For the Week of November 4, 2019

The Markets

Stocks rose sharply during November's first session. The S&P 500 and the NASDAQ surged to new records after a reassuring jobs report. The Labor Department estimated the U.S. added 128,000 new jobs in October and raised its estimate of employment growth for September and August. For the week, the Dow rose 1.44 percent to close at 27,347.36. The S&P gained 1.49 percent to finish at 3,066.91, and the NASDAQ climbed 1.74 percent to end the week at 8,386.40.

Returns Through 11/01/19	1 Week	YTD	1 Year	3 Year	5 Year
Dow Jones Industrials (TR)	1.44	19.51	10.38	17.64	12.18
NASDAQ Composite (PR)	1.74	26.39	12.81	17.62	12.61
S&P 500 (TR)	1.49	24.36	14.23	15.54	10.99
Barclays US Agg Bond (TR)	0.47	8.68	11.25	3.22	3.21
MSCI EAFE (TR)	1.18	17.53	10.99	8.70	4.43

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.

It Doesn't Last Long — A study involving 2,500 wealthy families over decades of wealth transfers across generations found, on average, only 30 percent of the original family fortune remained at the end of the second generation, and only 10 percent remained at the end of the third generation (source: Williams Group, BTN Research).

No Work — 37 percent of American seniors report they retired earlier than planned as a result of health problems, buyout packages, layoffs, grandchildren or caring for an aging parent (source: Health and Retirement Study, BTN Research).

Live Within Your Means — 41 percent of American households make less than $50,000 of adjusted gross income (AGI) per year. Only 8 percent of American households make at least $200,000 of AGI (source: Census Bureau, BTN Research).

WEEKLY FOCUS – November Is Long-Term Care Awareness Month

Although the cost of long-term care is a huge concern for retirees, sales of traditional long-term care (LTC) insurance policies have fallen dramatically since the early 2000s. For several reasons. Amid longer lifespans and rising healthcare costs, many insurers have shortened the period of benefits, reduced the daily amount they will pay and/or cut their inflation-protection benefit.

Some companies now offer policies that require a co-pay for LTC services, and one is adding a co-pay option to existing policies. But the least popular change insurers have made is raising existing customers' policy premiums – by as much as 100 percent.

Even if traditional LTC insurance is less popular than it once was, it's important to prepare financially for the likelihood that future care will be needed. Here are some additional avenues to consider:

Life insurance with an accelerated death benefit rider that can be used for LTC or with a LTC rider. Unlike traditional LTC insurance, if you don't use it, you will still leave a tax-deferred death benefit to your heirs. (These options aren't usually available on term policies.)

Some annuity products, designed for accumulation or income, may also carry some LTC benefits.

Self-funding future LTC. This method requires discipline and time to build wealth. Maximizing yearly contributions to HSA and IRA accounts and letting them grow tax-deferred throughout your career is a good start. Other possible sources could be your Social Security payments, selling your home or getting a reverse mortgage if a spouse is still living in the home.

Here's what NOT to do: rely on the government. With a few exceptions, Medicare primarily pays for short-term nursing home care following hospitalization. Medicaid only pays for LTC after nearly all your assets have been depleted – and limits the assets a spouse can retain. If you rely on Medicaid, you will probably not have access to a private room and will have fewer facilities to choose from. Many states do not pay for in-home, assisted living or adult day care.

While it's great to hope you never need long-term care, it's best to plan for the unplanned. I would be happy to meet with you to review your plan for long-term care funding and discuss changes you might consider to better prepare for this possibility.

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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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