# WEEKLY MARKET COMMENTARY

For the Week of September 18, 2017

## THE MARKETS

Wall Street achieved record highs on Friday as the S&P 500 crossed the 2,500 point threshold as telecommunications shares rose and technology stocks recovered after two days of declines. For the week, the Dow rose 2.19 percent to close at 22,268.31. The S&P gained 1.63 percent to finish at 2,500.23, and the NASDAQ rose 1.39 percent to end the week at 6,448.47.

| Returns Through 9/15/17 | 1 Week | YTD | 1 Year | 3 Year | 5 Year |
|---|---|---|---|---|---|
| Dow Jones Industrials (TR) | 2.19 | 14.75 | 25.34 | 12.15 | 13.18 |
| NASDAQ Composite (PR) | 1.39 | 19.79 | 22.84 | 12.58 | 15.16 |
| S&P 500 (TR) | 1.63 | 13.33 | 18.86 | 10.32 | 13.66 |
| Barclays US Agg Bond (TR) | -0.50 | 3.40 | 0.90 | 2.91 | 2.28 |
| MSCI EAFE (TR) | 0.56 | 19.15 | 20.37 | 3.91 | 7.46 |

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.

**10 Positive Months** — The S&P 500 gained 0.3 percent (total return) in August 2017, its 10th consecutive positive month. The last time the S&P 500 had a streak this long was the 10 consecutive months that ended in September 1995 (source: BTN Research).

**Missing Out** — Every income group reporting up to $200,000 of household income has a participation percentage in the stock market of 40% or less. For example, only 40% of American households reporting between $100,000-$199,999 of income invest in the stock market, while the percentage falls to just 20% for households reporting $50,000-$74,999 of income (source: Federal Reserve Bank of St. Louis).

**October, Best and Worst** — The three best gain days (by percentage) for the S&P 500 in the last 67+ years (i.e., dating back to Jan. 1950) all occurred during October. Five of the seven largest loss days (by percentage) for the S&P 500 over the same time period occurred during the month of October (source: BTN Research).

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

Each type of retirement account has its own advantages and disadvantages. Today, we'll look at some things you can do with a 401(k) you can't do with an IRA, such as:

**Lower tax bills, regardless of income or age.** While there are income and age limits to contribute to traditional IRAs and income limits to contribute to individual Roth IRAs, if you are still employed, you can contribute the maximum amount allowed to your employer's 401(k) irrespective of your income level or your age. For 2017, this means you can contribute $18,000 if you're under 50 or $24,000 if you are 50 or older.

**Postpone RMDs.** With no exceptions, required minimum distributions must begin from a traditional IRA when you reach age 70½. But as long as you are still working for the company that sponsors your 401(k), are considered an employee (even if you're working nominal hours) and don't own more than 5 percent of the company, you will not be required to take RMDs from your 401(k).

**Take earlier penalty-free withdrawals.** Although there is typically a penalty for IRA or 401(k) withdrawals before age 59½, you may take a penalty-free withdrawal from a 401(k) if you are 55 or older and retire or leave your employer.

**Contribute to a Roth, regardless of income.** You can contribute to an individual Roth IRA only if your modified adjusted gross income falls below the legal limit. However, more employers are offering Roth 401(k) options. Like a traditional 401(k), there are no income limits for salary deferrals.

**Take a loan.** While it should be a last resort, you may be able to borrow from your 401(k) if your plan includes a loan provision. If it does, you will likely be required to pay it back in fairly equal payments, including interest, within five years.

Just as there are benefits and drawbacks for different types of retirement accounts, there are pros and cons for consolidating accounts. Having too many retirement accounts may make it harder to manage your asset allocation and cost more in fees, but maintaining a few different types can increase flexibility before retirement and tax options in retirement. Our office would be happy to help you decide what type of account seems best for your situation or weigh consolidating your existing accounts.

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1753 Dollar Street, West Linn, Oregon 97068.

* 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. 