

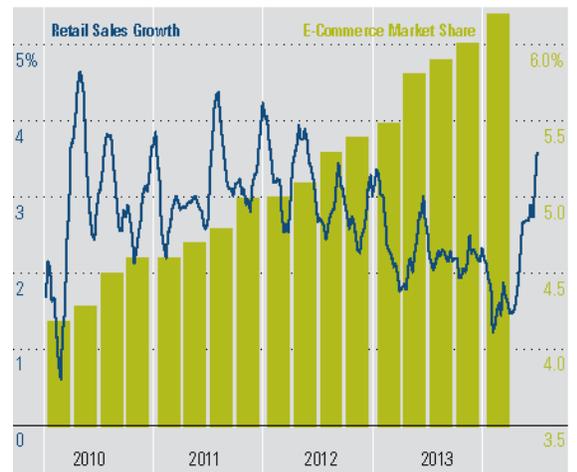


## Shopping Center Sales Fall as E-Commerce Grows

The secular trend in shopping center retail sales has been faltering for some time. Recent weather and e-commerce trends are two factors that can explain this general decline. E-commerce has been growing as a percentage of all retail sales, as more and more consumers are shopping online.

Though year-over-year growth in same-store sales has been showing lower highs and lower lows since 2012, weekly sales growth has generally fallen in the 2%–4% range. After poor weather conditions in the first quarter of 2014, sales growth fell below that range, approaching 1%. However, brick-and-mortar retailers appear to have finally found a way to attract more customers into their stores. Mall retail sales saw rapidly accelerating growth in the second quarter, reaching 4.6% on a year-over-year, 5-week average basis.

### Shopping Center Versus E-Commerce Sales



Source: Census Bureau, International Council of Shopping Centers.



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### What's Happening at SWA

Save the Date! To wrap up our 2014 Education Series, the SWA Team is presenting a workshop on Retirement Readiness & Success: What Does It Take? This workshop will be held Tuesday, September 23rd at the Arabian Library in Scottsdale from 6pm to 7:30pm.

We will cover much of the recent academic research in: lifecycle finance theory, the 25 identified steps involved in retirement

readiness, sequence of returns risk, longevity risk, sustainable portfolio withdrawal rates, rules of thumb limitations, spending patterns in retirement, the importance of guaranteed income, long-term care, optimizing Social Security benefits, asset drawdown strategies, and building a workable spending plan.

An invitation via email will be forthcoming. Visit our website or

call SWA at 480.998.1798 for more details.

# Monthly Market Commentary

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The U.S. market declined in July after accumulating some very healthy gains over the past 18 months. A lot of earnings reports from around the world (and especially from Europe) were soft, which didn't help matters. Other worrying news included the Argentinean bond default, new Russian sanctions, and an escalating situation in the Middle East.

**GDP:** The first-quarter contraction was revised to a considerably smaller 2.1% from 2.9%. Headline GDP grew 4% (annualized) in the second quarter, in contrast to a decline of 2.1% in the first quarter. To understand the true state of the economy, it is necessary to look at those two numbers in aggregate, with the first quarter probably not as bad as the numbers suggest, and the second quarter not as good. The annualized first-half results show growth of just under 1%, slightly less than the 2% long-term trend. However, using the more accurate year-over-year methodology, growth in the first half compared with a year ago remained on its long-term trend of 2.2%.

**Employment:** Headline employment grew by 209,000 jobs in July, which is exactly equal to the average of the past 12 months. The year-over-year percentage change, averaged over three months for both private sector and nonfarm payrolls, remains stuck very near these sectors' 12-month averages of 2.1% and 1.7%. This stability is in direct contrast to GDP growth, which has been all over the map and is quickly losing economic relevance, at least in the short run.

The construction sector and durable goods manufacturing, as well as mining and extraction, all produced job growth substantially above their 12-month averages. Government jobs also showed some growth after years of losses. On the other hand, retail, education, health, and leisure all produced job growth well below their 12-month averages.

