WEEKLY MARKET COMMENTARY

For the Week of March 26, 2018

THE MARKETS

After President Trump announced plans for tariffs on up to $60 billion in Chinese goods, investors worried about a potential U.S. trade war with China. The three major indexes took their biggest weekly falls since January 2016. For the week, the Dow fell 5.67 percent to close at 23,533.20. The S&P lost 5.93 percent to finish at 2,588.26, and the NASDAQ dropped 6.54 percent to end the week at 6,992.67.

Returns Through 3/23/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-5.67	-4.28	16.61	11.88	12.88
NASDAQ Composite (PR)	-6.54	1.29	20.20	11.75	16.60
S&P 500 (TR)	-5.93	-2.76	12.52	9.41	13.03
Barclays US Agg Bond (TR)	0.03	-1.97	0.85	1.04	1.75
MSCI EAFE (TR)	-2.58	-2.54	13.93	4.30	6.16

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.

O Canada! — Canada was the No. 1 source of both U.S. steel imports and U.S. aluminum imports in 2017, having sold the United States 5.5 million metric tons of steel and 3.3 million metric tons of aluminum (source: Commerce Department, BTN Research).

Just Put It on the Card — Legislation signed into law by President Donald Trump on Feb. 9, 2018, suspended our debt ceiling limit until March 1, 2019, i.e., there is no statutory limit on our nation's borrowing until then. The debt limit has been raised, temporarily extended or suspended 78 times since 1960 (source: Treasury Department, BTN Research).

Starting Date — Forty-eight percent of women and 42 percent of men begin taking their monthly Social Security retirement benefits at age 62, the earliest age possible. Just 4 percent of women and just 2 percent of men delay taking their Social Security retirement benefits **to** age 70 or older (source: Social Security Administration, BTN Research).

WEEKLY FOCUS – How Much Do You Really Need To Retire?

How much do you need to retire? Simple question – no easy answer. Everyone has their own number, and there are many ways to calculate it.

Some methods are based on your annual salary. For example, one method recommends that by age 30, you should have the equivalent of your annual salary set aside. By age 35, twice your annual salary; by age 40, three times; age 45, four times – increasing the multiplier each five years until by age 65 you have eight times your annual salary set aside.

A similar rule-of-thumb is to have the equivalent of your salary saved by age 30 and have 10 times your final salary saved (if you want to retire by age 67). But it should be noted that unlike this method, life is not linear – for example, you may have to adjust for major life events.

Other methods are based on your anticipated annual expenses – how much you'll need to support your retirement lifestyle. To determine that figure, you'll need to imagine what your retirement life will look like and then establish fixed versus discretionary costs. (One of the hardest costs to project and control will probably be healthcare. In fact, it may even be the biggest expense you have during retirement.)

It might be easier to anticipate fixed costs, like rent or other living expenses, than try to come up with lifestyle costs, such as entertainment or travel. But it's important to establish the full picture of retirement finances. Knowing how much you'll need to withdraw annually will help establish a savings goal.

One such expenses-based method, the 4 percent rule, theorizes you need enough saved to be able to meet your annual expenses of year one of retirement by withdrawing 4 percent of your savings. It's more of a guideline than a rule, and there are several variations that have been developed since it was first presented in 1994. Factors that affect these models include the economy, asset allocation and the kind of retirement lifestyle you want to live.

Call our office today. We can help you imagine your retirement lifestyle and set a financial goal that works for you.

* 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.