WEEKLY COMMENTARY

For the Week of February 19, 2018

WEEKLY FOCUS

Planning Ahead for College

Planning for college is more important than ever as the need for and price of a degree continue to increase. According to Georgetown University, 65 percent of jobs will require a college education by 2020. At the same time, the College Board reports the average annual tuition, fees, room and board in 2017-2018 cost $20,770 for a degree from a public university and $46,950 for a private nonprofit university, more than double what they cost 30 years ago.

Most people pay for college through a combination of current income, loans, grants and scholarships, in addition to savings. Author Mark Kantrowitz found only three-tenths of 1 percent of students enrolled full-time at four-year colleges receive adequate grants and scholarships to pay for their education. This makes saving the foundation of college funding. But how much should you plan to save? And what are the best, tax-advantaged ways to save for college?

Kantrowitz suggests saving one-third of your child's estimated college costs. Small amounts of money invested every month can become sizeable savings through smart planning and compounding. As FINRA points out, if you begin saving $200 a month for your newborn at a 6 percent annual rate of return, you will have more than $76,000 saved for college by the time your child turns 18.

There are a variety of college savings vehicles: 529 prepaid tuition plans at qualified institutions, general 529 savings plans, Coverdell Education Savings Accounts (ESAs) and "tax scholarships," which shift assets to children over several years to take advantage of the children's lower tax bracket.

Weighing the options for college saving can be overwhelming. Each has advantages and disadvantages. For example, a prepaid 529 plan only works if the child knows which school they'll attend for certain, and only a limited number of states guarantee their prepaid tuition plans. Earnings in all 529 savings plans grow tax-deferred, and over 30 states also offer a state income tax deduction for all or part of a resident's contribution. The maximum amount all sources can contribute to one ESA account is $2,000 annually, and contributors' income must fall within guidelines. Shifting parental assets to a child may affect the child's eligibility for federal aid at application time.

We can help you explore every avenue of saving for your child's future. Call today for a no-obligation consultation. *Securities America and its representatives do not provide tax advice; coordinate with your tax advisor regarding your specific situation.*

FINANCIAL FACTS

Short-Term — Forty-eight percent of Treasury debt at the end of fiscal year 2017 (Sept. 30, 2017) had a maturity of three years or less, i.e., debt that will mature by Sept. 30, 2020, and will either be rolled over or paid off (source: Treasury Department, BTN Research).

Expanding — If the expansion of the U.S. economy (i.e., no recession), now in its 104th month, continues into May 2018, it will rank as the second-longest expansionary period for the country in our history. Contractions and expansions for the United States have been tracked since 1854, i.e., the last 163 years (source: National Bureau of Economic Research, BTN Research).

Ups and Downs — The S&P 500 has gained 10.1 percent per year (total return) over the last 50 years (1968-2017) despite suffering through seven bear markets of at least a 20 percent decline each time (source: BTN Research).

WEEKLY COMMENTARY

THE MARKETS

The major indexes closed off their session highs following news a federal grand jury indicted 13 Russian nationals and three Russian entities for interfering with the 2016 presidential election. But only the NASDAQ closed lower, ending a five-day winning streak. The Dow closed higher for a sixth session, and the S&P posted its best weekly performance in five years. For the week, the Dow rose 4.36 percent to close at 25,219.38. The S&P gained 4.37 percent to finish at 2,732.22, and the NASDAQ climbed 5.31 percent to end the week at 7,239.47.

Returns Through 2/16/18	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	4.36	2.37	25.20	14.70	15.32
NASDAQ Composite (PR)	5.31	4.87	24.50	13.94	17.80
S&P 500 (TR)	4.37	2.46	18.72	11.53	14.82
Barclays US Agg Bond (TR)	-0.21	-2.12	1.04	1.23	1.80
MSCI EAFE (TR)	4.27	1.35	21.13	6.91	7.37

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.

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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.
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