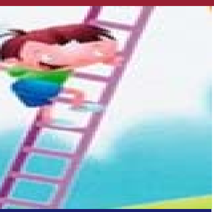
December 1, 2015



McBork Quarterly Report:
4th Quarter 2015

I can hardly believe that my son Bosco is already five years old. It seems like it was just yesterday that I was changing his diapers, but now that he is five, we are starting to play board games together. One of his favorite board games is Chutes and Ladders, an oldie but a goodie. As you may know, the object of the game is to land on spaces with ladders that move you closer to the top of the board while avoiding those nasty chutes that slide you down toward the bottom. While Bo and I were playing Chutes and Ladders the other night it occurred to me that the daily grind of the stock market operates on a remarkably similar principle.

For instance, between August 10 and Aug 25th of this year we saw the S&P 500 Index fall down the chute by a full 11.2%. Since then, this index has climbed sharply back up the ladder, rising 11.4% from the August 25th low. Now only 2.4% off of our all-time highs we are approaching a top.

At the risk of sounding like a broken record, I expect the Federal Reserve to start increasing rates soon. In fact I believe that their maneuvers will begin before the next McBork Report. I imagine that this increase will send small shockwaves throughout the stock and bond markets over the short term. As I have explained in past reports, there is an inverse relationship between interest rates and bond prices. When rates go up, prices typically go down; when rates go down, prices generally rise.

So what should we expect to happen to stocks when interest rates rise? For starters, banks charge individuals more to borrow money. Should you take out a mortgage on your home, lease a car, etc. the rate at which you borrow would be higher. A common result of such higher rates is a slowdown in consumer spending which consequently may decrease business revenue. Businesses, just like individuals, face higher rates when seeking to lend from banks and the debt markets. A decrease in business spending typically leads to slower growth and profitability for the company. Thus, a slowdown in the stock market would not be out of the question. However, this reaction to rising rates is usually over the short term; eventually rates stabilize and both individual and business spending resumes a growth trajectory.

Recent bombings in Beirut and Paris bring geopolitical events into sharp relief. I want to reassure you that we are intently focused on the external world, not just internal economic matters, when we are managing your money. As I write this report, we are assessing all of our weightings, especially our international allocations, and we will not hesitate to take action as indicated. Please do not hesitate to call me to discuss such matters.

Year-end household financial reminders:

(1) If you are over 70 1/2 and have retirement plan assets, you will need to take your **RMD (required minimum distribution)** by the end of the year. If you have not done so yet or cannot recall whether you have so, please get in touch with us as soon as possible.

(2) For those of you that typically **"gift" your RMD** to a charity, Congress has yet to extend this law for 2015 and beyond. We hope they extend it, like they did back in 2012 and 2014. We will keep you posted. If you have any questions please let us know.

(3) At the end of each year many clients make gifts of appreciated assets to charitable organizations from their non-retirement accounts. The charity receives the same benefits as they would have obtained if you were to have written a check, but you avoid paying the capital gains tax on the appreciated asset. Please let us know by early December if you wish to gift appreciated assets in 2015 or if you have any questions on gifting.

(4) Remember that **Traditional and Roth IRA** contributions may still make sense. While there are income limits on the amounts that you can contribute as well as limits on participation for participants in employer sponsored plans, many individuals are wise to do so before the April 15, 2016 deadline for 2015 contributions. For example, some individuals over 50 may place up to $6,500 into Traditional or Roth IRA while the comparable limits for individuals under 50 is $5,500. Please call if you would like to discuss the advisability of making IRA contributions.

(5) The IRS has increased the **contribution limit for 401k and 403b plans** for 2015 to a maximum of $18,000 and a catch-up of $6,000 for those that are over 50. It you contact your payroll office immediately you may still be able to increase your 2015 payroll withholding for the last 2015 paycheck or two, thus reducing your taxable income for 2015,

(6) Quick reminder to those of you with **college-age or young adults** in your life itching to learn more about the world of money and investment: We are happy to sit down or teleconference with your children and grandchildren to offer them "Investments 101." Winter break provides a great opportunity for such a briefing. Just give us a call and we will make the connection.

(7) Please remember that the **Social Security Administration** now sends paper statements of your earnings and projected entitlements every five years for those between 25 and 60. Statements are mailed to you on an annual basis for those 60 and older. You can review your current statement online at www.ssa.gov. We strongly urge you to send us your most recent statement so that we have it in our files.

(8) Changes to **spousal and "file and suspend" Social Security retirement strategies** are soon to go into effect. We have reached out to many of you regarding if these changes appear to impact you. If you have not heard from us or just want to know what is going on with the changes please give me a call. If you know couples, particularly ones in their early 60s, who are grappling with Social Security decisions in the wake of these pending changes but have no access to counsel, please suggest that they give us a call.

Please have a great holiday season. We are all truly blessed.

Sincerely,

Gregory Bork Jr.
LPL Financial Registered Principal

The Dow Jones Global ex US Index is a measure of the global stock market minus US securities. It targets 95% coverage of markets open to foreign investment. The index currently tracks 47 countries, including 26 developed markets and 21 emerging markets. The Barclays U.S. Aggregate Bond Index is an index of the U.S. investment-grade fixed-rate bond market, including both government and corporate bonds." Indexes are unmanaged and cannot be invested into directly. Unmanaged index returns do not reflect fees, expenses, or sales charges. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results. International investing involves special risks such as currency fluctuation and political instability and may not be suitable for all investors. Stock investing involves risk including loss of principal. Bonds are subject to market and interest rate risk if sold prior to maturity. Bond values will decline as interest rates rise and bonds are subject to availability and change in price. The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommend actions for any individual. To determine which Investment(s) may be appropriate for you, consult your financial advisor prior to investing.
All performance referenced is historical and is no guarantee of future results.