

WEEKLY MARKET COMMENTARY

For the Week of December 26, 2017

THE MARKETS

The three major indexes slipped Friday in light holiday trading, but they all ended the week higher. The S&P has increased around 20 percent this year. For the week, the Dow rose 0.42 percent to close at 24,754.06. The S&P gained 0.30 percent to finish at 2,683.34, and the NASDAQ rose 0.34 percent to end the week at 6,959.96.

Returns Through 12/22/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.42	28.28	27.28	14.12	16.25
NASDAQ Composite (PR)	0.34	29.29	27.77	13.33	18.17
S&P 500 (TR)	0.30	22.23	21.08	11.19	15.81
Barclays US Agg Bond (TR)	-0.60	3.01	3.75	2.10	2.01
MSCI EAFE (TR)	1.25	23.87	24.64	7.17	7.67

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.

Jobs, Jobs, Jobs — Each one-tenth of one percentage point increase in our GDP (e.g., 2 percent growth to 2.1 percent) due to a rise in manufactured goods translates into 80,000+ new American jobs (source: Commerce Department, BTN Research).

Personalized Medicine — Ten years ago, it cost \$10 million and took several weeks to sequence a genome, i.e., map out a person's entire genetic code. Today, the work can be completed for \$1,000 in just a few hours (source: Financial Times, BTN Research).

Do I Really Need It? — Only 36 percent of all jobs in the United States require education beyond high school, i.e., 64 percent of American jobs require a high school diploma or less. Twenty-seven percent of jobs do not require any formal educational credential (source: Department of Labor, BTN Research).

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WEEKLY FOCUS – What’s New for Social Security and Medicare?

Each new year brings changes to Medicare and Social Security. Here are highlights on what to expect in 2018.

Benefit changes:

Social Security (SS) recipients will see their biggest cost-of-living adjustment (COLA) since 2012 – 2 percent. Compared to last year’s meager 0.3 percent increase, the average monthly benefit will rise around \$25 a month, from \$1,258 to \$1,283. The maximum SS monthly benefit at full retirement age will increase from \$2,687 a month to \$2,788.

However, the average SS recipient who has Medicare Part B premiums deducted from their check won’t see the increase. In the absence of a significant COLA in 2017, a “hold harmless” provision prevented last year’s Part B premium increases from reducing their SS benefits. In the presence of a bigger COLA, the increase will be deducted next year.

Individuals who turn 62 in 2018 must wait longer to draw benefits. Full retirement age for anyone born in 1956 is 66 years and four months and increases by two-month increments until it reaches 67 for everyone born in 1960 or later. Those with an older full retirement age will have less ability to boost their payments through delayed claiming since there will be fewer months to age 70.

Those who claim SS early can earn \$17,040 before they start losing one dollar in benefits for every two earned. In the months of the year preceding full retirement age, SS recipients can earn up to \$45,360 before losing one dollar in benefits for every \$3 earned above the limit.

Tax and payment changes:

The amount of earnings subject to SS tax is going up from \$127,200 to \$128,400. ALL earnings are subject to Medicare tax (1.45 percent for employees; 2.9 percent for the self-employed). Individuals who earn more than \$200,000 (\$250,000 for married couples who file jointly) pay an extra 0.9 percent in Medicare taxes. Higher income Medicare beneficiaries pay higher Part B and D premiums; the thresholds for next year have changed to \$133,500 for individuals and \$267,000 for couples.

If you or a loved one has concerns about maximizing Social Security and Medicare benefits as part of your comprehensive retirement plan, please contact our office.

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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 December 2017. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI#1978990.1