WEEKLY MARKET COMMENTARY

For the Week of March 19, 2018

THE MARKETS

It was a rocky week on Wall Street amid concerns about a potential trade war with China and personnel changes in the White House. Stocks managed to climb Friday, but the major indexes all posted hefty weekly declines. For the week, the Dow fell 1.51 percent to close at 24,946.51. The S&P lost 1.20 percent to finish at 2,752.01, and the NASDAQ dropped 1.04 percent to end the week at 7,481.99.

Returns Through 3/16/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-1.51	1.47	21.97	14.37	14.21
NASDAQ Composite (PR)	-1.04	8.38	26.80	14.92	18.15
S&P 500 (TR)	-1.20	3.38	17.86	12.08	14.37
Barclays US Agg Bond (TR)	0.22	-2.00	1.43	1.31	1.79
MSCI EAFE (TR)	0.20	0.05	16.75	6.53	6.40

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.

Saving — Fifty-one percent of preretirees say their efforts to save for retirement are behind schedule while only 15 percent of preretirees are ahead of schedule (source: Society of Actuaries Risks and Process of Retirement Survey, BTN Research).

Simpler Return — Only 19.3 million U.S. taxpayers are expected to claim itemized deductions in tax year 2018, down from an estimated 46.5 million itemizers from tax year 2017, a result of the 2018 limitation on state and local taxes and a doubling of the standard deduction (source: Tax Policy Center, BTN Research).

Very Rich Plan — Defined benefit pension plans can be funded to produce an annual benefit at retirement as high as $220,000 in 2018, up from $185,000 in 2008 (source: Internal Revenue Service, BTN Research).

WEEKLY FOCUS – Should You Pay off Your Mortgage Before Retiring?

Are you thinking of paying off your mortgage before retiring? According to a Center For Retirement Research study most, but not all, households would be better off for it. Is paying it off right for you? As with many things in life and finances – it depends. To get the conversation started, ask yourself – do you want to stay in your house during retirement? Is it in the right city? Will you be able to take care of it as you age? Other key things to consider:

Risk: Will the after-tax return of paying it off exceed the after-tax cost of the mortgage payments? If you have more funds to invest in the market and you're comfortable with the risk of stocks, carrying the mortgage could make sense.

Assets: If you're conservative and hold most of your assets in bank accounts and CDs, paying off the mortgage could work in your favor – the interest you're paying out probably exceeds the interest you're earning in the bank account. If the assets are in a taxable investment portfolio and you're earning more on the investments than you're paying out on the mortgage, paying it off may be your best bet.

Taxes: For most people who itemize tax deductions, mortgage payments are fully deductible; the after-tax cost of the payments could be substantially less. In general, the higher your marginal tax bracket and the larger your mortgage interest payments, the greater the tax benefit of keeping the mortgage.

Retirement costs: Retirement brings its own risks, like increased medical costs. You may need a financial pool to cover them. If you have large amounts of assets, this may have little impact. But for most, it has major consequences. If you use your financial assets to pay off your mortgage, you'll have to continue contributing to your portfolio to compensate for the withdrawal – which may be difficult, or even impossible.

Peace of mind: There are many legitimate factors to consider when thinking about paying off your mortgage before retiring – not all of them are logical. Owning your home outright and not having to worry about paying on it during retirement could be a major life goal and will provide you with a sense of security.

Call our office today. We can help you determine if paying off your mortgage is a better option than carrying it into retirement. *Securities America and its representatives do not provide tax advice; coordinate with your tax advisor regarding your specific situation.*

* 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.