SUMMIT FINANCIAL
WEALTH ADVISORS

A FOCUS FINANCIAL PARTNER

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2015 In Review
(all values as of 12.31.2015)

Stock Indices:

Dow Jones	17,425
S&P 500	2,043
Nasdaq	5,007

Bond Sector Yields:

2 Yr Treasury	1.06%
10 Yr Treasury	2.27%
10 Yr Municipal	2.37%
High Yield	8.78%

YTD Market Returns:

Dow Jones	-2.23%
S&P 500	-0.73%
Nasdaq	5.73%
MSCI-EAFE	-3.30%
MSCI-Europe	-5.32%
MSCI-Pacific	0.44%
MSCI-Emg Mkt	-16.96%
US Agg Bond	0.37%
US Corp Bond	-0.90%
US Gov't Bond	-0.04%

Commodity Prices:

Gold	1,062
Silver	13.93
Oil (WTI)	37.07

Currencies:

Dollar / Euro	1.09
Dollar / Pound	1.48
Yen / Dollar	120.49
Dollar / Canadian	.72

Current Environment - Macro Overview

The Federal Reserve finally executed an anxiously anticipated rate increase, the first since 2006. Improving U.S. employment was the catalyst behind the Fed's long awaited move, with the rate increase seen as a validation by the Fed that U.S. economic growth is intact.

The actual rate that the Federal Reserve increased was the Federal Funds rate, from a range of 0.0% to .25% to a range of .25% to .50%. The rate indirectly affects other borrowing rates set by large commercial banks, such as the prime rate. Minutes following the Fed's announcement, a major U.S. bank announced it was raising its prime rate from 3.25% to 3.50%. The prime rate is the interest rate commercial banks charge their so-called best customers.

A 40-year ban on U.S. oil exports was lifted by Congress allowing U.S. companies to once again export and compete in the world oil markets. Substantial increases in U.S. oil production and an ample surplus of oil helped lead to the dismantling of the decades-old rule.

U.S. equity markets ended lower for the year, yet resilient given the challenges that markets had in 2015. Disappointing corporate earnings, declining commodity prices, and dismal global growth all added to the duress experienced throughout 2015.

Oil's steep descent in 2015 roiled world energy markets as an over supply of oil and weak demand dragged prices to 11-year lows in December. Both oil benchmarks, Brent and West Texas Intermediate (WTI), were off over 30% for the year.

Commodity prices were driven lower by a strong U.S. dollar and weak global demand. Industrial metals including copper, nickel, aluminum and zinc fell to multi-year lows, mostly encumbering emerging countries whose primary exports are such metals.

Inflation remained tame in 2015 as low commodity prices and anemic global growth kept consumer prices at bay along with minimal wage growth. The Fed is forecasting a gradual elevation in inflation, thus substantiating the case for its rate increase trajectory.

Sources: Federal Reserve, EIA

NUMBERS TO CONSIDER HEADING INTO 2016

7.2 Billion	322 Million	327 Million	$26 Trillion	5.0%
World Population	U.S. Population	Cell Phones In The U.S.	Total Value Of U.S. Stock Market	U.S. Unemployment Rate

OIL PRICES FELL OVER 30% IN 2015

U.S. Equity Update - Domestic Stock Market

Domestic stock indices were overall lower for the year, yet resilient given the challenges that markets had in 2015. Disappointing corporate earnings, declining commodity prices, and dismal global growth all added to the duress experienced in 2015.

The market did experience a correction in August and September of 2015, which devalued equities by roughly 12%. The dramatic drop was almost wiped away as the markets rallied thereafter, yet another testament to the market's resilience. It was the worst annual performance since 2008. The Fed's rising rates are being seen as an opportunity by various analysis as certain industries ready for growth.

