

WEEKLY MARKET COMMENTARY

For the Week of September 5, 2017

THE MARKETS

Stocks edged up Friday following a lukewarm jobs report, which reduced the likelihood of another rate hike this year. In other economic data, factory activity soared in August while construction spending fell in July. For the week, the Dow rose 0.88 percent to close at 21,987.56. The S&P gained 1.43 percent to finish at 2,476.55, and the NASDAQ climbed 2.71 percent to end the week at 6,435.33.

Returns Through 9/1/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.88	13.21	22.38	11.53	13.74
NASDAQ Composite (PR)	2.71	19.55	23.11	12.00	15.98
S&P 500 (TR)	1.43	12.16	16.48	9.62	14.39
Barclays US Agg Bond (TR)	0.07	3.45	0.33	2.58	2.15
MSCI EAFE (TR)	1.01	17.51	18.07	2.96	8.56

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.

In the Year 2047 — The current U.S. national debt of \$19.8 trillion today is projected to reach \$25.2 trillion at the end of fiscal year 2027 and \$92 trillion by the end of fiscal year 2047. The \$92 trillion estimate will be approximately 150 percent of the U.S. economy in 2047 (source: Congressional Budget Office, BTN Research).

Working Hard — Productivity of the average American worker (output per worker per hour) over 10-year stretches increased 34 percent from 1957-1966. Productivity experienced its weakest 10-year growth of 11 percent from 1973-1982. Productivity grew just 13 percent from 2007-2016 (source: Department of Labor, BTN Research).

Great for Buyers — The national average interest rate on a 30-year fixed rate mortgage fell to 3.86 percent last week, the lowest average recorded during calendar year 2017 (source: Freddie Mac, BTN Research).

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WEEKLY FOCUS – Things You Can Do With an IRA but Not a 401(k)

While both 401(k)s and IRAs share some similarities as tax-deferred retirement savings vehicles, IRA accounts allow you to do some things you can't with a 401(k), such as:

Combine your RMDs. If you have multiple 401(k) accounts when you are 70½ or older, you'll need to take your required minimum distribution from each 401(k). But if you have multiple IRAs, you can combine the RMDs and take them from any single IRA account.

Opt out of withholding. Distributions from 401(k)s are typically subject to a mandatory 20 percent withholding. If you know your tax bill will be low or negligible, you can forego withholding on an IRA distribution, eliminating the wait to get the funds back when you file your taxes.

Take an early distribution. While it's best to avoid using retirement savings for other purposes, when the unexpected occurs, being able to access them can be a real gift – even if you must pay income tax and a penalty for an early withdrawal. This option is guaranteed under the law with IRAs; whether you have this same ability with your 401(k) depends on your plan's rules.

Use funds for higher education expenses. Although early withdrawals from pre-tax retirement accounts generally incur a penalty, there are legal exceptions for IRAs, including using funds for higher education expenses for yourself or your children.

Make a qualified charitable distribution (QCD). If you are 70½ or older, you may choose to send up to \$100,000 directly from your IRA account to a charity. Because the QCD is not counted as income, it may lower your tax bill more than if you take a distribution and make a separate donation. Plus, the QCD can offset part or all of your RMD.

Enjoy greater investment choices. Most 401(k) plan sponsors limit investors to 20-30 mutual funds, some of which may be accompanied by high fees and lackluster performance. In contrast, except for prohibited investments, such as life insurance or collectibles, choices are nearly limitless in an IRA.

Need help deciding whether to roll a 401(k) into an IRA or to consolidate retirement accounts? Give us a call to discuss the pros and cons. *Securities America and its representatives do not provide tax advice; coordinate with your tax advisor regarding your specific situation.*

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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 September 2017. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SA# 1888074.1