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FINANCIAL SERVICES

YOUR FINANCIAL FUTURE

Your Guide to Life Planning

April 2014

Our roads to success may have twists and turns and ups and downs; together we can navigate a course and enjoy the scenery along the way.

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April 2014 from Feiertag Financial Services

How to Build an Emergency Fund

Many financial experts recommend setting aside enough money to cover three to six months' worth of expenses in the event of a major financial surprise. Learn how you can budget and reduce costs to build that all-important emergency fund.

Tips for Starting a New Business in Retirement

For many people, "retirement" is another word for career change. Some information and tips are included for those considering a new career in their golden years.

Weekly Market Commentary | Week of March 31, 2014

At any given time, there are always some bubbly valuations among industries and stocks that are hot.

Please CLICK on any Article Title, Then SCROLL to See All Pages

March 20, 2014

Dear Valued Investor,

Spring is a time of renewal. As this wonderful season approaches (and hopefully brings milder weather), we believe the stage is set for renewed growth in the U.S. economy.

The seeds of growth in the economy have taken root underneath all the snow and ice. Several recent data points underlie our optimism. The latest edition of the Federal Reserve's Beige Book, which is essentially a "window on Main Street," provided a positive assessment of the U.S. economy and still characterized growth as "modest to moderate," despite significant weather impacts. In fact, the word "weather" showed up 119 times in the report, far more than it appeared when SuperStorm Sandy struck in October 2012. Many Beige Book comments pointed to optimism once the weather normalizes.

Despite the slower, weather-affected start to the year, we continue to expect economic growth, as measured by real gross domestic product (GDP), to reach 3% in 2014, based upon many of the drags of 2013 fading, including U.S. tax increases and spending cuts and the European recession, and growth accelerating from additional hiring and capital spending by businesses. We expect some bounce back from the severe winter weather, propping up near-term growth as postponed economic activity takes place.

Additionally, underlying fundamentals in the labor market suggest that the job market may be thawing. Businesses are directing more of their profits into spending on growth, with the private sector creating 162,000 net new jobs in February, despite weather-related power outages and transportation disruptions. Initial claims for unemployment insurance fell to 315,000 during the week of March 7, a level last seen on a sustained basis in mid-2007, prior to the onset of the Great Recession. Hiring expectations by small businesses have been moving higher as tracked by the National Federation of Independent Business.

We believe that this better growth should provide the foundation for attractive stock market returns this year. Despite recent stock market volatility, primarily driven by ongoing concerns about the Ukraine conflict and slowing growth in China, the S&P 500 is still near its all-time high. As we look towards the remainder of the year, we continue to expect a 10 - 15% gain for U.S. stocks, as measured by the S&P 500 Index (based on earnings per share for S&P 500 companies growing 5 - 10% and a rise of half a point in the price-to-earnings ratio).

Of course, it's always important to be mindful of risks, despite the positive indicators in the economy and the markets. One of the most noteworthy right now is the conflict in the Ukraine, which may continue to impact the U.S. markets after driving a more than 20% decline in the Russian stock market. Even following the secession vote in Crimea and sanctions imposed against Russia by the West, we believe it is unlikely that the conflict will drive a significant stock market decline in the U.S. Also, the slowdown in China, the world's second largest economy, is worth watching, though we continue to discount the probability of a "hard landing." We will be watching these geopolitical events closely as we continue to follow key economic indicators.

As we look to Spring for renewed economic growth, and hopefully more potential gains for stocks, we believe the foundation is in place for you to pursue your financial goals in 2014. As always, if you have questions, I encourage you to call our office (800-252-4276).

If you are not receiving our monthly e-Newsletter, please check your spam filter to make sure that both my e-mail address (steven.feiertag@LPL.com) and Eileen's e-mail address (eileen.feiertag@LPL.com) are being delivered.

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The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The economic forecasts set forth in this letter may not develop as predicted.

Tracking # 1-256277 and 1-259584

How to Build an Emergency Fund

If you find yourself spending too much on discretionary items, set a goal to cut down.

Many financial experts recommend setting aside enough money to cover three to six months' worth of expenses in the event of a major financial surprise. That's because a well-funded emergency account has the potential to get you through tough times without the need to spend other savings, such as assets earmarked for retirement and college.

The following steps will help you start saving more right away.