**Wages:** Monthly wages increased by 0.04%, which makes the headline number rounded to one decimal point (0.0%) somewhat misleading. Nonetheless, this equals to a monthly increase in hourly wages by just a penny to \$24.45. On a year-over-year, three-month average basis, wages are still growing at about 2%, which equates to about half a dollar more an hour

compared with a year ago. While this paints a slightly better picture than the monthly 0.04% growth, it is still way below the pace that we were experiencing prior to the recession. What is even more alarming is that on an inflation-adjusted basis, workers are earning basically the same wages as they were a year ago.

**Housing:** The last pending home sales report (June) wasn't terribly helpful, as the index barely budged, decreasing 1.1% between May and June after four consecutive months of improvement. Two of the four regions showed improvement, the West and the Midwest, while two saw declines, the Northeast and the South. The little-changed pending home sales index most likely means that existing-home sales for July will be little changed from June levels. For the record, existing-home sales in June were 5.04 million units. That existing-home sales reading for June was on par with existing homes in April 2013, which is just before existing-home sales data soared as buyers rushed to close mortgages before rates increased.

**Consumption and Personal Income:** Year to date, income growth has far exceeded consumption growth. Consumption is up its typical 0.94% (1.9% annualized), while income (as measured by inflation-adjusted total income, less taxes) is up a stunning 2.1% (4.2% annualized). This means that consumers, for one reason or another, have spent less than half of the income they have gained so far in 2014, which may explain why consumer confidence is at a recovery high. That gives consumers a lot of firepower to spend more in the second half of the year to make up for the lackluster first half.

# Do You Have a Plan for Your Digital 'Estate'?

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Even people who think they've ticked off all of the usual boxes on their estate-planning to-do lists may have overlooked an increasingly important component of the process: ensuring the proper management and orderly transfer of their digital assets. Just as traditional estate-planning relates to the management and transfer of financial accounts and hard assets, digital estate-planning encompasses digital possessions, including data stored on tangible digital devices (computers and smartphones), data stored in the cloud, and online user accounts.

Digital estate planning is, in many respects, more complicated than traditional estate planning. The field of digital estate planning is evolving rapidly, as are digital providers' policies on what should happen to digital assets that are left behind. Digital assets are also governed by a complex web of rapidly evolving laws, both at the state and federal levels. Precisely because of all the potential complications, it's important to take a few minutes and get a plan in order. Here are several key steps to take.

1) Conduct a Digital 'Fire Drill.' A good first step in the digital estate-planning process is to conduct a digital fire drill, which tends to jog your memory about what digital assets you deem important. Consider the following questions. What valuable items would you lose if your computer was lost or stolen today? If you were in an accident, would your loved ones be able to gain access to your valuable or significant digital information while you were incapacitated? If you were to die today, to what valuable or significant digital property would you like your loved ones to have access?

2) Take an Inventory of Your Assets. The next must-do is to create an inventory of the digital assets you named during the fire drill. Document the item/account name as well as user names and passwords associated with that item. Among the items to document in your digital inventory are: digital devices such as computers and smartphones, data-storage devices or media, electronically stored data, including online financial records, whether stored in the cloud or on your device, user accounts, domain names, and intellectual property in electronic format.

This document would be chock-full of sensitive information, so keeping it safe is crucial. A printed document should be stored in a safe or safe deposit box, and an electronic document should, of course, be password protected.

3) Back It Up. We've all been schooled on the importance of regularly backing up digital assets, and estate-planning considerations make it doubly important to do so. Even if a specific device malfunctions, storing digital assets on another storage device or in the cloud helps ensure the longevity of those assets. Moreover, online account service providers may voluntarily disclose the contents of electronic communications, but they're not compelled to do so. If you want to help ensure that your loved ones have access to the information in your online accounts, backing it up on your own device is a best practice.

4) Put Your Plan in Writing. Experts also recommend formalizing your digital estate plan. That means naming a digital executor—someone who can ensure that your digital assets are managed or disposed of in accordance with your wishes after you're gone. If your primary executor is savvy with technology, there's probably no need to name a separate digital executor. But if not, or if you have particularly valuable or special digital property, such as intellectual property, experts advise a separate fiduciary/executor for digital assets. Depending on the type of property, the fiduciary may also need special powers and authorizations to deal with specific assets.

This is for information purposes only and should not be construed as legal, tax, or financial planning advice. Please consult a legal, tax, and/or financial professional for advice regarding your personal estate planning situation.

