

WEEKLY MARKET COMMENTARY

For the Week of February 6, 2017

THE MARKETS

A positive jobs report and President Trump's deregulation action helped U.S. stocks climb Friday. The president signed an executive order to scale back regulations in the financial industry. The Labor Department reported 227,000 new public and private sector jobs were created last month, compared to the 175,000 economists had expected. For the week, the Dow fell 0.09 percent to close at 20,071.46. The S&P rose 0.16 percent to finish at 2,297.42, and the NASDAQ gained 0.11 percent to end the week at 5,666.77.

Returns Through 2/3/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	-0.09	1.69	26.17	12.06	12.10
NASDAQ Composite (PR)	0.11	5.27	25.81	12.34	14.29
S&P 500 (TR)	0.16	2.76	22.77	12.02	13.71
Barclays US Agg Bond (TR)	-0.04	0.02	1.16	2.41	2.15
MSCI EAFE (TR)	0.03	3.48	14.14	1.22	5.56

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.

Ambitious Goal — On Monday, Jan. 23, President Trump said his administration will lead the effort to cut at least 75 percent of the business regulations imposed by government agencies (source: White House, BTN Research).

They're Catching Up — China's economy expanded by 6.7 percent in 2016, its smallest growth rate in 26 years (since 1990). The U.S. economy grew by 1.6 percent in 2016 and has grown by at least 6.7 percent just twice in the past 60 years, i.e., 6.9 percent in 1959 and 7.3 percent in 1984 (source: Commerce Department, BTN Research).

Oil Prices Going Up — The price of oil closed at \$45.23 a barrel on Nov. 29, 2016, the day before OPEC agreed to its first production cut in eight years. Two months later, oil closed at \$53.20 a barrel on Friday, Jan. 27, up 18 percent (source: NYMEX, BTN Research).

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WEEKLY FOCUS – Social Security Changes in 2017

Several of this year's changes to Social Security are so minor, they could be easy to miss. Beginning this month, benefit payments will be 0.3 percent larger, thanks to a modest cost-of-living adjustment (COLA). For the average beneficiary who receives a \$1,360 monthly check, this will result in approximately \$5 extra. However, the beneficiary who has their Part B Medicare premiums taken out of their Social Security check will see little if any change since the COLA will be offset by a Medicare premium increase around the same amount.

Here are a few more noticeable changes:

The maximum monthly benefit at full retirement age will move from \$2,639 to \$2,687 a month. A higher payment may be possible for those who delay drawing beyond their full retirement age.

As the full retirement age continues to increase, individuals with later target ages will still be allowed to retire at 62 but will incur greater reductions in their monthly benefits.

Individuals who retire early will be allowed to earn an additional \$1,200 this year, bringing the maximum annual amount they can earn without affecting their Social Security benefits to a total of \$16,920. They will still lose \$1 in benefits for every \$2 of earned income over that amount until the year they turn their full retirement age. Those reaching their full retirement age in 2017 can earn up to \$44,880 in the months prior to their birthday without losing benefits. If their income exceeds \$44,880 before their birthday month, they will lose \$1 for every \$3 over the limit. Once they've reached full retirement age, their benefits will not be affected by income.

About 12 million Americans will see a tax hike as the largest percentage increase in Social Security maximum taxable earnings since 1983 goes into effect. For the past two years, workers only paid Social Security taxes on their first \$118,500 of earnings. This year, the taxable maximum jumps to \$127,200. For high-income earners, an extra \$8,700 could be subject to the 6.2 percent Social Security payroll tax, resulting in up to \$539 in extra taxes. Self-employed individuals could see their tax bill jump over \$1,000, although they can deduct the employer portion on their return.

You may not be able to control legislation Congress passes affecting Social Security, but you can do your part to work toward a secure retirement. Please feel free to call us and set up an appointment to review your portfolio and discuss your retirement goals.

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 February 2017. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 1703129.1