# WEEKLY MARKET COMMENTARY

For the Week of June 26, 2017

## THE MARKETS

Gains in tech and energy stocks offset financial sector weakness to help Wall Street close higher Friday. Coming off highs, the S&P 500 and NASDAQ closed in the green while the Dow Jones closed slightly down. For the week, the Dow rose 0.05 to close at 21,394.76. The S&P gained 0.22 percent to finish at 2,438.30, and the NASDAQ climbed 1.84 percent to end the week at 6,256.25.

| Returns Through 6/23/17 | 1 Week | YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|
| Dow Jones Industrials (TR) | 0.05 | 9.58 | 21.84 | 10.85 | 13.93 |
| NASDAQ Composite (PR) | 1.84 | 16.39 | 27.60 | 12.77 | 16.72 |
| S&P 500 (TR) | 0.22 | 9.98 | 17.81 | 9.80 | 15.24 |
| Barclays US Agg Bond (TR) | 0.17 | 2.86 | 1.38 | 2.85 | 2.35 |
| MSCI EAFE (TR) | -0.18 | 14.11 | 15.04 | 1.12 | 9.44 |

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.

**Impact?** — June's federal rate hike was the Fed's fourth in its current rate hike cycle. In the 18 months since its first rate hike on Dec. 16, 2015 (i.e., Dec. 16, 2015, to last Friday, June 16), the S&P 500 has gained 21.2 percent (total return), and the yield on the 10-year Treasury note has fallen from 2.30 percent to 2.15 percent (source: BTN Research).

**Too Risky?** — Of 18,336 adults surveyed in April 2017, just 54 percent own stocks (direct ownership or indirectly owned through a pooled investment) in their personal accounts or pre-tax retirement accounts (source: Gallup, BTN Research).

**Back Working Again** — During the global real estate recession that began in 2008, our national jobless rate peaked at 10 percent in October 2009, representing 15.4 million out-of-work Americans. The May 2017 jobless rate of 4.3 percent equates to 6.9 million individuals lacking employment (source: Department of Labor, BTN Research).



**WEEKLY FOCUS – Nearing Retirement? What to Do With Your 401(k)**

A major decision you'll face as you near retirement is what you should do about your company-sponsored savings plan. Retiring employees with company-sponsored 401k plans have basically three options: take the money and run, leave it as is or roll the funds over.

**Take the money and run.** If you accept a cash lump sum, you'll be responsible for making the money last throughout your retirement. Managing your money on your own will require your full attention and discipline. You'll have to pay all taxes and penalties, and any investments you make will be subject to market fluctuation. That could increase or decrease the value of the assets and any income they generate. If you don't roll the funds into an IRA, the distribution will be taxed as ordinary income, which could put you into a higher tax bracket.

**Leave it as is.** Just because you're retiring doesn't mean you have to leave your 401(k) right away. If the plan is low cost and includes good investments, you might want to keep your money right where it is for a while. If you have at least $5,000 invested, the plan administrator is required to maintain it. You can take qualified distributions or continue to let it grow undisturbed until distributions are required by the plan or the IRS deadline (the first of April following the year you turn 70.5). Even if you take payments, the remainder of the investment continues to earn. You may eventually want to roll it over to a Roth IRA or traditional IRA, but this approach gives you time to consider all of your options.

**Rollover, Beethoven.** If you have several retirement accounts from different jobs, managing them can be a nightmare. This may be a good reason to consolidate the accounts into a single IRA or Roth IRA. An IRA may provide greater control over the investments. You may find that it gives you more control over distributions, as well. Another good reason: you may want to continue investing in your retirement account. A Roth IRA allows you to contribute as long as you're earning income and fall within income guidelines. Not so in a traditional IRA, which prohibits contributions after age 70.5.

You've spent your career investing in your company-sponsored savings plan. What you do with the money is a major financial decision. Call our office – we can help you make the choice that's best 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. 