Stick to a Budget

Creating a budget is easier and more important than you may think. Just write down the amount of your household's total monthly after-tax income, and then identify how much money you need to spend every month on necessities such as rent or mortgage payments, taxes, utilities, insurance, and groceries. Next, subtract the latter amount from the former. The difference represents the amount of money available to be set aside for important goals -- such as accumulating emergency savings and saving for retirement - and for treats - such as dining out or going on vacation.

The key is finding some sort of happy balance between the two. If you find yourself spending too much on discretionary items, set a goal to cut down. Don't try to do it all at once. You may find it easier to reduce your non-necessity purchases over time. Try to cut down your spending by 5%-10% per month.

Reduce the Cost of Debt

Every month, millions of Americans spend their hard-earned money on interest and finance charges that arise from carrying personal debt, such as credit card balances. Wherever possible, transfer any high-interest debt to a single, low-rate account. If you own a home, you may be able to pay off your credit card balance with a tax-deductible home equity loan. And needless to say, don't use credit to buy things you can't really afford.

Additionally, whenever you're expecting a tax refund, bonus, or other windfall, be sure to put it to good use. Paying off debt and saving for the future are almost always better strategies than spending without a plan.

Customize Your Savings Plan

Everyone's situation is different. While three to six months is a good starting point, you may need a larger emergency fund if you have a mortgage, children, and/or a non-working spouse.

If you are concerned about the nominal interest rates available via savings accounts or CDs, consider parking some of your funds in other lower-risk investments, such as short-term bond funds.[1] You can also use a Roth IRA as an option in your strategy, as you can withdraw your contributions from it for any reason prior to age 59 1/2. You also may be able to tap any earnings without paying penalties, depending on the circumstances.

Work With a Financial Professional

Managing finances on your own can be difficult. A financial professional can help you determine a budget that will help you live within your means and can help you invest properly to achieve your goals.

[1]*CDs are FDIC insured and offer a fixed rate of return if held to maturity. Investing in mutual funds involves risk, including loss of principal.*

1-252247

Tips for Starting a New Business in Retirement

As attractive as starting a new business in retirement may sound, there are several considerations you should bear in mind before taking the leap.

As a result of lengthening life expectancies and dwindling pensions, a growing number of retirees are looking to retirement as an opportunity to start a new business. It can be beneficial to be an older entrepreneur in a number of ways:

- Start-up funding may be easier to come by for seniors, who can draw from personal savings and a lifetime of business and professional contacts.
- Senior start-ups may also be looked on more favorably by lenders, who often associate older entrepreneurs with a lower risk of default.
- Because they can often rely on other sources for current income, they are in a better position to take greater entrepreneurial risks.

If you are thinking about venturing into a new business in your later years, there are several considerations you should bear in mind before taking the leap.

Start-ups can be physically and emotionally draining for a retiree. Seniors tend to work fewer hours and take more vacations than their younger counterparts. Ask yourself: Are you willing or able to work the long hours that may be required in a fledgling business? There is also the matter of elder health concerns. For seniors, health problems can come at any time. Even if you are in top shape, you should factor in contingencies for unexpected health issues for yourself and your spouse.

Then there's financial vulnerability. Seniors also rely much more on personal investments to supply a portion of their income. For these reasons, seniors are advised not to sink too great a portion of their investment portfolio into a new business and should avoid pledging as loan collateral personal assets such as a home.

Successful post-retirement start-up tips:

- **Go back to school.** If you've never run a business before, it may be helpful to take a few classes at a university or community college. You'll learn valuable information on legal requirements, bookkeeping methods, and other key considerations.
- **Build on already established contacts and expertise.** Seniors have a distinct advantage over younger entrepreneurs in their experience and long-established business network, which can give them a competitive advantage in virtually any business.
- **Interview other business owners.** Talk to owners of similar businesses and scope out the market for such products or services in your area. Then, take the time to draft a formal business plan.
- **Start small.** When starting up a new business in retirement, many begin with a small consultancy and gradually work their way into a full-blown business. This will give you time to assess whether you're willing or able to take on another full-time career.
- **Don't bet the farm.** If you're retired, you probably rely on personal investments for a portion of your income. Consider your income needs before investing a portion of your nest egg in a new business and think twice before taking on any personal debt.

