

WEEKLY MARKET COMMENTARY

For the Week of December 14, 2015

THE MARKETS

Wall Street dropped sharply Friday, and the S&P 500 closed its worst week since August as investors wondered if plunging oil prices and weak commodities signaled a broader slowdown and appeared to be jittery over the anticipated interest rate hike – the first in nearly a decade. For the week, the Dow fell 3.19 percent to close at 17,265.21. The S&P lost 3.74 to finish at 2,012.37, and the NASDAQ dropped 4.06 percent to end the week at 4,933.47.

Returns Through 12/11/15	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-3.19	-0.72	0.57	11.92	11.43
NASDAQ Composite (PR)	-4.06	4.17	4.79	17.74	13.34
S&P 500 (TR)	-3.74	-0.27	0.96	14.49	12.50
Barclays US Agg Bond (TR)	0.47	1.17	1.37	1.61	3.47
MSCI EAFE (TR)	-2.39	-2.38	-3.02	5.04	3.73

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.

Penalty — Excluding individuals who have qualified for an exception, Americans not covered by Medicare, Medicaid, an employer's plan or a privately obtained plan must have secured health insurance for 2015 through a state or federal exchange or pay a 2015 penalty of "the greater of" \$325 per person or 2 percent of income. The 2016 fine is "the greater of" \$695 per person or 2.5 percent of income (source: Affordable Care Act, BTN Research).

Last Rate Hike — The last time the Federal Reserve began a rate-tightening cycle was June 30, 2004 (i.e., 11.5 years ago). In the six months following the June 30, 2004, hike to short-term rates, the S&P 500 gained a total return of 7.2 percent (source: BTN Research).

Bull Market — The bull market for the S&P 500 that began when the index bottomed on March 9, 2009, reached 81 months in length as of the close of trading on Wednesday, Dec. 9, 2015. The stock index has gained 257 percent (total return) from its 2009 bear market low (source: BTN Research).

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WEEKLY FOCUS – FAFSA Tips and Changes

If you have a child or grandchild heading to college next fall, make sure they submit a Free Application for Federal Student Aid (FAFSA), even if you don't think they will qualify. Upper middle income families may qualify, depending on circumstances like parents' age, health care costs and number of children attending college. What's more, many merit-based scholarship programs require applicants to file a FAFSA.

This year's form should be completed as soon as possible after it is available (on Jan. 1). Some institutional deadlines are as early as mid-January, and aid is often awarded on a first-come basis. Currently, the FAFSA is based on income for the previous year (plus some assets), so it may be necessary to estimate this year's taxes. Once taxes are filed, the form can be updated using the IRS Data Retrieval Tool, which prefills some answers. Due to built-in edit checks, using the online FAFSA can reduce errors that could delay an application. After receiving the Student Aid Report (SAR), it's important to proofread it carefully and submit corrections promptly. Once a school receives the FAFSA, it will calculate aid eligibility by subtracting Expected Family Contribution (EFC) from the cost of attendance (COA).

Changes are in the works. The president recently signed an executive order that gives students more time to weigh their financial options. Under the new guidelines, families can furnish financial information based on an earlier time frame, deemed the prior-prior-year. This means next fall's high school seniors will be able to apply for aid for their first year of college in 2017-2018 by submitting a FAFSA using income information from their parents' 2015 tax returns. Current college students will use the 2015 return twice – for the fall of 2016 and again for the fall of 2017. The new FAFSA form will be available in October 2016 instead of January 2017.

Although these changes should eventually make things easier, they could impact parents of current high school juniors who sold stocks in 2015 when markets were high. But according to the Secretary of Education, college administrators have been told to make sure students' aid eligibility isn't negatively impacted if their parents' income was unusually high in 2015.

College planning can be overwhelming. We can help you find avenues for sending your student to college while reducing the burden of large loans or the loss of retirement funds.



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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#1372732.1