

# WEEKLY MARKET COMMENTARY

For the Week of February 5, 2018

## THE MARKETS

A strong jobs report spurred speculation the Federal Reserve would raise interest rates more than expected, causing all three major stock indexes to fall sharply Friday. All three saw their worst weeks in two years. For the week, the Dow fell 4.11 to close at 25,520.96. The S&P lost 3.81 percent to finish at 2,762.13, and the NASDAQ dropped 3.53 percent to end the week at 7,240.95.

Returns Through 2/02/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-4.11	3.34	31.42	16.59	15.55
NASDAQ Composite (PR)	-3.53	4.89	28.47	15.69	17.90
S&P 500 (TR)	-3.81	3.44	23.54	13.34	15.17
Barclays US Agg Bond (TR)	-0.88	-1.82	1.53	0.90	1.89
MSCI EAFE (TR)	-2.75	3.61	25.58	8.73	7.43

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.

**Really Rich** — When measured in November 2017, the three wealthiest Americans (Bill Gates, Jeff Bezos and Warren Buffett) were worth \$249 billion, more than the combined net worth of the bottom half of the U.S. population, i.e., 160 million Americans (source: The Guardian, BTN Research).

**High Mark** — Americans' total outstanding credit card debt reached \$1.023 trillion in November 2017, a record high, exceeding the previous record high of \$1.021 trillion in April 2008 (source: Federal Reserve, BTN Research).

**Top One** — The top 1 percent of taxpayers in tax year 2015 made at least \$480,930 of adjusted gross income (AGI), received 21 percent of all AGI and paid 39 percent of all federal income tax (source: Internal Revenue Service, BTN Research).

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## WEEKLY FOCUS – Projecting Future Health Care Costs

It's no wonder rising health care costs are a major concern among Americans. They have dramatically outpaced inflation for the past three decades and nearly doubled since 2002. And continued escalation is expected. According to the Peterson-Kaiser Health System Tracker, average per capita health spending is projected to grow at 4.5 to 4.9 percent annually from 2018 to 2025.

Soaring health costs are particularly daunting when contemplating reduced income during retirement. Since most seniors expect to live 20 or more years in retirement and health care expenditures typically increase with age, it can be difficult to envision an adequate savings target to cover future health prices.

Several organizations have given it a shot. Based on Fidelity Investments' 2017 survey, a 65-year-old couple retiring today will need approximately \$275,000 to cover Medicare Part B, D and Medigap premiums and out-of-pocket expenses not covered under Medicare. A 2016 HealthView Services' report forecast more startling needs for those farther from retirement: \$465,000 for a 55-year-old couple retiring ten years later and \$590,000 for a 45-year-old couple retiring 20 years later.

As if prospective health care costs aren't staggering by themselves, approximately 70 percent of adults over 65 will require long-term services and supports (LTSS). And the likelihood increases with age, with individuals 85 and older four times more likely to need LTSS than their 65- to 84-year-old counterparts. Like health care costs, LTSS services have been increasing disproportionately. Last year, Genworth's Annual Cost of Care Survey reported average national monthly costs for a variety of LTSS services:

- \$4,099 for a home health aide
- \$3,750 for an assisted living facility
- \$7,148 for a semi-private nursing home room
- \$8,121 for a private nursing home room

Call our office for help with the complex nature of health care costs in retirement. Together, we'll develop a strategy based on your time horizon, inflation, general health outlook, retirement goals and other factors – and help you adjust parameters as your needs or time frame change.

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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 February 2018. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#2016893.1