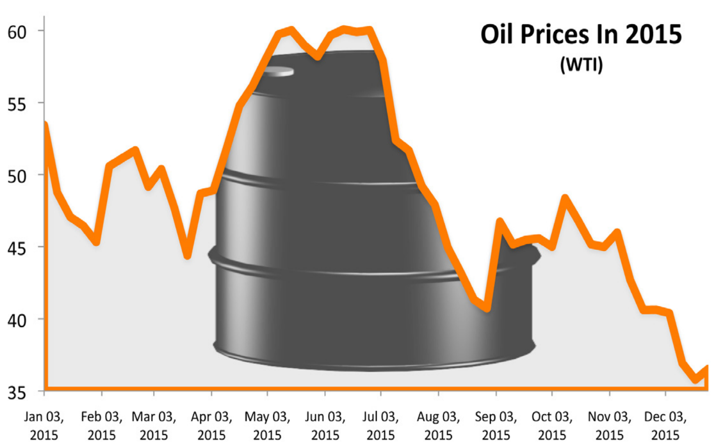
U.S. corporate earnings were hindered by the strength of the U.S. dollar. A stronger dollar diminishes U.S. company earnings that are derived overseas. Equity analysts estimate that the strong dollar shaved over $90 billion from S&P 500 companies. If it wasn't for the dollar dilemma, U.S. corporate earnings would have grown about 8% in 2015 alone. Since roughly 50% of S&P 500 earnings are based from overseas, any decrease in the dollar's value will bode well for U.S. company earnings.

Sources: Bloomberg, Reuters, S&P

Another Battered Year For Oil - Oil Industry Overview

As commodity prices around the world collapsed throughout 2015, no other price collapse was more prominent than oil. Oil was down over 30% in 2015 and 11% alone in December, ending the year near seven-year lows.

Oil's demise has been primarily attributable to an increase in U.S. production, less worldwide demand, and a stockpile of supplies that continues to grow. The almighty oil cartel, known as OPEC, continued to fragment throughout 2015 with members such as Venezuela and Nigeria becoming increasingly disgruntled with Saudi Arabia's push to over produce.



The latest OPEC meeting in early December ended with no new production agreement intact, thus maintaining current production levels. International Energy Agency (IEA) estimates show that production is more than 2 million barrels a day in excess of what the world market is demanding. These surplus levels of oil continue to drive oil prices further down, thus inhibiting the finances of smaller oil producing countries.

In addition to the current surplus production, Iran this year will be allowed to export oil of its own after the lifting of sanctions imposed by the UN Security Council in 2006. It is estimated that Iranian oil will add another 1 million barrels of oil per day to the already 2 million daily surplus.

Sources: International Energy Agency, OPEC, Reuters

Rising Rates & The Fixed Income Markets - Bond Market Update

The actual rate that the Fed increased was the Federal Funds rate, from a range of 0.0% to .25% to a range of .25% to .50%. The rate indirectly affects other borrowing rates set by large money center banks, such as the prime rate. Minutes following the Fed's announcement, a major U.S. bank announced that it was raising its prime rate from 3.25% to 3.50%. Consequently, the Fed discount rate was also increased. This is the rate that the Fed charges banks as a direct loan, which increased to 1% from 0.75%.

In later disclosures by the Fed, the FOMC also voted to set a target for the Federal Funds rate of 1.375% at the end of 2016, implying four quarter point increases throughout 2016.

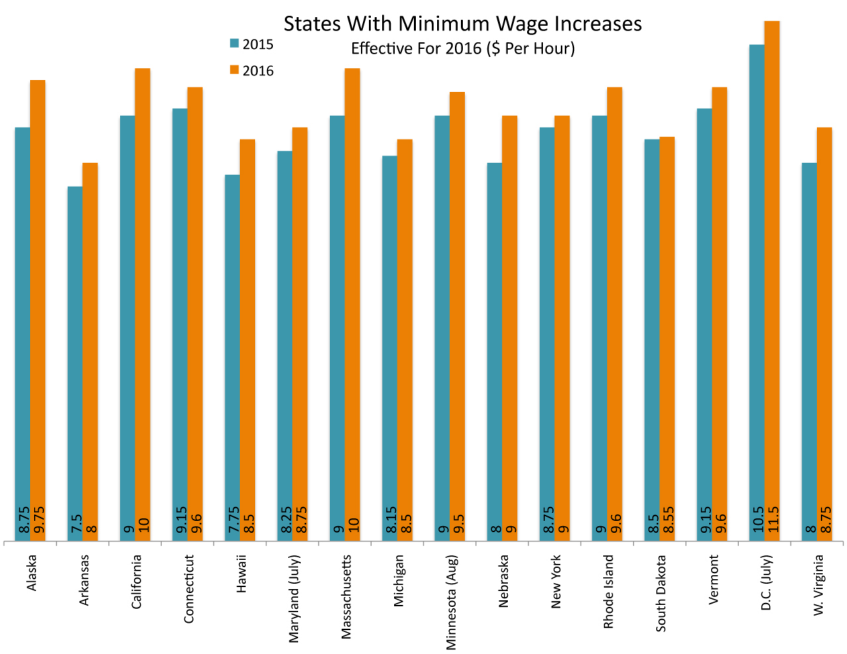
Should Fed officials continue on with their targets, economists and analysts expect a gradual rise in short-term rates over the course of the year. The Fed did state that loans linked to longer-term interest rates are unlikely to move very much during the same period.

