



WEEKLY MARKET COMMENTARY

For the Week of August 6, 2018

The Markets

Stocks closed higher Friday thanks to a not-too-hot, not-too-cold jobs report that supported the likelihood of the Federal Reserve keeping interest-rate increases gradual. China's latest move in the trade war was offset by reports of recent high-level talks with China from White House officials. For the week, the Dow rose 0.05 percent to close at 25,462.58. The S&P gained 0.80 percent to finish at 2,840.35 and the NASDAQ climbed 0.96 percent to end the week at 7,812.01.

Returns Through 8/03/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	0.05	4.28	18.23	15.95	12.92
NASDAQ Composite (PR)	0.96	13.16	23.21	15.16	16.19
S&P 500 (TR)	0.80	7.40	17.13	12.95	13.00
Barclays US Agg Bond (TR)	0.14	-1.50	-1.07	1.44	2.27
MSCI EAFE (TR)	-1.45	-1.54	4.10	4.66	5.14

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.

Bank Takeover — Lenders foreclosed on 133,290 homes in the first six months of 2018, down 21.2 percent from 169,124 foreclosures in the first half of 2017. The peak of bank repossessions in the last decade was in 2010 when more than 1 million homes (1,050,500) were taken back by lenders (source: Attom Data Solutions, BTN Research).

That's All? — Trust fund assets (\$2.89 trillion) supporting both Social Security retirement benefits and Social Security disability benefits earned interest of 3.0 percent in 2017 (source: 2018 Social Security Trustees Report, BTN Research).

Time in the Stock Market — If you selected any single month at random to invest in the S&P 500 (at the close of the prior month) during the 25 years ending June 30, 2018, you achieved a positive total return 66 percent of the time. If you extend your investment time horizon to just one year, you achieved a positive total return 81 percent of the time. If your time horizon was two years, you achieved a positive total return 80 percent of the time (source: BTN Research).



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WEEKLY FOCUS – Social Security Alone Won't Be Enough for Retirement Needs

If your retirement plan relies heavily on income from Social Security payments, there are two hard facts you should know – those benefits alone won't be enough to live on, and their buying power isn't what it used to be. As of March 2018, the average Social Security recipient received about \$16,919 a year. The poverty level in the United States for a single-person household is \$12,060 and \$16,240 for a two-person household. At this level of income, an unexpected medical expense or an unplanned home repair could prove disastrous for a retiree.

Not only are Social Security benefits not enough to provide a reliable income during retirement, reports show their buying power is dwindling. A report from the Senior Citizens League reveals the collective cost of many common goods and services needed by retirees has outpaced the annual cost of living adjustment Social Security recipients receive. As a result, the buying power of monthly benefits has plummeted by 34 percent since 2000.

In most cases, the problem isn't with the cost of living adjustments, which have continued to match inflation for the past 18 years. Instead, it lies with the expenses accrued by the average retiree, which have grown by 96.3 percent during that same period. The Senior Citizens League report analyzed 39 costs and found 26 grew faster than the cost of living allowance. A prime example – Medicare Part B monthly premiums, which have skyrocketed 195 percent, from \$45.50 in 2000 to \$134 today.

While expenses are climbing, there is also a chance your Social Security payments could decrease. Some cuts are made for reasons outside your control, but there are steps you can take to keep your Social Security benefits from being dinged if you haven't started receiving them yet.

- Don't claim retirement benefits early
- Be sure to get your full retirement age correct
- Don't miss the Medicare application window
- Be careful about earning too much in retirement
- Be sure your wage information is correct
- Don't get behind on taxes and child support

To learn more about how you can maximize your Social Security benefits, call our office today. We can work with you to review your retirement goals and develop a financial plan that addresses life's expected, and unexpected, challenges.

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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 August 2018. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 2201900.1