

Market Commentary For the week of April 16, 2018

WEEKLY FOCUS – April Is Financial Literacy Month

A recent study by the National Bureau of Economic Research asked Americans over the age of 50 three basic financial questions. Only a third answered all three correctly. In another survey by The Program for International Student Assessment, 44 percent of high-school students scored at the lowest levels of financial literacy. According to GOBankingRates, over 50 percent of Americans have less than \$1,000 in savings.

Clearly, financial illiteracy is a growing problem that spans all generations. And in today's inter-connected world, it creates huge costs for society at large, such as marital discord, higher taxes to create safety nets, unpaid debts and increased prices. Many experts point to financial illiteracy as a contributing factor to the recession of 2008.

At the same time, today's conditions require greater financial responsibility to maintain a healthy economy and more preparedness to achieve financial security. Even moderate inflation with relatively flat wage growth and high tax burdens make saving challenging, while longer lifespans and rising healthcare costs make it all the more imperative.

Financial skills are rarely taught in school. They're best taught – and caught – from parents and grandparents. Here are six basic areas to focus on:

- Teach young people how debit and credit cards work, their differences and when it's better to have one or the other.
- Show them how to pay bills online through their bank or credit union's service or a direct pay program through a creditor or service provider.
- Help them ensure their lifestyle fits their income, that they understand what comes in, what goes out for bills, how to weigh wants and needs, and how much to allocate to savings and retirement accounts.
- Demonstrate the impact of compounding interest on savings and the big benefits of starting young.
- Teach them the importance of a healthy credit score and how to build one.
- Explain how investing works and potential risks and rewards, so they can make informed decisions on their financial future.

If you'd like help educating a younger family member, give us a call. We can help you prepare them for a good financial life and fine-tune your own.

The Markets

Geopolitical issues pushed stocks down Friday as Russian lawmakers talked of banning or restricting U.S. imports and prospects of a strike on Syria loomed. At the same time, reports of weak loan growth weighed on bank shares. Despite the day's negative close, the three major indexes achieved weekly gains. For the week, the Dow rose 1.80 percent to close at 24,360.14. The S&P gained 2.04 percent to finish at 2,656.30, and the NASDAQ climbed 2.77 percent to end the week at 7,106.65.

Returns Through 4/13/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.80	-0.87	21.90	13.46	13.11
NASDAQ Composite (PR)	2.77	2.94	22.42	12.52	16.62
S&P 500 (TR)	2.04	-0.10	16.32	10.56	13.16
Barclays US Agg Bond (TR)	-0.18	-1.69	0.04	1.07	1.62
MSCI EAFE (TR)	1.48	0.40	17.79	5.36	6.37

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.

Demographic Shift — By 2035, the projected number of American seniors age 65 and older (78 million) will exceed the number of American children under the age of 18 (76.4 million) for the first time in U.S. history. (source: Census Bureau, BTN Research).

Twice as Much — Student loan debt, equal to \$1.38 trillion as of Dec. 31, 2017, has doubled in just over eight years. Student loan debt was \$690 billion as of Sept. 30, 2009 (source: Federal Reserve Bank of New York, BTN Research).

Time Flies — The S&P 500 bull market that began on March 9, 2009, is now in its 110th month. The average bull market for the stock index since 1950 (including the current bull) has lasted 62 months (source: BTN Research).

* 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 April 2018. All rights reserved. Securities offered through Securities America, Inc., Member FINRA/SIPC. SAI# 2090144.1