1-252257

Weekly Market Commentary | Week of March 31, 2014

Highlights

At any given time, there are always some bubbly valuations among industries and stocks that are hot. But, overall, looking at valuations, the party in the stock market may not be just getting started -- but it is not yet close to being over.

Is the Party Over?

Consumers are the most confident they have been in over six years, according to last week's widely watched consumer confidence report from the Conference Board. Investors have been feeling confident too. The high valuations of stocks in some industries have been the talk of the markets lately, leading some to fear that a bubble in stock market valuation is again developing as investors become overly optimistic.

The valuation of the stock market has risen sharply over the past year as investors have anticipated a better environment for growth. To gain perspective on whether a bubble has developed, we can compare the price-to-earnings ratios (PEs) of all 62 industries in the S&P 500 Index today to the same day 14 years ago in March 2000, at the top of the bull market -- the last time a bubble in stock market valuation popped. The stock market was really **"bubbly"** in March 2000, with valuations of many industries floating higher, but now industry valuations are relatively flat.

Source: LPL Financial Research, FactSet Data Systems 03/31/14

Fourteen years ago a bull market came to an end, and 16 of the 62 S&P 500 industries, accounting for about 70% of the S&P 500 companies' total market value, had PEs that could be called "bubbly" -- PEs of over 30 on companies' current fiscal year earnings estimates. Now, on March 28, 2014, just four industries out of 62 -- accounting for less than 4% of the S&P 500 market value -- have PEs over 30.

2 "Bubbly" S&P 500 Industries

2000	2014
IT Services	Health Care Technology
Wireless Telecommunication Services	Real Estate Investment Trusts (REITs)
Capital Markets	Internet & Catalog Retail
Food & Staples Retailing	Construction Materials
Health Care Equipment & Supplies	
Specialty Retail	
Industrial Conglomerates	
Energy Equipment & Services	
Semiconductors & Semiconductor Equipment	
Biotechnology	
Software	
Electronic Equipment Instruments & Components	
Technology Hardware Storage & Peripherals	
Communications Equipment	
Media	
Internet Software & Services	

Source: LPL Financial Research, FactSet Data Systems 03/31/14

At any given time, there are always some bubbly valuations among industries and stocks that are hot. But overall, the S&P 500 PE is currently a bit over 16 on current fiscal year estimates, slightly above the long-term average, but only half of what it was in late March 2000. Looking at valuations, compared to 14 years ago, the party in the stock market may not be just getting started -- but it is not yet close to being over.

Of course, factors other than a valuation bubble could contribute to a bear market. After all, we saw a major bear market in 2008 and early 2009, without the market hitting 2000-like valuations. This was because markets had priced in an outlook for a much better economic environment than the financial crisis and deep recession that actually took place. In last week's *Weekly Market Commentary: What's Priced In?* we looked at the economic outlook the markets are pricing in. While the markets are optimistic that growth may improve, they do not appear to be pricing in an overly optimistic outlook.

But what about consumer confidence; is the jump in March to a six-year high a sign of too much optimism? Not even close. The index is at 92, the best in six years, but well below the 100 it averaged in 2005-2007, and a far cry from the 140 averaged in 1998-2000, when the party was really heating up and valuations became "bubbly" across most of the stock market.

Although valuation may not be a negative for the overall stock market, it is no longer a positive. Valuation was a key factor behind the attractiveness of stocks a year ago; this is less the case now after strong gains over the past year have pushed up PEs. We expect earnings growth to be the primary driver of stock market performance in 2014. While market pullbacks -- or market storms as we have taken to calling them -- are likely this year, we do not believe valuations are high enough to result in a long painful hangover in the form of a bear market. Instead, we continue to foresee a potentially solid year for stock market performance.

IMPORTANT DISCLOSURES

The opinions voiced in this material are for general information only and are not intended to provide specific advice or recommendations for any individual. To determine which investment(s) may be appropriate for you, consult your financial advisor prior to investing. All performance reference is historical and is no guarantee of future results. All indices are unmanaged and cannot be invested into directly. Index performance is not indicative of the performance of any investment. Past performance is no guarantee of future results.

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Stock and mutual fund investing involves risk including loss of principal.

INDEX DESCRIPTIONS

The Standard & Poor's 500 Index is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

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Tracking #1-259750 (Exp. 03/15)