

WEEKLY MARKET COMMENTARY

For the Week of October 19, 2015

THE MARKETS

Amid positive consumer sentiment, U.S. stocks closed higher Friday, ending their third week of gains. The S&P also marked its longest stretch of advances since May. For the week, the Dow rose 0.77 percent to close at 17,215.97. The S&P gained 0.93 percent to finish at 2,033.11, and the NASDAQ climbed 1.16 percent to end the week at 4,886.69.

Returns Through 10/16/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.77	-1.57	9.40	10.98	12.05
NASDAQ Composite (PR)	1.16	3.18	15.87	16.37	14.63
S&P 500 (TR)	0.93	0.38	11.43	14.19	13.96
Barclays US Agg Bond (TR)	0.37	1.56	1.80	1.85	3.17
MSCI EAFE (TR)	0.29	1.59	5.45	7.42	4.51

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.

Next Three Meetings — As of Friday, Oct. 9, 2015, the bond market is priced to reflect an 8 percent chance of a Fed rate hike at its Oct. 28, 2015, meeting, a 37 percent chance of a Fed rate hike at its Dec. 16, 2015, meeting and a 47 percent chance of a Fed rate hike at its Jan. 27, 2016, meeting (source: CME Group, BTN Research).

The Grass Is Greener — The average American worker will hold 9.9 jobs between the ages of 25 to 48 (source: Bureau of Labor Statistics, BTN Research).

Getting That Job — Among job recruiters surveyed, 57 percent believe an applicant's grade point average (GPA) is "unimportant" when evaluating a candidate, while 87 percent of recruiters judge prior job experience as a key factor in hiring (source: Jobvite Recruiter Nation Survey, BTN Research).

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WEEKLY FOCUS – Millions May See Medicare Part B Premiums Increase

For the third time in 40 years, Social Security recipients will not receive a benefit increase for 2016. Recent low gas prices have kept the consumer price index (used to determine cost-of-living adjustments) relatively constant. At first glance, a flat inflation rate would seem to cancel the effects of stagnant benefits. However, there is more to the story for roughly 7 million Americans who may pay 52 to 100 percent more for their Medicare Part B as a result.

Here's why. Most Social Security beneficiaries have their Part B premiums deducted from their Social Security payment. Typically, the annual cost-of-living increase covers a hike in premiums. When that is not the case, a federal "hold harmless" law protects these recipients from reduced payments.

This leaves the remaining 30 percent of beneficiaries to shoulder the difference. Included in this group are new beneficiaries, Medicare enrollees who are not drawing their Social Security, those billed directly for their Part B premium and people who pay a higher premium because of their income. According to a recent CNBC report, individuals in this group who are now paying \$104.90 per month may soon be paying \$159.30. For higher income beneficiaries, premiums could rise from \$223.00 per month to \$509.80.

If you are among those facing higher premiums, there may still be some things you can do to avoid that scenario – provided you act quickly and aren't subject to a high income threshold. If you are drawing Social Security benefits now, submit a request to have your Part B premium deducted from your check. If you are on Medicare but haven't started receiving Social Security, you may want to consider filing for it now. Receiving both Social Security and Medicare by the end of the year should make you eligible for "hold harmless" protection for 2016. (Generally, filing a month in advance is sufficient.)

Of course, you will need to weigh prospective Medicare savings against the higher earning potential of delaying Social Security benefits – bearing in mind next year's excess premiums are likely to unwind themselves when cost-of-living increases return.

If you or someone you know is concerned about maximizing Social Security benefits and minimizing Medicare costs, we'd be happy to help. Give us a call to set up an appointment.



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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. SA#1329282.1