

WEEKLY MARKET COMMENTARY

For the Week of February 13, 2017

THE MARKETS

Following President Trump's promise to move quickly on tax code changes, the three major indexes booked fresh records. The Dow, S&P 500 and Nasdaq logged gains for the third week in a row. For the week, the Dow rose 1.13 percent to close at 20,269.37. The S&P gained 0.87 percent to finish at 2,316.10, and the NASDAQ climbed 1.19 percent to end the week at 5,734.13.

Returns Through 2/10/17	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.13	2.84	30.69	11.42	12.44
NASDAQ Composite (PR)	1.19	6.52	33.86	11.40	14.58
S&P 500 (TR)	0.87	3.66	27.78	11.10	13.94
Barclays US Agg Bond (TR)	0.44	0.46	0.98	2.63	2.20
MSCI EAFE (TR)	-0.02	3.46	18.50	0.45	5.61

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.

Small Number, Big Dollars — National health care expenditures in the United States during calendar year 2016 were an estimated \$3.4 trillion. Just 10 percent of Americans were the source of 65 percent of that total (source: Centers for Medicare and Medicaid Services, Kaiser Family Foundation, BTN Research).

Ups and Downs — The S&P 500 has gained 10.2 percent per year (total return) over the last 50 years (1967-2016) in spite of suffering through eight bear markets of at least a 20 percent decline each time (source: BTN Research).

Renters Soar — The 109.6 million households in the United States on Dec. 31, 2006, were split between 75.4 million owners and 34.2 million renters. The 118.6 million households in the United States on Dec. 31, 2016, were split between 75.6 million owners and 43 million renters (source: Census Bureau, BTN Research).

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WEEKLY FOCUS – Homework Important Before College

Under the best circumstances, parents begin saving for their child's higher education when the child is a toddler. But with college costs rising disproportionately over the past three decades, many middle and higher income families aren't able to set enough aside. Because February is Financial Aid Awareness Month, this week's focus offers some tips and resources for preparing for the complex financial aid process.

Parents who will be sending their first child to college may want to attend an informational meeting on the Free Application for Federal Student Aid (FAFSA) a year or two in advance to determine whether moving assets would put their child in a better position. Since income is the biggest factor in determining the expected family contribution (EFC), it helps to keep the amount of taxable income as low as possible in the base year, which is 2015 for the 2017-2018 school year and two years prior going forward. Assets such as retirement plans, home equity, annuities and cash value life insurance don't count toward the EFC while general stocks, mutual funds and savings accounts do.

Students are expected to use 20 percent of their own assets toward college costs, while parents are only expected to contribute 5.6 percent of theirs. Therefore, a custodial account in the student's name under UGMA/UTMA will reduce the student's aid package by 20 percent of its value, but a 529 owned by a parent will only reduce the student's aid by 5.6 percent of its value. Because student assets are weighted more heavily, the student may want to use most or all of their own assets toward their first year of college to reduce the student asset contribution factored into their EFC for subsequent years.

Prior to submitting applications, it's wise to compare a variety of schools to determine which are likely to offer the best package. "U.S. News College Compass" provides detailed data on over 1,600 schools, which includes entering students' test scores and GPAs, and how many students receive need-based and merit-based scholarships and grants.

Aid is awarded on a first-come, first-served basis. So it's important to complete the FAFSA carefully to avoid omissions or mistakes that could delay processing and submit it as soon as possible. An online submission will be processed quicker and provide an added safeguard by ensuring every question is answered before it can be submitted.

If you have financial questions about a child's or grandchild's move to college, please feel free to call our office. We're happy to help with money issues affecting multiple generations of your family.

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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# 1709474.1