



WEEKLY COMMENTARY

For the Week of December 18, 2017

WEEKLY FOCUS

Last Minute Financial Gifts

Looking for a last minute gift? No need to run to the all-night pharmacy for these financial presents.

For younger children or teens: Consider custodial accounts under the Uniform Gift to Minors Act (UGMA) or Uniform Transfer to Minors Act (UTMA). Money from these accounts can be used for things other than their education, but the custodian must be able to show how it will benefit the welfare of the minor account owner. UGMAs and UTMA's could also be considered a child's version of a brokerage account as they can invest in their favorite products or toy companies like Disney, McDonald's or Hasbro.

For the older teenager with earned income: It's never too late to think about the future, and IRAs are a good place to start. They provide for the future and promote patience and delayed gratification. Stocks, U.S. Savings Bonds and CDs also make good gifts. They promote financial literacy in young investors. Plus, they provide a good way to learn the ups and downs of how the market works.

For the college graduate or newlywed: Give a gift of time. Younger adults just starting out may not have enough financial resources for serious investing – but they do need a financial strategy and could benefit from the guidance of financial advisor. Even an older adult child could benefit from a financial tune-up.

For young parents and grandchildren: Contributing to (or establishing) a 529 savings plan will help finance future qualified educational expenses for a loved one. It's literally the gift that keeps on giving (well, for many years, anyway). Contributions aren't deductible, but earnings aren't subject to federal tax. Some states even offer incentives on contributions.

For your favorite charity: If you have a nonprofit on your gift-giving list, consider a present of stock. Giving stock directly to a charity can provide a substantial tax advantage over making a cash donation. If you sell appreciated stock to make a cash donation, you'll face a capital gain that would offset any benefit you might receive from the cash donation. But if you donate stock – you don't have to pay capital gains tax. Plus, the cash you would have donated stays put in your bank account.

Call our office today. Whether it's picking just the right 529 or setting up a custodial account, we can help you wrap up this season's perfect financial gift.

FINANCIAL FACTS

Ninety Years Old — One out of every four Americans who reach age 65 will live at least another 25 years to age 90 (source: Social Security, BTN Research).

Market Signal? — The difference between the yield of the two-year Treasury note and the 10-year Treasury note fell to 53 basis points last Tuesday, Dec. 5 (i.e., 2.36 percent 10-year note yield less the 1.83 percent two-year note yield), the lowest spread recorded since Oct. 15, 2007, or more than a decade ago. Some economists, but not all, view a flattening yield curve as a sign of future economic weakness (source: Treasury Department, BTN Research).

See a Trend? — The U.S. economy grew by 4.2 percent per year over the 24 years from 1950 through 1973, a period of worldwide economic expansion. The U.S. economy grew by 3.2 percent per year over the 27 years from 1974 through 2000. It has grown by 1.8 percent per year over the last 16 years from 2001 through 2016 (source: Commerce Department, BTN Research).

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THE MARKETS

The prospect of lower corporate tax rates have helped stocks reach record levels this year. With the passage of the long-awaited tax bill looking likely on Friday, the three major indexes closed at record highs. For the week, the Dow rose 1.34 percent to close at 24,651.74. The S&P gained 0.95 percent to finish at 2,675.81, and the NASDAQ climbed 1.41 percent to end the week at 6,936.58.

Returns Through 12/15/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.34	27.75	27.19	15.66	16.26
NASDAQ Composite (PR)	1.41	28.86	27.12	14.63	18.48
S&P 500 (TR)	0.95	21.86	20.70	12.73	16.02
Barclays US Agg Bond (TR)	0.29	3.64	4.69	2.29	2.12
MSCI EAFE (TR)	0.14	22.34	23.87	7.96	7.68

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.



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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, Copyright December 2017. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#1973733.1