



WEEKLY COMMENTARY

For the Week of October 23, 2017

WEEKLY FOCUS

Don't Let Unexpected Expenses Derail Your Retirement

While it's natural to look ahead to a leisurely retirement, it's prudent to prepare for expenses that catch many retirees by surprise. In a recent survey, nearly one-third of retirees reported they faced at least four unforeseen expenses during retirement. Here are some of the most common:

Inflation: Over the past 10 years, inflation has averaged 3.22 percent. Even at a more modest rate, the price of some goods and services may double over the next 20-30 years. To guard against inflation, retain some investments that will continue to grow your money, or your retirement funds will lose their purchasing power over time.

Home Expenses: You'll need to budget for more than the occasional paint job during retirement. A recent study shows 28 percent of retirees and 34 percent of retired widows paid for major home repairs and upgrades during retirement.* Repairs may not be the only drain. If the value of your house declines dramatically, like many homes did in 2008, you may not be able to sell it without a loss. To protect yourself from another big drop in the housing market, pay off your mortgage or downsize before you retire.

Social Security and Other Taxes: Paying taxes into Social Security doesn't stop when you start collecting benefits. Up to 85 percent of Social Security benefits are taxable, and the income threshold that triggers taxes is low – just \$32,000 for a married couple. All that pre-tax money you put into your 401(k) or traditional IRA is taxed at your top ordinary-income tax rate when you withdraw those funds. To mitigate the impact of taxes, consider withdrawing from those accounts earlier or put money into a Roth IRA, which has no required minimum withdrawals and can be tapped without paying taxes.

Living Longer: The good news is people are living longer. The bad news is many aren't financially prepared. When planning for retirement, expect to live longer than your parents and grandparents did and plan accordingly. To ensure you have a reliable stream of income, consider purchasing one of the many retirement vehicles that provide guaranteed payments for life.

Retirement is something most of us look forward to. Ensure your plans aren't derailed by these unexpected expenses and others. Make sure you're on the right track. Contact our office for a review of your financial situation and an evaluation of your goals.

*http://www.thinkadvisor.com/2016/05/26/17-unexpected-expenses-in-retirement?page_all=1&slreturn=1508275949

FINANCIAL FACTS

Living Longer — Life expectancy at birth for an American has increased 6.9 years over the last 40 years, i.e., life expectancy at birth is increasing by one year every six years (source: National Vital Statistics Report, BTN Research).

National Debt, Annual Deficit — For fiscal year 2017 (the 12 months that ended Sept. 30, 2017), the United States increased its national debt by \$671 billion to \$20.245 trillion. For fiscal year 2017, the United States is expecting a \$668 billion budget deficit with a final deficit number to be released this week (source: Treasury Department, BTN Research).

Growing — The U.S. economy has been growing for the last 99 months (i.e., no recession), an expansion exceeded in length only twice since 1900 (source: National Bureau of Economic Research, BTN Research).

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THE MARKETS

The Dow Jones Industrial Average broke 23,000 for the first time on Wednesday. The three major indexes closed at record highs Friday after the Senate passed a budget resolution, making it easier for President Trump's tax reform plan to move forward. For the week, the Dow rose 2.04 percent to close at 23,328.63. The S&P gained 0.88 percent to finish at 2,575.21, and the NASDAQ climbed 0.35 percent to end the week at 6,629.05.

Returns Through 10/20/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	2.04	20.33	31.65	15.34	14.64
NASDAQ Composite (PR)	0.35	23.15	26.46	15.38	17.14
S&P 500 (TR)	0.88	16.88	22.75	12.95	14.84
Barclays US Agg Bond (TR)	-0.45	3.01	0.31	2.14	2.04
MSCI EAFE (TR)	-0.31	21.46	22.11	7.41	8.08

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 October 2017. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#1929625.1