part of this sandwich generation trying to balance between the two while continuing to save for your own eventual retirement, contact our office for a consultation and review of your portfolio and budget. We can help you explore the options available for you and your family.

WEALTH HAPPENS. **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

* 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#742055