Some fixed income analysts have upbeat assessments for the bond markets in 2016. Assuming the U.S. economy continues to grow at a modest but steady pace, it will allow companies to expand and make it easier to repay bond debt. Improving consumer confidence and a low unemployment rate will help foster a healthy bond market.

Sources: Bloomberg, Fed, Reuters

These States Raised Minimum Wages For 2016 - Labor Market Update

Sixteen states will impose an increase to their minimum wage requirements in 2016. As of January 1st, thirteen states will make the new minimums effective, with three states imposing effective dates later in the year.



The Fair Labor Standards Act sets federal minimum wage standards, while state governments set state minimum wages. While some states have higher minimum wage standards than federal law, others have the same rate or none at all. Where federal and state laws have different minimum wage rates, the higher standard (wage) applies.

Some states don't impose a minimum wage and just let employers abide by the federal standards. The current federal minimum wage is $7.25 per hour. Alabama, Louisiana, Mississippi, South Carolina, and Tennessee currently have no minimum wage.

Source: U.S. Department of Labor

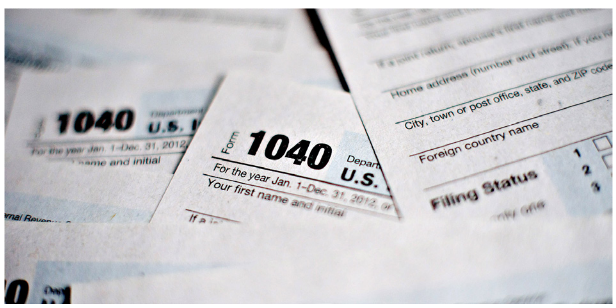
Tax Day For 2016 Is April 18th

Tax Changes For 2016 - Tax Planning

Tax Day Is April 18th:
Emancipation Day is the day that Washington decided that taxes are due which traditionally has been April 15th. However under federal law, the tax deadline gets extended when it falls on a holiday or weekend, so the tax deadline for this year will be the following Monday, April 18th. States in New England that celebrate Patriots' Day will have even a later filing deadline of April 19th.

Most Tax Brackets Are Slightly Rising:
Based on an adjustment for inflation, 2016 will see most tax brackets rise by roughly 0.4%.

Head of Household Filers Will Get A Bigger Standard Deduction:
Taxpayers qualifying as head of household, will see their standard deduction rise $50 to $9,300.



Rise In the Earned Income Credits:
Families with three or more qualifying children will see their maximum earned income credit rise to $6269. Families with two children will be getting a maximum earned income credit of $5572, while families with one child will be able to get up to $3373 in earned income credit. Taxpayers with no children will be able to claim up to $506 in 2016.

HSA Contribution Limits Going Up:
Health savings accounts (HSAs) allow individuals with high deductible health plans to set aside money on a pretax basis in order to cover anticipated healthcare costs. For 2016 the contribution limits for individual policies will remain at $3350, however, the maximum contribution for family policies will rise to $6750. A catch up contribution of $1000 for those 55 or older will continue to apply.

Higher AMT Exemption Offers Some Reprieve:
Ever since its inception in 1969, AMT has been a fairly unpopular tax. It was initially intended to tax higher income individuals who may have been paying too little in taxes. However, since AMT was never properly adjusted for inflation, it now affects middle income taxpayers as well. A reprieve in 2016 with an increase in the exemption up to $53,900 for single tax payers, and a jump to $83,800 for joint filers.

Estate Tax Exemption Edges Up:
Since the lifetime exemption amount for the gift and state tax is tied to inflation, it is slated to rise slightly this next year for 2016, increasing the exemption amount to $5.45 million, applicable to those that pass in tax year 2016.

Affordable Care Act (ACA) Penalties On The Rise:
The affordable care act imposes penalties for those not having qualified healthcare coverage. For 2016, a penalty of $695 or 2.5% (whichever is higher) of income will apply to individuals not having any healthcare coverage. Families with no healthcare coverage will see a significant increase from a $975 maximum penalty to $2,085 maximum household penalty or 2.5% of household income (whichever is higher).

Sources: Tax Foundation, IRS